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**TARGETED MARKET CONDUCT REPORT ON EXAMINATION**

**OF**

**THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY**

**AS OF DECEMBER 31, 2020**

**EXAMINER:**

**DONNA TAYLOR**

**DATE OF REPORT:**

**JULY 16, 2021**

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KATHY HOCHUL  
Governor



ADRIENNE A. HARRIS  
Superintendent

August 12, 2022

Honorable Adrienne A. Harris  
Superintendent of Financial Services  
New York, New York 10004

Dear Adrienne A. Harris:

In accordance with instructions contained in Appointment No. 32243, dated April 30, 2021, and annexed hereto, an examination has been made into the condition and affairs of The Northwestern Mutual Life Insurance Company, hereinafter referred to as "the Company". The Company's home office is located at 720 East Wisconsin Avenue, Milwaukee, WI 53202. Due to the COVID-19 pandemic, the examination was conducted remotely.

Wherever "Department" appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

## 1. SCOPE OF EXAMINATION

This examination covers the period from January 1, 2018, to December 31, 2020.

The examination comprised a review of the Company's electronic application process and related market conduct activities.

This report on examination is confined to comments on matters which involve departure from laws, regulations or rules, or which require explanation or description.

## 2. DESCRIPTION OF COMPANY

### A. History

The Company was incorporated as a mutual life insurance company under the laws of the State of Wisconsin on March 2, 1857 and commenced business on November 25, 1858. The Company received its New York license on June 1, 1868.

### B. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities, and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in all 50 states and the District of Columbia. In 2020, 7.9% of life insurance premiums, 3.6% of annuity considerations, and 7.3% of accident and health insurance premiums were received from New York.

Policies are written on a participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2020:

<u>Life Insurance Premiums</u>		<u>Annuity Considerations</u>	
New York	7.9%	Wisconsin	7.9%
California	7.4	Illinois	6.9
Illinois	6.8	Texas	6.5
Florida	6.6	Florida	6.2
Texas	<u>6.4</u>	California	<u>4.4</u>
Subtotal	35.1%	Subtotal	31.9%
All others	<u>64.9</u>	All others	<u>68.1</u>
Total	<u>100.0%</u>	Total	<u>100.0%</u>

<u>Accident and Health Insurance Premiums</u>	
New York	7.3%
California	7.0
Florida	6.2
Illinois	5.7
Texas	<u>5.7</u>
Subtotal	32.1%
All others	<u>67.9</u>
Total	<u>100.0%</u>

The principal lines of business sold during the examination period are individual life insurance, individual annuity products, and group disability coverage. The products offered include whole life, term life, universal life, and CompLife (a combination of whole and term life insurance) policies, deferred and immediate variable annuity products, and group short-term and long-term disability contracts.

The Company's agency operations are conducted on a general agency/branch office basis. The Company's distribution system consists of full-time and part-time field financial representatives who distribute the Company's products through its operating subsidiary, Northwestern Long-Term Care Insurance Company, as well as non-insurance operating subsidiaries, including Northwestern Mutual Investment Services, LLC, and Northwestern Mutual Wealth Management Company, a federally chartered limited purpose savings bank.

### 3. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's electronic application processes for life insurance and annuities to determine compliance with applicable statutes and regulations and the operating rules of the Company.

#### A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's sales activities of the agency force including trade practices, solicitation, and the replacement of insurance policies as part of the Company's electronic application process review.

Based upon the sample reviewed, no significant findings were noted.

#### B. Underwriting and Policy Forms

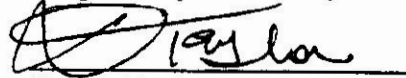
The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms as part of the Company's electronic application process review.

Based upon the sample reviewed, no significant findings were noted.

#### C. Option to Opt-Out

The examiner verified that the applicants had an opportunity to opt out of the electronic process as required by Section 309 of the New York State Technology Law.

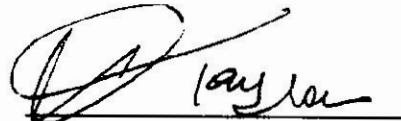
Respectfully submitted,



Donna Taylor  
Senior Insurance Examiner

STATE OF NEW YORK     )  
  )SS:  
COUNTY OF NEW YORK    )

Donna Taylor, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.



Donna Taylor

Subscribed and sworn to before me  
this 31<sup>st</sup> day of August, 2022  
Aushey Hall

**AUDREY HALL**  
Notary Public, State of New York  
No. 01HAB274000  
Qualified in Kings County  
Commission Expires January 28, 2025



Respectfully submitted,

\_\_\_\_\_/s/  
Courtney Williams  
Principal Insurance Examiner

STATE OF NEW YORK     )  
                                  )SS:  
COUNTY OF NEW YORK    )

Courtney Williams, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

\_\_\_\_\_/s/  
Courtney Williams

Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_

**APPOINTMENT NO. 32243**

**NEW YORK STATE**

**DEPARTMENT OF FINANCIAL SERVICES**

I, **LINDA A. LACEWELL**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

**DONNA TAYLOR**

as a proper person to examine the affairs of the  
**THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY**  
and to make a report to me in writing of the condition of said  
**COMPANY**

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name  
and affixed the official Seal of the Department  
at the City of New York

this 30th day of April, 2021

**LINDA A. LACEWELL**  
Superintendent of Financial Services

By:

*Mark McLeod*

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**MARK MCLEOD**  
DEPUTY CHIEF - LIFE BUREAU

