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By Andrew Frye

May 29 (Bloomberg) -- [Genworth Financial Inc.](#), the insurer that failed to get a U.S. bailout, filed a plan to sell as much as 49 percent of its Canadian mortgage guarantor in an initial public offering.

"We believe this IPO, when completed, reinforces our already sound financial foundation," [Michael Fraizer](#), chief executive officer of the Richmond, Virginia-based company, said today in a statement. Genworth, which announced the plan on May 7, filed the prospectus with Canadian regulators.

Fraizer cut 1,000 jobs companywide, or 14 percent of the workforce, and canceled the [dividend](#) to conserve capital after investment losses and a surge in U.S. mortgage claims drained funds. Genworth was shut out from Treasury's financial rescue program this year after it failed to win approval to become a federally regulated lender.

Genworth jumped 74 cents, or 14 percent, to \$5.92 at 4:15 p.m. in New York Stock Exchange composite trading. The insurer, which has surged more than fivefold in six months, is down 74 percent over the past year.

Fraizer is counting on a pickup in demand from Canadian stock investors after just \$9 million in IPOs this year through May 18. Companies raised \$772 million in 2008, down about 81 percent from \$4.03 billion the previous year, according to Bloomberg data.

MGIC, PMI

U.S. mortgage insurers including No. 1 [MGIC Investment Corp.](#) and PMI Group Inc. have raised capital by selling assets. Milwaukee-based MGIC divested its holding last year of Sherman Financial Group LLC, which invests in distressed consumer debt. PMI, based in Walnut Creek, California, sold an Australian business to QBE Insurance Group Ltd. in October for [\\$920 million](#).

Genworth, which also sells life insurance, told investors this month that sales of retirement and protection products will probably decline in 2009. The company reported its fourth straight quarterly loss this month.

Mortgage insurers pay lenders when homeowners default and foreclosures fail to cover costs. [Al Orendorff](#), a spokesman for Genworth, declined to comment.

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