Northwestern Mutual Delivers Record Results; Company is Exceptionally Strong and Growing

By meeting clients' needs for greater financial security, the company breaks records with $2 trillion of life insurance protection and $200 billion in client investments

MILWAUKEE, Feb. 18, 2021 /PRNewswire/ -- Northwestern Mutual announced outstanding 2020 results today, reporting new records in seven key measures: revenue, total surplus, total company assets, client investment assets, total dividend payout, new clients and new financial professionals. In addition, this month the company passed two major milestones: $2 trillion of protection for its life insurance policyowners and $200 billion in client investment assets.

Despite the external headwinds of 2020, the company ended the year with financial results that surpassed the record levels reached just a year prior:

Revenue of $31.1 billion
Total surplus of $32.3 billion
Total assets of $308.8 billion

"The events of 2020 emphasized the need for people to have both a financial plan and an expert to guide them with a long-term view," said John Schlifske, chairman, president, and chief executive officer. "We achieved these exceptional results by remaining true to our steadfast commitment to our policyowners, and through our focus on helping people become financially secure."

Additionally, Northwestern Mutual continues to earn the highest possible financial strength ratings awarded to U.S. life insurers with a stable outlook from all four major ratings agencies.[1]

Company Realizes Historic Growth

Life insurance milestones: Demand for Northwestern Mutual's life insurance rose in 2020. The company surpassed $1 billion in new life insurance premium sales, which increased eight percent over 2019. And policyowner persistency, a key measure of customer satisfaction, reached the highest recorded level in over 30 years, as 97% of clients maintained their life insurance coverage. This month the company also passed the major milestone of $2 trillion total life insurance in-force.
Growing client assets: The retail investments business saw record net cash flows, as people chose to move their money to Northwestern Mutual. Client investment assets grew 21% last year and crossed the $200 billion mark earlier this month. Northwestern Mutual continues to be one of the top five independent brokers-dealers by revenue – and among the fastest growing – in the United States.[2]
Record total surplus: In 2020, total surplus grew $1.9 billion to a record $32.3 billion.[3] A robust surplus gives the company the flexibility to respond to unexpected future events, staying strong while upholding the promise to pay claims to policyowners whenever needed.
Continued growth of general account investments: Northwestern Mutual's superior financial strength in 2020 allowed the company to seize market opportunities throughout the volatile year, resulting in excellent investment returns that contributed to the company's record $308.8 billion in total assets.
Industry-leading dividend[4]: As previously announced, in 2021 policyowners are expected to once again receive the largest total dividend payout in history, an estimated $6.2 billion.

"Thanks to the truly extraordinary work of our financial professionals and their teams, clients are acting on plans that put them on the path to financial security," said Schlifske. "These record business results are a reflection of the way we run our company – with an unwavering commitment to our policyowners. The nearly 200,000 new clients and 3,100 new financial professionals who joined Northwestern Mutual amid the pandemic and economic volatility are proof positive that our approach is resonating."

About Northwestern Mutual

Northwestern Mutual has been helping people and businesses achieve financial security for more than 160 years. Through a holistic planning approach, Northwestern Mutual combines the expertise of its financial professionals with a personalized digital experience and industry-leading products to help its clients plan for what's most important. With $308.8 billion in total assets, $31.1 billion in revenues, and over $2 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.75 million people with life, disability income and long-term care insurance, annuities, and brokerage and advisory services. The company has more than $200 billion of investments owned by its clients and held or managed through its wealth management and investment services businesses. Northwestern Mutual ranks 102 on the 2020 FORTUNE 500 and is recognized by FORTUNE® as one of the "World's Most Admired" life insurance companies in 2021.

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

[1] Northwestern Mutual continues to have the highest financial strength ratings awarded to any U.S. life insurer by all four of the major rating agencies: A.M. Best Company, A++ (highest), April 2020; Fitch Ratings, AAA (highest), August 2020; Moody's Investors Service, Aaa (highest), July 2020; S&P Global Ratings, AA+ (second highest),June 2020. Third-party ratings are subject to change. Ratings are for The Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Insurance Company.

[2] Ranking for Northwestern Mutual Investment Services LLC. Sources: *Financial Advisor* magazine and *InvestmentNews*, May 2020.

[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.

Summary of Operations
(Statutory basis, in millions)

Years ended December 31:	2020	2019
Premiums	$19,323	$19,010
Net investment income	11,078	10,149
Other income	723	696
Total revenue	31,124	29,855
Policyowner benefits paid	11,736	11,515
Increase in benefit reserves	8,847	8,668
Commissions and expenses	3,502	3,306
Total benefits and expenses	24,085	23,489
Gain before dividends and taxes	**7,039**	**6,366**
Policyowner dividends	6,235	5,999
Gain before taxes	804	367
Income tax expense (benefit)	277	(199)

Net gain from operations	527	566
Net realized capital (losses) gains	(102)	702
Net income	**$425**	**$1,268**

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, 2020	December 31, 2019
Bonds	$166,324	$159,760
Mortgage loans	41,568	39,771
Policy loans	17,686	17,829
Common and preferred stocks	5,083	4,677
Real estate	2,959	2,872
Other investments	24,942	20,962
Cash and short-term investments	3,239	2,408
Total investments	**261,801**	**248,279**
Other assets	8,519	7,207
Separate account assets	38,447	34,832
Total assets	**$308,767**	**$290,318**
Policy benefit reserves	$222,225	$211,100
Policyowner dividends payable	6,220	5,995
Other liabilities	9,556	7,972
Separate account liabilities	38,447	34,832
Liabilities (excluding AVR)	**276,448**	**259,899**

Asset valuation reserve (AVR)	7,362	6,203
Surplus	24,957	24,216
Surplus and AVR	**32,319**	**30,419**
Total liabilities and surplus	**$308,767**	**$290,318**

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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https://news.northwesternmutual.com/2021-02-18-Northwestern-Mutual-Delivers-Record-Results-Company-is-Exceptionally-Strong-and-Growing