Northwestern Mutual's 2019 Financial Results Break Company Records

Company Sees Record Revenue of $29.9B, Record Total Investments of $248.3B; Maintains Highest Ever Surplus and Announces Industry-Leading Dividend of $6B

MILWAUKEE, Feb. 25, 2020 /PRNewswire/ -- Northwestern Mutual set new records with the release of its 2019 financial results announced today. The company's unsurpassed financial strength and product value are evident across all measures, from revenue growth and investment performance to surplus and dividend payouts. The results underscore the company's continued ability to fulfill its mission of helping clients achieve financial security for decades to come.

"Through our unwavering commitment to our clients, we have once again achieved exceptional financial results," said John Schlifske, chairman, president, and chief executive officer. "From this position of strength, our trusted advisors are delivering personalized financial planning and industry-leading products to help our clients turn dreaming into living and make the most of every day."[1]

Northwestern Mutual has consistently maintained the highest financial strength ratings awarded to U.S. life insurers by all four of the major ratings agencies.[2]

In addition to strong overall business growth and performance, the company delivered on key measures that benefit policyowners and ensure long-term success, including:

Exceptional surplus growth: In 2019, surplus grew $3.7 billion to $30.4 billion, a company record.[3] A strong surplus position gives the company flexibility to respond to unexpected future events, like market downturns, while upholding the promise to pay claims to policyowners. Northwestern Mutual paid $4.8 billion in insurance claims to policyowners and their beneficiaries in 2019.

Industry-leading dividend[4]: As previously announced, policyowners are expected to receive the largest dividend payout in company history — totaling $6 billion in 2020. That is the highest in the industry, and more than the company's three closest competitors combined.

Superior product fundamentals: Driving the company's unsurpassed dividend payout and financial strength were its superior underwriting and expense management, along with strong investment portfolio performance. These were supported by an industry-leading persistency, which improved to 96.4%, reflecting clients' high satisfaction with their advisors, plans and products.

Strong general account investment results: The portfolio ended 2019 at a new high of $248.3 billion. Solid fixed-income results — despite continued low interest rates — combined with robust real estate and equity market performance, produced strong total portfolio returns. Over the long term, nearly all the portfolio's asset classes have outperformed their benchmarks.

Also in 2019, demand for the company's integrated financial solutions — combining insurance to protect against risk and investments to grow wealth — continued to rise. Highlights include:

Strong Life Insurance Sales: The company's advisors and financial professionals drove annual sales of life insurance, which increased 10% over 2018, to the highest level in its history. During the past year, Northwestern Mutual reimagined its life insurance product line with the launch of the new Life Plus Series, offering clients a simplified yet highly customizable approach.

Leading Investment Products & Services Business: Client investment assets grew 26% last year to a record $161 billion. Northwestern Mutual is one of the top five independent broker dealers — and among the fastest growing — in the United States.[5]

Northwestern Mutual's business performance showcased the success of the company's advisor-led, holistic planning approach.

"We're committed to helping our clients through the guidance of a trusted financial advisor who truly understands a client's unique goals, and through personalized financial planning that integrates both insurance and investments," noted Schlifske. "Our success demonstrates the strength of this approach for our clients, and we will build on this strong momentum in 2020 and beyond."

About Northwestern Mutual

Northwestern Mutual has been helping families and businesses achieve financial security for more than 160 years. Through a distinctive, personalized planning approach, Northwestern Mutual combines the expertise of its financial professionals with a digital experience to help its clients navigate their financial lives every day. With $290.3 billion in total assets, $29.9 billion in revenues, and $1.9 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.6 million people with life, disability income and long-term care insurance, annuities, and brokerage and advisory services. Client assets held or managed through the company's wealth management and investment services business total $161 billion.

Northwestern Mutual ranks 111 on the 2019 FORTUNE 500 and is recognized by FORTUNE® as one of the "World's Most Admired" life insurance companies in 2019. Northwestern Mutual also received the highest score among individual life insurance providers in the J.D. Power 2019 U.S. Life Insurance Satisfaction Study.

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NM),Milwaukee, WI (life and disability insurance, annuities, and life insurance with long-term care benefits) and its subsidiaries. Subsidiaries include **Northwestern Mutual Investment Services, LLC** (NMIS) (securities), broker-dealer, registered investment adviser, member FINRA and SIPC; the Northwestern Mutual Wealth Management Company® (NMWMC) (fiduciary and fee-based financial planning services), federal savings bank; and Northwestern Long Term Care Insurance Company (NLTC) (long-term care insurance).

[1] Not all Northwestern Mutual representatives are advisors. Only those representatives with the titles "Financial Advisor" or "Wealth Management Advisor" are credentialed as NMWMC representatives to provide advisory services.

[2] Among U.S. life insurers. Ratings are for The Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Insurance Company, as of the most recent review and report by each rating agency. Ratings as of: 09/19 (Moody's Investors Service), 05/19 (A.M. Best Company), 10/19 (Fitch Ratings), 12/19 (S&P Global Ratings). Ratings are subject to change.

[3] Total surplus, which includes Asset Valuation Reserve (AVR) and surplus notes.

[4] Decisions with respect to the determination and allocation of divisible surplus as dividends each year are left to the discretion and sound business judgment of the company's Board of Trustees. There is no guaranteed specific method or formula for the determination or allocation of divisible surplus. Accordingly, the company's approach is subject to change. Neither the existence nor the amount of a dividend is guaranteed on any policy in any given policy year.

[5] Ranking for Northwestern Mutual Investment Services, LLC. Sources: *Financial Advisor* magazine and *InvestmentNews*, May 2019.

Summary of Operations

(Statutory basis, in millions)

Years ended December 31:	2019	2018
Premiums	$19,010	$18,036
Net investment income	10,149	9,791
Other income	696	655
Total revenue	29,855	28,482
Policyowner benefits paid	11,515	11,436
Increase in benefit reserves	8,668	7,582
Commissions and expenses	3,306	3,230
Total benefits and expenses	23,489	22,248
Gain before dividends and taxes	**6,366**	**6,234**

Policyowner dividends	5,999	5,634
Gain before taxes	367	600
Income tax benefit	(199)	(159)
Net gain from operations	566	759
Net realized capital gains	702	24
Net income	**$1,268**	**$783**

The summarized financial statement above was prepared on the statutory basis of accounting. Financial statements prepared on the statutory basis of accounting differ materially from financial statements prepared in accordance with generally accepted accounting principles ("GAAP").

Summary of Financial Position

(Statutory basis, in millions)

	December 31, 2019	December 31, 2018
Bonds	$159,760	$153,713
Mortgage loans	39,771	36,755
Policy loans	17,829	17,693
Common and preferred stocks	4,677	5,574
Real estate	2,872	2,576
Other investments	20,962	17,048
Cash and short-term investments	2,408	1,899
Total investments	**248,279**	**235,258**
Other assets	7,207	7,192
Separate account assets	34,832	29,717
Total assets	**$290,318**	**$272,167**
Policy benefit reserves	$211,100	$202,816
Policyowner dividends payable	5,995	5,635

Other liabilities	7,972	7,268
Separate account liabilities	34,832	29,717
Liabilities (excluding AVR)	**259,899**	**245,436**
Asset valuation reserve (AVR)	6,203	4,597
Surplus	24,216	22,134
Surplus and AVR	**30,419**	**26,731**
Total liabilities and surplus	**$290,318**	**$272,167**

The summarized financial statement above was prepared on the statutory basis of accounting. Financial statements prepared on the statutory basis of accounting differ materially from financial statements prepared in accordance with generally accepted accounting principles ("GAAP").

SOURCE Northwestern Mutual

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