Insurance teach-in

March 7, 2019

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This document contains "forward-looking statements" – that is, statements related to future events that by their nature address matters that are, to different degrees, uncertain. For details on the uncertainties that may cause our actual future results to be materially different than those expressed in our forward-looking statements, see http://www.ge.com/investor-relations/disclaimer-caution-concerning-forward-looking-statements as well as our annual reports on Form 10-K and quarterly reports on Form 10-Q. We do not undertake to update our forward-looking statements. This document also includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

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Today's agenda

Speakers

Bob Deutsch
Managing Director
35+ years

Joined NALH in May of 2018

- ✓ Chief Actuary and CFO at Executive Risk, now part of Chubb
- ✓ Chief Financial Officer at CNA
- ✓ Chief Executive Officer at Ironshore, now part of Liberty Mutual
- ✓ Chief Strategy Officer at Hamilton Insurance

Tim Kneeland
Chief Executive Officer
35+ years

Joined NALH in November of 2018

- ✓ 16 years in various leadership roles at Transamerica
- ✓ Transamerica Long-Term Care leader for the last 8 years

Anthony Grandolfo
Chief Investment Officer
25+ years

Joined NALH in October of 2018

- ✓ Executive Vice President & Chief Investment Officer at Validus
- ✓ Chief Investment Officer at Universal American

Moderated by Steve Winoker,
VP of Investor Relations

Content

Key messages

- Experienced leadership team with deep industry expertise focused on driving economic value and reducing risk through active management

- Committed to clear communication of our risks, management actions, and our results to both investors and regulators

- Believe our current reserves are well-supported for our portfolio characteristics: [–a)]
  - Statutory contributions to date in line with previous guidance
  - Small GAAP reserve increase for 2018 driven by largely offsetting changes to discount rate and morbidity improvement assumptions

- Continuing to explore options to reduce insurance risk where economically justified

Focused on driving economic value and reducing risk across the portfolio

(a- See page 9 for additional detail on 2018 GAAP & statutory results

History

2004
Genworth IPO
Retained UFLIC[a]

2006
ERC[b] sale to Swiss Re
Retained ERAC[c]

2017
Premium deficiency & permitted practice

2018
Premium deficiency & new senior leadership

- Substantially all legacy reinsurance businesses retained by GE following 2004-2006 Genworth & ERC exits; in run-off since exits, no new business after 2008
- Capital maintenance agreements (CMAs) require GE to maintain 300% Risk-Based Capital ratios at insurance subs[d]
- Elevated claims experience in long-term care (LTC) book led to comprehensive review of assumptions across insurance products in 2017, resulted in reconstruction of future LTC claim cost projections
  - Internal actuarial review informed by independent actuarial consultants
  - Subjected to external auditor procedures
- Increased insurance reserves in 2017:
  - Pre-tax GAAP charge of \$9.5B (after-tax \$6.2B)
  - ~\$14.5B capital contribution expected … estimate revisited annually through statutory testing
- 2018 pre-tax GAAP charge of \$82MM; statutory testing completed … funded \$3.5B in 1Q'18 and \$1.9B in 1Q'19, consistent with previous guidance; still expecting to fund remaining ~\$9B through 2024, contingent on annual testing
- New senior leadership in 2018

Long-tailed business with unique history and challenges; new senior leadership & initiatives in place

(a- Union Fidelity Life Insurance Company
(b- Employers Reinsurance Corporation
(c- Employers Reassurance Corporation
(d- GE required to maintain minimum statutory capital levels of 300% of run-off insurance subsidiary's year-end Authorized Control Level risk-based capital requirements as defined from time to time by the National Association of Insurance Commissioners (NAIC)

Overview

Structure

Policyholder → Premiums, fees, and cash inflows → Primary insurers → Premiums, fees, and cash inflows → Reinsurer (NALH) → Premiums, fees, and cash inflows → Retrocessionaires

Retrocessionaires → Claims & cash outflows → Reinsurer (NALH) → Claims & cash outflows → Primary insurers → Claims & cash outflows → Policyholder

Insurance products	2018 gross GAAP reserves ($B)	2018 gross statutory reserves ($B)
Long-term care (LTC) • Benefits: nursing home, assisted living, home healthcare	$20.0	$30.4 [a]
Structured settlement annuities (SSA) • Benefits: claim settlements for injured plaintiffs	10.5	11.1
Life reinsurance • Benefits: claims paid upon death of insured	0.7	1.9
Other contracts [b] & other adjustments [c]	4.4	2.7
	$35.6	**$46.1**

Insurance portfolio highly concentrated in the LTC market

(a- LTC statutory reserve balance reflects recognition of the estimated remaining statutory increase in additional actuarial reserves of $9B through 2023 under the permitted accounting practice.
(b- Other contracts included gross GAAP claim reserves of $0.3 billion, net of eliminations, and gross statutory claim reserves of $0.8 related to short-duration contracts at Electric Insurance Company, as of 12/31/18.
(c- Other adjustments is a GAAP reserve that includes $2.2 billion of net unrealized gains on our investment securities supporting these insurance liabilities that are recorded within Other comprehensive income, net of applicable taxes and other adjustments.

Characteristics | Long-term care

As of December 31, 2018 (Dollars in billions, except where noted)	ERAC	UFLIC	**Total**
Gross GAAP future policy benefit reserves and claim reserves	$14.1	$5.9	**$19.9**
Gross statutory future policy benefit reserves and claim reserves -a)	$23.2	$7.2	**$30.4**
# of policies in force	202,000	72,000	**274,000**
# of covered lives in force	270,000	72,000	**342,000**
# of polices on claim	10,000	9,200	**19,200**
% of polices that are premium paying	74%	83%	3 **76%**
Average policyholder attained age	75	82	**77**
% of polices with lifetime benefit period	1 70%	35%	**60%**
% of policies with inflation protection option	81%	91%	**84%**
% of policies with joint lives	34%	-%	**25%**
Gross GAAP future policy benefit reserve per policy (actual dollars)	$60,000	$56,000	**$59,000**
Gross GAAP future policy benefit reserve per covered life (actual dollars)	$45,000	$56,000	**$47,000**
Gross statutory future policy benefit reserve per policy (actual dollars) -a)	$105,000	$72,000	**$96,000**
Gross statutory future policy benefit reserve per covered life (actual dollars) -a)	2 $79,000	$72,000	**$77,000**

1. Benefit profile and maturity of block varies by legal entity
2. Reserves per life reflective of policy benefits and claims experience across both blocks
3. Potential for seeking approval for rate actions due to large percentage of premium paying policies remaining

Opportunities to de-risk through rate increases & benefit modifications

(a - LTC statutory reserve balance reflects recognition of the estimated remaining statutory increase in additional actuarial reserves of ~$9B through 2023 under the permitted accounting practice.

Characteristics | SSA & Life

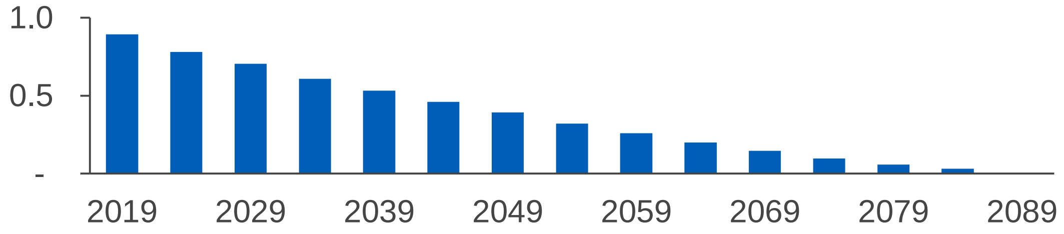
Structured Settlement Annuities (SSA)

As of December 31, 2018 (Dollars in billions)

	Total (UFLIC)
Gross GAAP future policy benefit reserves and claim reserves	**$10.5**
Gross statutory future policy benefit reserves and claim reserves	**$11.1**
# of policies in force	**33,000**
Average policyholder attained age	**50**
Term certain % of statutory reserves	**42%**

- Actuarial consultants engaged to perform independent assessment in 2018
- Efforts to mitigate interest rate risk by optimizing asset allocation
- Benefits projected to have a steady run-off over long period

Annuity payments ($M)



~50% of annuity benefits projected to run-off in 21 years

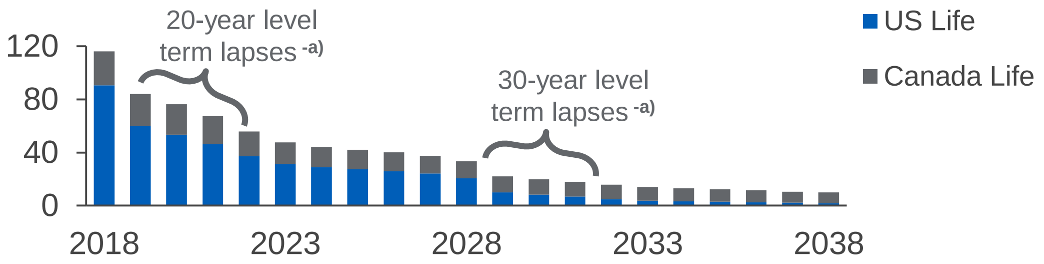
Life reinsurance

As of December 31, 2018 (Dollars in billions, except where noted)

	Total (ERAC)
Gross GAAP future policy benefit reserves and claim reserves	**$0.7**
Gross statutory future policy benefit reserves and claim reserves	**$1.9**
# of policies in force	**2,700,000**
Average policyholder attained age	**57**
Net amount at risk reinsured	**$115**
Average individual claim by policyholder (actual dollars)	**$55,000**

- Life block contains US and Canadian blocks
- Substantial evidence of term lapse rate in both our book & industry
- Net amount at risk expected to decrease considerably due to policy lapses

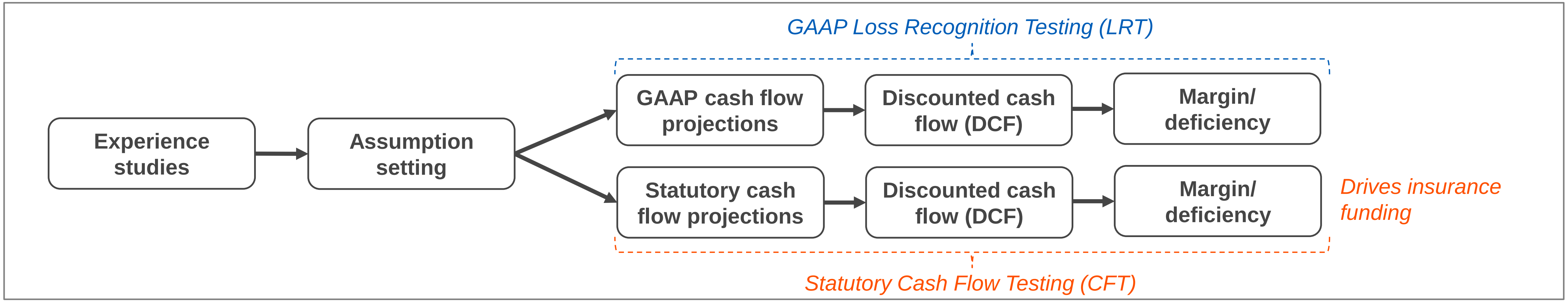
Net amount at risk reinsured ($B)



~70% of net amount at risk projected to run-off in 10 years

(a – 20/30-year level term refers to life insurance policies that are fixed premiums for a set number of years. Following the level term period, premiums increase substantially. Expecting policy lapses based on experience.

Reserve adequacy process



- Process performed annually to assess adequacy of GAAP and statutory reserves
  - **GAAP reserves** represent estimates of cash flows discounted using expected future investment yields
  - **Statutory reserves** are determined under moderately adverse conditions using assumptions with PADs[–a)] and a discount rate based upon the net portfolio earned rate
- Claims experience analyzed in experience studies based on cedent data
- Actuarial consultants engaged throughout process to review and perform independent assessment of LTC reserves
- External and internal auditors performed audit of the procedures and internal controls

Statutory testing drives insurance funding requirement

(a- Provisions for adverse deviation

2018 reserve adequacy results

GAAP LRT Results

$(82)M pre-tax premium deficiency

Key drivers:	*($ in billions, pre-tax)*	
LTC lower morbidity improvement rate	$ (1.2)	1
LTC higher projected utilization	(0.3)	2
LTC lower projected policy terminations	(0.2)	
Life expected mortality (US/Canada)	(0.3)	
LTC expected future premium rate increases	0.2	
Higher estimated discount rate	1.9	3

1. Reduced to **1.25%** for 12-20 year duration (0% thereafter) from **1.6%** for 16-20 year duration
2. **Claim cost curves rebuilt in 2017 still appropriate** … assumptions updates largely driven by higher interest rates leading to higher inflation which increased projected utilization
3. Increased to **6.04%** from **5.67% …** primarily related to updated portfolio reinvestment plan

Statutory CFT Results [a)]

Immaterial impact to reserve margin [b)]

Key drivers:	*($ in billions, after-tax)*	
LTC lower morbidity improvement rate	$ (0.2)	1
LTC higher projected utilization	(0.1)	
LTC lower projected policy terminations	(0.3)	
Life expected mortality (US/Canada)	(0.3)	2
LTC expected future premium rate increases	0.2	
Higher estimated discount rate	0.8	3

1. UFLIC reduced from 0.55% to 0.45% for 10 years & no change to ERAC 0.75% for 12-15 years
2. **Updated mortality tables** based on industry & experience
3. **Yield curve[c)] movement** drove increase in discount rate[d)] with ERAC increased to 4.4% from 3.8% and UFLIC increased to 4.9% from 4.8% … **new reinvestment plan did not impact this change**

Statutory results in line with expectations … reserves reflect risk based on portfolio experience

(a- Includes provisions for adverse deviation (PADs)
(b- Represents the preliminary combined change in the statutory reserve testing margins for ERAC and UFLIC from 12/31/17 to 12/31/18 before changes in the additional actuarial reserves
(c- Refers to Treasury yield curve plus corresponding credit spreads
(d- Estimated average pre-tax discount rate over the CFT projection period

Summary of sensitivities

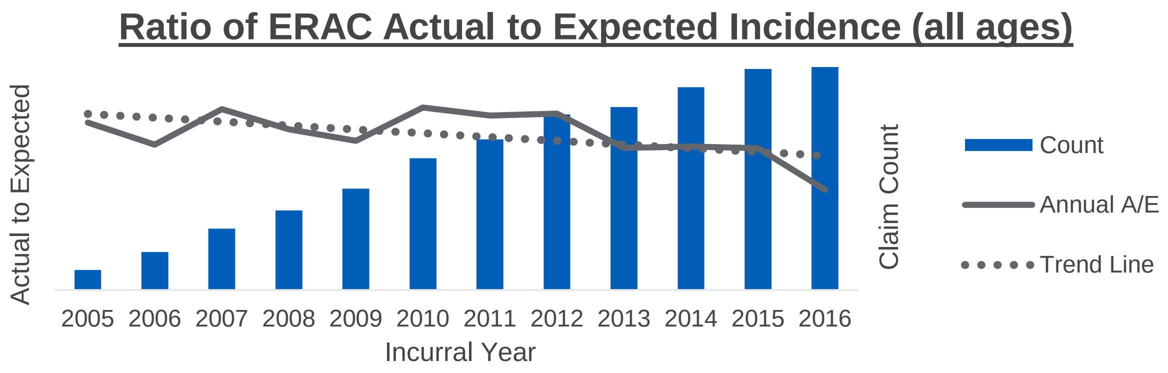
Long-term Care

	GAAP			GAAP	Statutory
	2017 Assumptions	**2018 Assumptions**	**Hypothetical change in 2018 assumption**	**Estimated increase to future policy benefit reserves[-a)]**	**Estimated increase to future policy benefit reserves[-a)]**
Morbidity improvement [–b)]	1.6% per year over 16 to 20 years	1.25% per year over 12 to 20 years	25 basis point reduction No morbidity improvement	\$0.7 \$3.7	\$0.7 \$1.8
Morbidity	Based on company experience	Based on company experience	5% increase in paid claims	\$1.0	\$1.3
Mortality improvement	0.5% per year for 10 years with annual improvement graded to 0% over next 10 years	No change to 2017	1.0% per year for 10 years with annual improvement graded to 0% over next 10 years	\$0.4	\$0.6
Total terminations:			Reduce total terminations by 10%	\$1.0	\$1.5
Mortality	Based on company experience	Based on company experience			
Lapse rate	Varies by block, age and benefit period; ~0.7 – 1.0%	Varies by block, age and benefit period; ~0.5 – 1.15%			
Benefit exhaustion	Based on company experience	Based on company experience			
Future premium rate increases	Varies by block based on filing experience	Varies by block based on filing experience	No future non-approved rate increases	\$1.2	\$1.0
Discount rate	Approximately 5.67%	Approximately 6.04%	25 basis point reduction [–c)]	\$1.0	\$0.3
SSA mortality	Based on company experience	Based on company experience	5% decrease in mortality	\$0.1	\$0.1
Life mortality	Based on company experience	Based on company experience	5% increase in mortality	\$0.3	\$0.2

(a- Dollars in billions (GAAP pre-tax, statutory after-tax). The assumptions within our future policy benefit reserves are subject to significant uncertainties, including those inherent in the complex nature of our reinsurance treaties. Many of our assumptions are interdependent and require evaluation individually and in the aggregate across all insurance products. Small changes in the amounts used in the sensitivities or the use of different factors could result in materially different outcomes from those reflected. Statutory sensitivities exclude PADs, except for morbidity improvement and future premium rate increases.
(b- In both 2017 and 2018, these morbidity improvement assumptions are applied to the future claim cost curves that were reconstructed in 2017
(c- GAAP sensitivity based on 25 bps lower rate for existing and reinvestment assets. Statutory sensitivity based on 25 bps lower yield curve for reinvestment assets

LTC morbidity / morbidity improvement

Historical LTC expected incidence by age –a)



Sensitivities –b)

Morbidity		Morbidity Improvement	
5% increase in dollar amount of paid claims		*No improvement*	
$1.0B GAAP	**$1.3B** Statutory	**$3.7B** GAAP	**$1.8B** Statutory

- In 2017, claim cost curves were reconstructed to reflect updated expectations of future claims in light of then current and emerging experience; morbidity is based on our accumulated claim experience and we continue to evaluate and adjust as more experience emerges
- GAAP morbidity improvement assumptions are informed by independent actuarial review, industry benchmarking, and internal experience
- Morbidity improvement is evidenced by the downward slope in the graph of our ERAC block
- Projections require an understanding of the claim cost curves to which the improvement factor is being applied

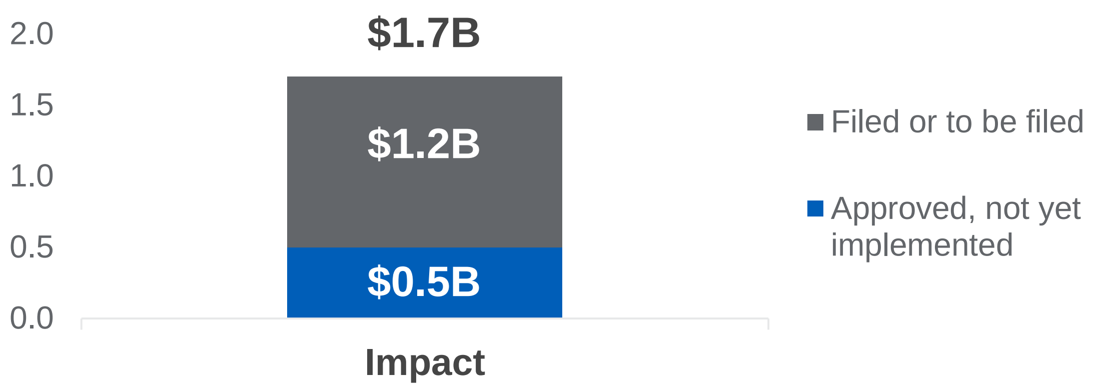
Assumptions informed by independent actuarial review, industry benchmarking and internal experience

(a- 2017 not shown since claims not complete as of the 2018 experience study date

(b- Estimated increase to future policy benefit reserves dollars in billions (GAAP pre-tax, statutory after-tax). The assumptions within our future policy benefit reserves are subject to significant uncertainties, including those inherent in the complex nature of our reinsurance treaties. Many of our assumptions are interdependent and require evaluation individually and in the aggregate across all insurance products. Small changes in the amounts used in the sensitivities or the use of different factors could result in materially different outcomes from those reflected. Statutory sensitivities exclude PADs, except for morbidity improvement and future premium rate increases.

LTC premium rate increases

Expected premium rate increases through 2028 –a)



Sensitivity –b)

No approvals for filed or to-be filed rate increases

$1.2B	$1.0B
GAAP	Statutory

- Reinsurers cannot directly apply for rate increases, but significant amount of future rate increase impact already approved and implemented
- Successfully engaged with ceding companies to seek multiple rate increase filings
- Justified rate increases receiving traction across regulatory community; working with National Association of Insurance Commissioners and individual states

Potential for impactful rate actions due to large percentage of premium paying policies remaining

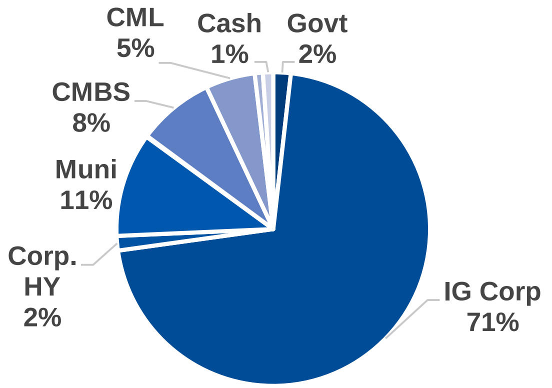
(a- Impact from future rate increases and associated claim reductions
(b- Estimated increase to future policy benefit reserves dollars in billions (GAAP pre-tax, statutory after-tax). The assumptions within our future policy benefit reserves are subject to significant uncertainties, including those inherent in the complex nature of our reinsurance treaties. Many of our assumptions are interdependent and require evaluation individually and in the aggregate across all insurance products. Small changes in the amounts used in the sensitivities or the use of different factors could result in materially different outcomes from those reflected. Statutory sensitivities exclude PADs, except for morbidity improvement and future premium rate increases.

Investment realignment initiative

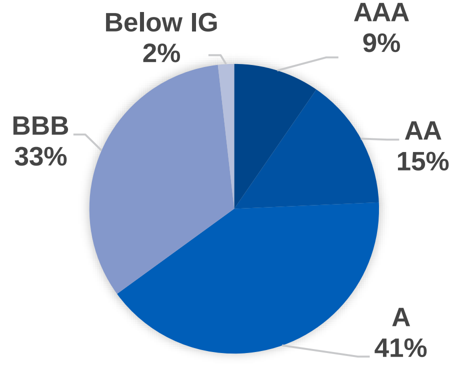
Hired dedicated CIO to drive this process and ensure ongoing focus around portfolio design, execution, and oversight

NALH $34.5B portfolio (as of 12/31/18)

Portfolio by sector



Portfolio by Rating



Peer benchmark –a)

	GE	Peers
"Core" assets	98%	88%
"Risk" assets	2%	12%

Observations from peer review

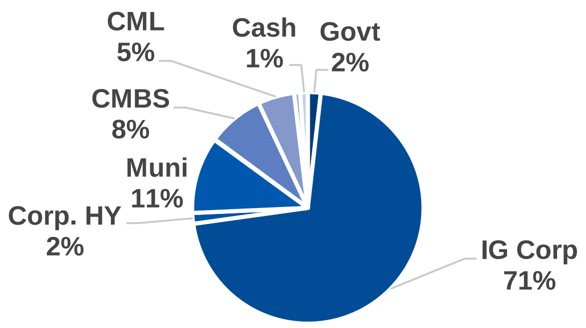
- NALH maintained liquid, highly rated fixed income portfolio … 2/3 of portfolio A rated or higher
- Potential to further utilize benefits of investing alongside stable, long-duration liabilities
- Focused on minimizing volatility
- NALH portfolio conservative vs. peers based on peer benchmark analysis performed
- Opportunities to invest in higher yielding assets consistent with regulatory constraints

- **Significant value expected in broadening asset class capabilities & strategic partnerships**
- **Capital injections through 2024 provide an opportunity to gradually rebalance portfolio & enhance overall yield**

(a- Core and risk asset composition defined by NALH using data from 2018 peer analysis by Goldman Sachs Asset Management using 12/31/17 statutory data. "Risk Assets" include the following asset classes: high yield bonds, public and private equity, real estate, emerging markets debt, and other alternatives. "Core" assets include all other asset classes. NALH figures are based on portfolio as of 12/31/2018.

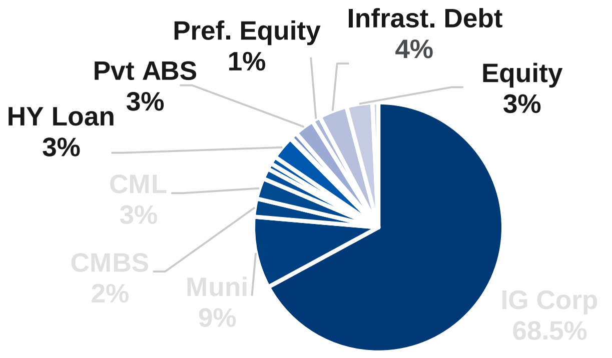
Optimizing asset allocation

12/31/18 portfolio allocation



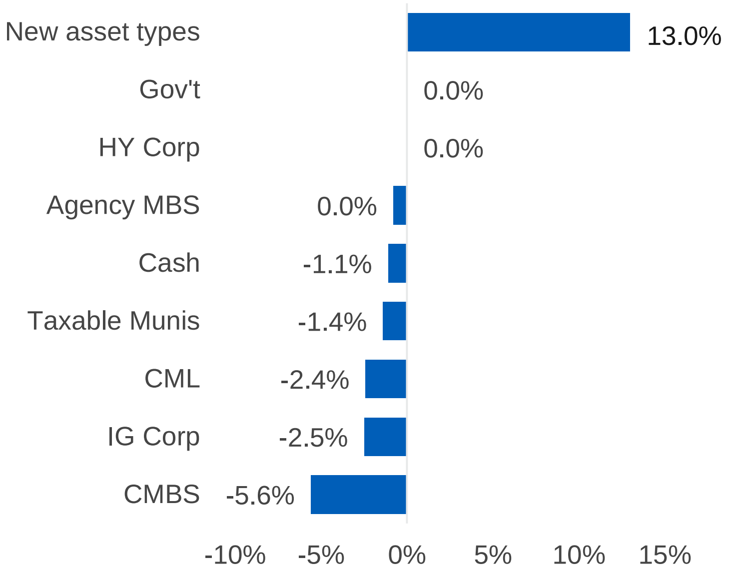
Market Value ($B)	$34.5
Duration	9.0
Book Yield	5.31%
Fixed income rating	A
“Risk” Assets	1.7%
Est. Income ($B)	$1.7B

Expected 2024 “realigned” portfolio



Market Value ($B)	$45.8
Duration	9.7
Book Yield	5.71%
Fixed income rating	A-
“Risk” Assets	8.0%
Est. Income ($B)	$2.5B

Expected portfolio change



Key priorities

- Strong governance framework
- Optimize expected returns relative to risk
- Capital preservation
- Capital efficiency
- Maintain yield to support cashflow
- Manage asset-liability duration gap

Opportunity for significant incremental income from portfolio realignment

Wrap

Key takeaways

- Experienced leadership team with deep industry expertise focused on driving economic value and reducing risk through active management
- Committed to clear communication of our risks, management actions, and our results to both investors and regulators
- Believe our current reserves are well-supported for our portfolio characteristics
- Continuing to explore options to reduce insurance risk where economically justified

2018 progress

- Additional management expertise
- Claim cost curves rebuilt in 2017 still appropriate
- Completed reinvestment strategy analysis
- Enhanced disclosure in 10-K

Continued efforts

- Recruiting new Chief Actuary
- Driving process discipline
- Continue to pursue premium rate increases
- Implement asset investment realignment strategy
- Evaluating new accounting standard [–a)]

Focused on driving economic value and reducing risk across the portfolio

(a- ASU No. 2018-12, effective for periods beginning after 12/15/20, will apply to the measurements of our long-duration insurance liabilities under GAAP. We are evaluating the effect of the standard on our ongoing financial reporting and anticipate that its adoption will materially affect our financial statements. As the ASU is only applicable to the measurements of our long-duration insurance liabilities under GAAP, it will not affect the accounting for our insurance reserves or the levels of capital and surplus under statutory accounting practices.

Appendix

GAAP Reserve balances by insurance product

($ in billions)

December 31, 2018	Long-term care insurance contracts	Structured settlement annuities & life insurance contracts	Other contracts	Other adjustments	Total
Future policy benefit reserves	$ 16.0	$ 9.5	$ 0.2	$ 2.2	$ 27.9
Claim reserves(a)	3.9	0.2	1.2	—	5.3
Investment contracts(b)	—	1.2	1.1	—	2.4
Unearned premiums and other	—	0.2	0.1	—	0.3
	20.0	11.2	2.6	2.2	36.0
Eliminations	—	—	(0.4)	—	(0.4)
Total	$ 20.0	$ 11.2	$ 2.2	$ 2.2	$ 35.6
Percent of total	56%	31%	6%	6%	100%

December 31, 2017	Long-term care insurance contracts	Structured settlement annuities & life insurance contracts	Other contracts	Other adjustments	Total
Future policy benefit reserves	$ 16.5	$ 9.3	$ 0.2	$ 4.6	$ 30.6
Claim reserves(a)	3.6	0.3	1.2	—	5.1
Investment contracts(b)	—	1.3	1.2	—	2.6
Unearned premiums and other	—	0.2	0.1	—	0.4
	20.2	11.1	2.8	4.6	38.6
Eliminations	—	—	(0.5)	—	(0.5)
Total	$ 20.2	$ 11.1	$ 2.3	$ 4.6	$ 38.1
Percent of total	53%	29%	6%	12%	100%

(a- Other contracts included claim reserves of $0.3 billion and $0.4 billion related to short-duration contracts at EIC, net of eliminations, at December 31, 2018 and December 31, 2017, respectively
(b - Investment contracts are contracts without significant mortality or morbidity risks.

Insurance terminology

Financial Statement Terminology

- **GAAP-basis financial statements** prepared in conformity with US Generally Accepted Accounting Principles (GAAP)
- **Statutory-basis financial statements** prepared in accordance with statutory accounting practices, which are set forth by the National Association of Insurance Commissioners, as well as state laws, regulations, and general administrative rules. Statutory accounting practices differ in certain respects from GAAP.
- Insurance reserve components:
  - **Claim reserves** (a.k.a., **disabled life reserves or DLR for long-term care**) are established when a claim is incurred or is estimated to have been incurred; represents estimated present value of the ultimate obligations for future claim payments and claim adjustment expenses.
  - **Future policy benefit reserves** (a.k.a., **active life reserves or ALR for long-term care**) represent present value of future policy benefits less the present value of future premiums. For GAAP, assumptions are locked-in throughout the remaining life of a contract unless a premium deficiency develops. Statutory formula reserves are also typically locked-in and many assumptions are prescribed.
  - **Additional actuarial reserves (AAR) –** additional statutory reserves in excess of prescribed formula reserves if statutory reserve adequacy testing indicates a deficiency
- **Loss recognition testing (LRT)** – GAAP requirement to assess adequacy of existing reserves using updated assumptions … no accounting implications unless existing reserves are deficient
- **Cash flow testing (CFT) –** The method used by the company to fulfill the statutory requirement to annually test the adequacy of current reserves under moderately adverse conditions
- **Risk-based capital (RBC)** – statutory specified formula to assess the capital adequacy of regulated insurance entities

Other Insurance Terminology

- **Assumed –** insurance risk that a reinsurer accepts (assumes) from a ceding company in accordance with terms of reinsurance agreement
- **Ceded –** Insurance risk that an insurer transfers (cedes) to a third party, such as reinsurers; ceding entity is not relieved of its primary obligations to policyholders and cedents
- **Retrocessionaire –** The insurer who reinsures a reinsurer
- **Claim cost curve –** Projection of future incurred claim payments throughout the expected duration of the policy.
- Key LRT/CFT assumptions:
  - **Mortality –** Probability that an insured will die at a given age generally based on published mortality tables adjusted for company experience.
  - **Mortality improvement –** the assumed rate that the base mortality is expected to reduce over time (usually grades off at older ages)
  - **Morbidity –** the expected cost of a non-mortality claim for a person at a given age. For long-term care, this includes incidence (probability of having a claim), utilization (cost of the claim per day) and continuance (how long the claim will last)
  - **Morbidity improvement –** the assumed rate of improvement in morbidity in the future applied to base morbidity
  - **Policy lapsation (lapses) –** the expected rate at which policyholders will voluntarily lapse existing insurance contracts (generally by ceasing to pay required insurance premiums)
  - **Premium rate increases –** long-term care policies allow for premium rate increases if requested by primary insurance companies and approved by applicable state insurance regulators; we build in an assumption of future premium rate increases based on a state-by-state analysis
  - **Discount rates –** a rate representing expected future investment yields used to discount projected nominal cash outflows (rate considers yields on existing investment portfolio and future reinvestment yield expectation)