Northwestern Mutual to Pay Nearly $5 Billion in Dividends to Policyowners in 2012

MILWAUKEE (BUSINESS WIRE), October 26, 2011 - The Board of Trustees of TheNorthwestern Mutual Life Insurance Company has approved a dividend payout of nearly $5 billion for participating policyowners for 2012, an increase of more than $125 million over its expected 2011 payout.

It will be the second-largest payout in the company's history.

Northwestern Mutual said it expects again to lead the insurance industry by a wide margin in totallife insurance, long-term care and disability insurance dividends paid. It expects to pay more than double the ordinary life insurance dividends of its nearest competitor.

The company credits its dividend payout to careful underwriting, rigorous expense management, diversified investing, and strong performance in other operating fundamentals.

"As a mutual company, we don't have stockholders whose demands we need to meet," said**John Schlifske**, chairman and chief executive officer of Northwestern Mutual. "Our only priority is to help create security and value for our policyowners -- the people who own our products."

Schlifske highlighted the company's competitive position.

"In 2012, we'll probably pay more permanent life dividends than the next two companies combined," he said.

"We are one of a few companies who pay dividends on term life, long-term care and disability insurance. It's another example of how we live by a set of mutual values unlike anyone else in the industry," he said.

Schlifske believes his company's 3.3 million policyowners understand the value of what they get with Northwestern Mutual.

"We have this circle of success where each year we retain more than 96 percent of the life business we put on the books, and, in addition, our life policyowners use about 75 percent of the dividends available to them to buy additional coverage," he said.

Northwestern Mutual has performed well during the recent tough economy.

"I'm really proud of the way our financial representatives and our employees have managed through the economy of the past four years," said Schlifske. "In those years, we've been able to pay on average just under $5 billion per year in dividends to the people who own our products."

Highlights of the 2012 Estimated Dividend Payout

The financial security company highlighted the following aspects of its 2012 dividend, as well as the separate dividend announcement of its subsidiary, the Northwestern Long Term Care Insurance Company:

Life Insurance – About 90 percent of the nearly $5 billion will be paid to participating permanent life insurance policyowners. Schlifske noted that more than half of policyowner dividends paid on permanent life insurance policies comes from favorable mortality and expense results.

Disability Insurance – The company expects to pay disability insurance policyowners $252 million in dividends in 2012.

Long-Term Care Insurance – The Board of Directors of the Northwestern Long Term Care Insurance Company approved a dividend payout of $12.8 million on long-term care policies for 2012.

Term Life Insurance – In 2012, $120 million in dividends is expected to be paid to term life insurance policyowners.

Fixed and variable annuities – These annuity products are expected to receive $27 million in dividends during 2012.

2012 Dividend Scale Interest Rate on Unborrowed Permanent Life Insurance Funds

In addition to the favorable mortality and expense results, the company's expected 2012 dividend payout also reflects the performance of Northwestern Mutual's investment portfolio. In 2012, the company's dividend payout will include a dividend

scale interest rate on unborrowed funds for most permanent life insurance products of 5.85 percent.

It is a tribute to the design and management of the company's diversified portfolio that it makes this kind of contribution to the life insurance dividend in today's environment where rates on newly issued long-term corporate bonds are about 4 percent and 10-year Treasury bonds are yielding about 2 percent.

About Northwestern Mutual

The Northwestern Mutual Life Insurance Company, Milwaukee, WI, a FORTUNE 500 company with more than $1.2 trillion of life insurance protection in force, has been helping its policyowners and clients achieve financial security for more than 150 years.

Through the Northwestern Mutual Financial Network, the marketing name for the company's nationwide sales distribution arm, the company and its affiliates deliver a unique approach to combining insurance and investment solutions to help clients achieve financial security. These solutions include life insurance, long-term care insurance, disability insurance, annuities, mutual funds and employee benefit services. Northwestern Mutual's subsidiaries and affiliates are comprised of Northwestern Mutual Investment Services, LLC, a wholly owned company, broker-dealer, member of FINRA and SIPC; the Northwestern Mutual Wealth Management Company, a wholly owned company of Northwestern Mutual and limited purpose federal savings bank; Northwestern Long Term Care Insurance Company; and the Russell Investment Group.

Further information on Northwestern Mutual, its subsidiaries and affiliates can be found at:www.northwesternmutual.com.

---

https://news.northwesternmutual.com/news-releases?item=122595