

COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT

MARKET CONDUCT
EXAMINATION REPORT

OF

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

MILWAUKEE, WI

As of: August 7, 2025
Issued: October 3, 2025

BUREAU OF MARKET ACTIONS
LIFE & ANNUITY DIVISION

pennsylvania
INSURANCE DEPARTMENT

PENNSYLVANIA INSURANCE DEPARTMENT
EXAMINATION VERIFICATION

I, Donna J Shafer (Name of Examiner), MCM, Examiner in Charge (Title of Examiner) from Pennsylvania Department of Insurance (Name of Vendor/Department) certify that I was the Examiner-In-Charge of the Report of Examination of Northwestern Mutual Insurance Company (Name of Examined Company) made as of 07/30/2025 (Date).

The last date of examination file review was 07/07/2025 (Date) and the written Report of Examination was reviewed and accepted by: Paul Towsen (Chief of Market Conduct Examiner) on 8/7/2025. (Date)

I have reviewed the completed written Report of Examination and certify that the facts and figures recited therein are true and accurate, according to the records, documents and other evidence obtained during the course of the examination.

Donna J Shafer
(Examiner-in Charge)

_____
(Name of Vendor/Department)

_____
(Address of Vendor/Department)

Donna Shafer
(Examiner in Charge Signature)

07/30/2025
(Date)

IN ORDER TO SATISFY SECTION 40 P.S. § 323.5(b), THAT PROVIDES FOR NO LONGER THAN SIXTY (60) DAYS FROM THE COMPLETION OF THE EXAMINATION, THE EXAMINER IN CHARGE SHALL FILE WITH THE DEPARTMENT A VERIFIED WRITTEN REPORT OF EXAMINATION UNDER OATH.

TABLE OF CONTENTS

ORDER

I. INTRODUCTION……1

II. SCOPE OF EXAMINATION……..3

III. COMPANY HISTORY……4

SECTION A: CONSUMER COMPLAINTS……5

A.1 Complaint Handling Procedures……..5

A.2 Complaints Register……5

A.3 Complaint Tracking……6

A.4 Agent Complaints……7

SECTION B: UNDERWRITING AND POLICYHOLDER SERVICES…….....7

B.1 Policyholder Business Area……7

B.2 Reinstatement Procedures……....8

B.3 Contact Information……8

B.4 Annual Report……..8

B.5 Underwriting Guidelines……..8

B.6 Policy Forms.....……..8

B.7 Suitability.....……..8

B.8 Insurable Interest.....……..9

B.9 Cancellation, Partial Surrender, or Loan……..9

B.10 Premium Notices.....……....9

B.11 Unclaimed Property…….....9

B.12 Unclaimed Property Register...……..9

B.13 Death Master Index.....……..9

B.14 Location of Missing Policyholders and Beneficiaries……..10

B.15 Life New Business Not Issued as Replacement.....10
B.16 Life New Business Issued as Replacement.....13
B.17 Life New Business Declined.....17
B.18 Life New Business Not Taken.....17
B.19 Life Policies Terminated.....20
B.20 Life Policies Surrendered.....21
B.21 Life Policies Rescinded.....22
B.22 Individual Annuity New Business Not a Replacement.....22
B.23 Individual Annuity New Business Issued as Replacement.....25
B.24 Individual Annuity New Business Declined.....28
B.25 Individual Annuity New Business Not Taken.....28
B.26 Individual Annuity Business Terminated.....29
B.27 Individual Annuity Business Surrendered.....33
IV. DATA INTEGRITY.....34
V. RECOMMENDATIONS.....38
VI. COMPANY RESPONSE.....40

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

O R D E R

AND NOW, this __3rd___ day of _July___, 2023, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate David J. Buono, Jr., Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.



Michael Humphreys
Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY	:	40 P.S. §323.3(a)
720 East Wisconsin Avenue	:	
Milwaukee, WI 53202	:	40 P.S §§510c, 510d, 625-4(a), 625-6,
	:	625-8A(e)(1)(i), 625-8(e)(2)(i),
	:	625-8(c)(4)(i), 627-3(a)(1)(i)(A),
	:	627-3(a)(2)(i), 625-8(c)(4)(i), and
	:	625-8(c)(4)(ii)
	:	
	:	31 Pa. Code §§81.4(b)(1), 81.6(a)(1),
	:	81.6(a)(2)(ii), 81.6(c), 83.3(a), 83.4(a),
	:	83.55(a), 146.3, and 146.5(c)
	:	
	:	
	:	
	:	
	:	
	:	
Respondent.	:	Docket No. MC25-09-002

CONSENT ORDER

AND NOW, this 3rd day of October , 2025

, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. §101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter and, without admitting or denying the findings, and solely for purposes of this proceeding, agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

(a) Respondent is The Northwestern Mutual Life Insurance Company and maintains its address at 720 East Wisconsin Avenue, Milwaukee, WI 53202.

(b) A market conduct examination of Respondent was conducted by the Insurance Department covering the experience period from July 1, 2022, through June 30, 2023.

(c) On August 7, 2025, the Insurance Department issued a Market Conduct Examination Report to Respondent.

(d) A response to the Examination Report was provided by Respondent on September 4, 2025.

(e) The Market Conduct Examination of Respondent revealed violations of the following:

(i) All findings and conclusions in the Examination Report, which is attached hereto, are hereby incorporated into this Consent Order.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

(a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

(b) Respondent's violations of Sections 40 P.S. §§510(c), 510d, 625-4(a), 625-6, 625-8A(e)(1)(i), 625-8(e)(2)(i), 625-8(c)(4)(i), 627-3(a)(1)(i)(A), 627-3(a)(2)(i), 625-8(c)(4)(i), and 625-8(c)(4)(ii) are punishable by the following, under 40 P.S. § 625-10: Upon determination by hearing that this act has been violated, the commissioner may issue a cease-and-desist order, suspend, revoke or refuse to renew the license, or impose a civil penalty of not more than $5,000 per violation.

Respondent's violations of 31 Pa. Code, Chapter 81 are punishable under 31 Pa. Code §§81.8(b) and (c), which states that failure to comply, after a hearing, may subject a company to penalties provided in 40 P.S. §475.

(c) Respondent's violations of 31 Pa. Code, Chapter 83 Subchapter B are punishable under 31 Pa. Code §83.6:

(i) For failing to insure adequate disclosure of basic information, after a hearing, a company may be subject to the penalties provided under 40 P.S. §475, for violations of sections 347-349 of that act 40 P.S. §§472 through 474. In addition, failure to make the disclosure outlined in this subchapter may be considered a violation of 40 P.S. §§1171.1 through 1171.15.

(d) Respondent's violations of 31 Pa. Code §§146.3 and 146.5(c) are punishable under Sections 1 through 5 and Section 9 of the Unfair Insurance Practices Act (40 P.S. §§1171.1 – 1171.5 and 1171.9):

(i) cease and desist from engaging in the prohibited activity;

(ii) suspension or revocation of the license(s) of Respondent.

(e) In addition to any penalties imposed by the Commissioner for Respondent's violations of 40 P.S. §§1171.1 – 1171.15, the Commissioner may, under (40 P.S. §1171.11) file an action in which the Commonwealth Court may impose the following civil penalties:

(i) for each method of competition, act, or practice under 40 P.S. 1171.5 which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars ($5,000.00);

(ii) for each method of competition, act, or practice under 40 P.S. 1171.5 which the company did not know nor reasonably should have known was in violation of the law, a penalty of not more than one thousand dollars ($1,000.00).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

(a) Respondent, as soon as reasonably possible, shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

(b) Respondent shall pay Two Hundred Fifty Thousand Dollars ($250,000.00) in settlement of all violations contained in the Report.

(c) Payment of this matter shall be made at https://www.bpp.ob.pa.gov/Customer Instructions on how to do this are provided in the attached cover letter to this order. Payment must be made no later than thirty (30) days after the date of this Order.

(d) Respondent shall share the Examination Report and this Order with each of its directors at the next regularly scheduled meeting of the board of directors, and submit affidavits executed by each of its directors, stating under oath that they have received a copy of the Examination Report and this Order. Such affidavits shall be submitted within thirty (30) days of said meeting. Respondent shall file an affidavit from a senior officer stating under oath that it has provided each of its directors a copy of this Consent Order. Such affidavit shall be submitted within thirty (30) days of the date of this Order.

(e) After a period of 36 months from the date of this Order, Respondent shall be examined via a targeted re-examination to verify corrective actions have been implemented concerning all of the recommendations in the examination report. The experience period of the re-examination shall be limited to business issued from January 1, 2028 to December 31, 2028.

(f) Respondent shall comply with all recommendations contained in the attached Report.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not

limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
Respondent

RAYMOND J. MANISTA, Executive Vice President and Chief Legal and Public Affairs Officer

LAILA M. VALTERS, Vice President and Chief Compliance Officer

DAVID J. BUONO
Deputy Insurance Commissioner
Commonwealth of Pennsylvania

I. INTRODUCTION

The Market Conduct Examination of The Northwestern Mutual Life Insurance Company NAIC #67091, hereinafter referred to as "The Company", was conducted as a targeted examination at the Pennsylvania Insurance Department beginning November 2023. All reviews were conducted remotely. There was no onsite portion for this exam.

Pennsylvania Market Conduct Examination Reports generally note the items that have been reviewed and whether there is a violation of law or regulation. A violation is any instance of a Company activity that does not comply with an insurance statute or regulation. Violations contained in an Examination Report may result in the imposition of penalties. An Examination Report also includes management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables The Company management to review these areas of concern to determine the potential impact upon The Company operations for future compliance. Findings identified in all summaries issued to The Company throughout the Examination process are included in this Examination Report.

Throughout the course of the Examination, The Company officials were provided status memoranda or summaries, which reference specific policy numbers with citations to each section of law violated. Additional information was requested to clarify apparent violations. Multiple conference calls, status meetings, and an exit conference were conducted with The Company officials to discuss the various types of violations identified during the Examination and to review written summaries provided for the violations that the examiners identified.

The courtesy and cooperation extended by the officers and employees of the Company during the course of the Examination is acknowledged.

The following examiners participated in the Examination and in the preparation of this Examination Report.

Pennsylvania Insurance Department

Paul Towsen, MCM
Chief Property & Casualty/Life & Annuity Division
PA Insurance Department

Donna Shafer, MCM
Market Conduct Examiner II
Examiner-In-Charge
PA Insurance Department

Melissa Collins, MCM
Market Conduct Examiner I
PA Insurance Department

Heather Harley, AMCM, FLMI, HIA
Contract Market Regulation Senior Manager
The INS Companies

Joe Cohen
Contract Market Regulation Examiner
The INS Companies

II. SCOPE OF EXAMINATION

The Examination was conducted pursuant to the authority granted by Sections 903 and 904 (40 P.S. §§ 323.3 and 323.4) of the Insurance Department Act and covered the examination period of July 1, 2022, through June 30, 2023, unless otherwise noted. The purpose of the Examination was to ensure compliance with Pennsylvania insurance laws and regulations.

The Examination focused on the Company's policies, procedures, and processes in the following areas: Complaints, Underwriting, Policyholder Services, and Marketing/Sales. The lines of business examined included Individual Life Contracts and Individual Annuity Contracts.

Examiners requested that the Company identify the universe of files for: Consumer Complaints, Pennsylvania Insurance Department Complaints, Life New Business Issued, Annuity New Business Issued, Life New Business Replacements, Annuity New Business Replacements, Life Polices Not taken, Annuity Policies Not taken, Life Policies Surrendered, Annuity Policies Surrendered, Life Policies Rescinded, Life New Business Declined, Annuity New Business Declined, Life Terminations, Annuity Terminations, Based on the universe sizes identified, random sampling was utilized to select files to review for analysis.

For control purposes, some of the review segments identified in this Examination Report may be broken down into various sub-categories by line of insurance or Company administration. These specific sub-categories, if not reflected individually in the Examination Report, are included, and grouped within the respective categories of the Examination Report. All reviews conducted throughout the Examination included consideration of Company responses to examiner requests pursuant to 40 P.S. §§ 323.3 and 323.4. While these statute and regulation sections are included in all reviews completed during the Examination, the Examination Report only notes where examiners found a violation of these sections in a particular sub-category, such as incomplete file documentation or incorrect information provided in response to the requests.

III. COMPANY HISTORY

The Company was incorporated as a mutual life insurance company in the state of Wisconsin on March 2, 1857, and commenced business on November 25, 1858. General product evolution started with life insurance (1858). In 1933, Northwestern Mutual introduced the immediate annuity and the 1940's brought the introduction of fixed deferred annuities. Since then, The Company's product offerings have included the variable annuity (1968), disability income insurance (1969), variable life insurance (1983), long term care insurance (through subsidiary Northwestern Long Term Care Insurance Company) (1998), and variable universal life insurance (1998).

In 2015, Northwestern Mutual acquired LearnVest, a company specializing in online financial planning and client experience technology. On April 1, 2021, Wysh Life and Health Insurance Company (Wysh Life) was acquired by Northwestern Mutual through a wholly owned holding company. Wysh Life is a stock insurance corporation, domiciled in the State of Wisconsin and licensed in 48 states and the District of Columbia, that currently offers new term life insurance products.

OVERVIEW AND ORGANIZATION OF THE COMPANY

The Company is authorized to write life insurance, annuities, accident and health insurance, and is licensed to transact business in all 50 states and the District of Columbia.

The Company's agency operations are conducted on a general agency/branch office basis. The Company's captive distribution system consists of over 10,000 full and part time field financial representatives who distribute the Company's products, as well as products offered through its operating subsidiaries, including Northwestern Mutual Investment Service, LLC, and Northwestern Mutual Wealth Management Company, a federally chartered limited purpose savings bank.

The Company does not utilize brokers.

SECTION A: CONSUMER COMPLAINTS

Examiners requested documentation relating to Consumer Complaints and Pennsylvania Insurance Department Complaints. Unless noted, all documents identified in the universe provided by the Company were requested, received, and reviewed by the examiners. In the event the initial documents provided by the Company did not provide enough information, examiners issued information requests which resulted in additional documents that were included in the review. Documents provided pursuant to examiner requests under this section were reviewed to ensure compliance with applicable standards, including 40 P.S. §§ 323.3, 323.4, and 1171.5, and 31 Pa. Code §146.5.

A.1 *Complaint Handling Procedures*

The Company was asked to provide all policies and procedures for the intake and processing of complaints. Additionally, the Company was requested to provide all correspondence that is provided to the policyholder outlining how to file a complaint, including contact information and address presented for consumer inquiries as well as information presented to file a complaint with the Pennsylvania Insurance Department. The requested materials were received and reviewed. There were no violations were noted.

A.2 *Complaints Register*

Examiners requested a listing of all Consumer Complaints received during the experience period. The Company identified 28 Consumer Complaints received during the experience period. The Department selected a sample of all 28 complaint files which were requested, received, and reviewed. The Company also provided complaint logs as requested. The following violations and concerns were noted:

7 Violations **- 40 P.S. §323.3(a) Authority, scope and scheduling of examinations.** (a) Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business, and affairs in such manner and for such time periods

as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. There was pertinent information missing in the seven (7) files noted.

***3 Violations* - 31 Pa. Code §146.5(c) Failure to acknowledge pertinent communications.** (a) An appropriate reply shall be made within 10 working days on other pertinent communications from a claimant which reasonably suggest that a response is expected. The complaints were not acknowledged within 10 working days in the three (3) files noted.

Concern 1: The complaint logs did not indicate the total time it took to process each complaint in a designated field. The statute, 40 P.S. §1171.5(a)(11), is specific stating the record shall indicate the time it took to process each complaint in its own designated field. The Company complaint logs are short. The time it took to process each complaint can be determined by the date the complaint was received and the date the complaint was closed, but the specific field and information needs to be in a designated field, on the log, per definition of the statute. This would be a violation in the future.

Concern 2: In one instance, a policy owner thought the product he purchased was whole life. The policy was a Level 10 policy providing coverage for 20 years. Level Term 10 policies are eligible for conversion to a whole life product during the first 10 policy years. There is no evidence the policy owner was aware, at or near the 10-year mark, that they would need to make changes for their policy to become a whole life policy. The Department asks the Company to provide the Consumer with a notification that possible action may need to be taken on a policy before said action is no longer an option.

A.3 ***Complaint Tracking***

The Company was requested to provide all policies and procedures demonstrating that the Company takes adequate steps to finalize and dispose of the complaint in accordance with

applicable statutes. The requested materials were received and reviewed. There were no violations noted.

A.4 ***Agent Complaints***

The Company was requested to provide policies and procedures for monitoring complaints regarding agent conduct. The requested materials were received and reviewed. There were no violations were noted.

SECTION B: UNDERWRITING AND POLICYHOLDER SERVICES

Examiners requested documentation relating to policyholder services. The documents were reviewed to ensure policyholder service guidelines were in place, being followed in a uniform and consistent manner, and that no policyholder service practices or procedures were in place that could be discriminatory in nature, or specifically prohibited by statute or regulation. Unless noted, all documents identified in the universe by the Company were requested, received, and reviewed by the examiners. In the event the initial documents provided by the Company did not provide enough information, examiners issued information requests, which resulted in additional documents that were included in the review. Documents provided pursuant to examiner requests under this section were reviewed to ensure compliance with applicable standards, including 40 P.S. §§ 477, 477b, 323.3, 323.4, 1171.5, and 625-6, and 31 Pa. Code §§ 83.55c, 90c.5, and 90f.4.

B.1 Policyholder Business Area

The Company was asked to provide a comprehensive description of the policyholder services department(s), including an organization chart for the business units comprising the policyholder services areas. The requested items were received and reviewed. There were no violations noted.

B.2 Reinstatement Procedures

The Company was asked to provide the policies and procedures for reinstatements. The requested items were received and reviewed. There were no violations noted.

B.3 Contact Information

The Company was asked to provide documents that advise the policyholder how to access customer service, including the contact information that is presented. The requested items were received and reviewed. There were no violations noted.

B.4 Annual Report

The Company was asked to provide policies and procedures for providing policyowners annual reports. The requested items were received and reviewed. There were no violations noted.

B.5 Underwriting Guidelines

The Company was asked to provide processes, procedures, and guidelines for underwriting for each product sold during the examination period. The requested items were received and reviewed. There were no violations were noted.

B.6 Policy Forms

The Company was asked to provide a listing of company filed policy forms, endorsements, and applications used during the experience period. This listing should include the form number, descriptive name, date approved and date the form was replaced by another form if changed during the experience period. The requested items were received and reviewed. There were no violations were noted.

B.7 Suitability

The Company was asked to provide your suitability standards, and the processes and procedures utilized to identify suitability. The requested items were received and reviewed. No violations were noted.

B.8 Insurable Interest

The Company was asked to provide the processes and procedures for ensuring insurable interest exists on each policy and identifying circumstances where insurable interest is a concern. In addition, the Company was requested to provide the processes and procedures utilized to confirm that an insurable interest is presented with application and to present any processes and procedures utilized when an insurable interest cannot be determined. The requested items were received and reviewed. There were no violations noted.

B.9 Cancellation, Partial Surrender, or Loan

The Company was asked to provide all policies and procedures utilized by the Company for policyholder-initiated cancellations, partial surrenders, or loans. The requested items were received and reviewed. There were no violations noted.

B.10 Premium Notices

The Company was asked to provide all examples of notices of premium payments sent to the policyholder. And provide documentation demonstrating that premium notices and billing notices are sent out with an adequate amount of advance notice. The requested items were received and reviewed. There were no violations noted.

B.11 Unclaimed Property

The Company was asked to provide policies and procedures related to unclaimed property. The requested items were received and reviewed. There were no violations noted.

B.12 Unclaimed Property Register

The Company was asked to provide the unclaimed property register. The requested items were received and reviewed. There were no violations noted.

B.13 Death Master Index

The Company was asked to provide the list of all policies and procedures for reporting unclaimed property to the Death Master Index. This should include all processes for

reconciliation against the Death Master Index. The requested items were received and reviewed. There were no violations noted.

B.14 Location of Missing Policyholders and Beneficiaries

The Company was asked to provide documentation demonstrating that reasonable attempts to locate missing policyholder or beneficiaries are made. This includes Schedule F of the annual statement; policies scheduled for matured endowments; identification of unpaid payees of returned benefit checks and copies of all unclaimed property reports. The requested items were received and reviewed. There were no violations noted.

B.15 Life New Business

Not Issued as Replacement

The Company was requested to provide a list of all individual life new business policies issued during the experience period of July 01, 2022, to June 30, 2023. The Company identified a universe of 11,022 life new business policies issued during the experience period. A random sample of 100 individual life new business policies issued, not as replacements, were requested and received. The files were reviewed to determine compliance with issuance and underwriting statutes, regulations, and 18 Pa. C.S. §4117(k). Of the 100 policies, 4 files were identified as not new business, not issued as replacements. **The following violations were noted:**

***63 Violations* - 40 P.S. §323.3(a) Authority, scope and scheduling of examinations.** (a) Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business, and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. There was pertinent information missing in the sixty-three (63) files noted.

***96 Violations* - 40 P.S. §510c Uniform policy provisions.** Notice of policyholder's right to examine life and endowment insurance policies. (a)(1) Except as provided in paragraphs (2) and (3), individual fixed dollar life insurance or endowment insurance policies shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least ten (10) days of its delivery and to have the premium paid refunded if after examination of the policy, the policyholder is not satisfied with it for any reason.

(2) Individual fixed dollar life insurance or endowment insurance policies which are offered as replacements for an existing life insurance policy or annuity contract with the same insurer or insurer group shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least forty-five (45) days of its delivery and to have the premium refunded if after examination of the policy the policyholder is not satisfied with it for any reason.

(3) Individual fixed dollar life insurance or endowment insurance policies which are offered as replacements for an existing life insurance policy or annuity contract with an insurer or insurer group other than the one which issued the original policy or contract shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least twenty (20) days of its delivery and to have the premium refunded if after examination of the policy the policyholder is not satisfied with it for any reason. The Free Look statement was missing from the ninety-six (96) files noted.

***1 Violation* - 40 P.S. §625-4(a) Delivery of individual policies and annuities.** For purposes of determining the commencement of the period during which the owner of an individual

insurance policy or annuity may exercise any statutory right to examine, surrender or return the policy for cancellation, the date of delivery of the policy or annuity shall be:
(1) the date of mailing of the policy or annuity by the insurer if the delivery is by the United States mail or other postal delivery system;
(2) the date the policy or annuity is physically delivered to the owner by a representative of the insurer; or
(3) the date of electronic transmission of the policy or annuity provided the electronic transmission has been affected in accordance with this section and the provisions of section 354.7 and any other state or Federal laws governing the electronic transmission of documents and information. The insurer shall retain evidence of electronic transmittal for the entire period of the insurance policy or annuities. Official proof of policy delivery was missing from the one (1) file noted.

***1 Violation* – 40 P.S. §625-6 Application**. No alteration of any written application for a life insurance policy or annuity shall be made by any person other than the applicant without the applicant's written consent, except that insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant. It could not be verified that the alterations to the applications were made by the applicants for the one (1) file noted.

***1 Violation* - 40 P.S. §625-8(e)(2)(i) Life insurance illustrations.** The following applies if no illustration is used by a producer in the sale of a life insurance policy or if a computer screen is displayed. The producer shall certify in writing on a form provided by the insurer that no illustration was used in the sale of the life insurance policy. On the same form the applicant shall acknowledge an understanding that an illustration conforming to the policy as issued will be provided no later than at the time of policy delivery. A signed certification and acknowledgement that no illustration was used in the sale of the life insurance policy was missing for the one (1) file noted.

***10 Violations* – 31 Pa. Code §83.3(a) Disclosure statement.**

(a) Required written disclosure. A life insurance agent, broker or insurer soliciting the type of business to which this subchapter applies shall provide a prospective purchaser with a written disclosure statement clearly labeled as such. An acceptable disclosure statement is attached as Appendix A. If the Appendix A disclosure statement will be used, a letter to that effect, prior to use, is adequate notification to the Department. However, if a statement different than Appendix A will be used, the statement shall be filed with the Department for review prior to use. If an insurer desires to use an advertisement as its disclosure statement, the portion of the advertisement containing the disclosure statement shall be filed for review prior to use. A disclosure statement shall be a document which shall describe the purpose and importance of the disclosure and describe the significant elements of the policy and riders being offered. The disclosure statement was missing from the ten (10) files noted.

***1 Violation* – 31 Pa. Code §83.4a Certification of disclosure statement delivery.** The agent shall submit to the insurer with or as a part of the application for life insurance a statement, signed by him, certifying that the written disclosure statement was given no later than the time that the application was signed by the applicant. The required producer's certification of disclosure was signed later than the application date for the one (1) file noted.

***1 Violation* – 31 Pa. Code §83.55(a) Delivery.**

(a)The Surrender Comparison Index Disclosure shall be given as a separate document upon delivery of the policy or earlier if requested by the life insurance applicant. If requested earlier, the index disclosure shall be provided as soon as reasonably possible. There was no Cost Surrender Comparison Index disclosure in the one (1) file noted.

B.16 Life New Business

New Business Issued as Replacement

The Company was requested to provide a list of all life policies issued as replacements during the experience period. The Company identified a universe of 739 life policies issued

as replacements. A random sampling of 50 Individual Life Policies Issued as Replacements was requested, received and reviewed. (The Company supplied duplicate files in the universe with Sample 16 and Sample 28 being the same. In addition, Sample 42 does not replace an existing policy and Sample 43 contains a refusal to accept the replacing policy. After file review, sample 6, 19, and 29 were not Individual Life Policies Issued as Replacement.) The files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. **The following violations were noted:**

***43 Violations* - 40 P.S. §510c Uniform policy provisions.** Notice of policyholder's right to examine life and endowment insurance policies. (a)(1) Except as provided in paragraphs (2) and (3), individual fixed dollar life insurance or endowment insurance policies shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least ten (10) days of its delivery and to have the premium paid refunded if after examination of the policy, the policyholder is not satisfied with it for any reason.

(2) Individual fixed dollar life insurance or endowment insurance policies which are offered as replacements for an existing life insurance policy or annuity contract with the same insurer or insurer group shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least forty-five (45) days of its delivery and to have the premium refunded if after examination of the policy the policyholder is not satisfied with it for any reason.

(3) Individual fixed dollar life insurance or endowment insurance policies which are offered as replacements for an existing life insurance policy or annuity contract with an insurer or insurer group other than the one which issued the original policy or contract shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed

on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least twenty (20) days of its delivery and to have the premium refunded if after examination of the policy the policyholder is not satisfied with it for any reason. The Free Look statement was missing from the forty-three (43) files noted.

1 Violation **- 40 P.S. §625-4(a) Delivery of individual policies and annuities.** For purposes of determining the commencement of the period during which the owner of an individual insurance policy or annuity may exercise any statutory right to examine, surrender or return the policy for cancellation, the date of delivery of the policy or annuity shall be:

(1) the date of mailing of the policy or annuity by the insurer if the delivery is by the United States mail or other postal delivery system;
(2) the date the policy or annuity is physically delivered to the owner by a representative of the
insurer; or
(3) the date of electronic transmission of the policy or annuity provided the electronic transmission has been affected in accordance with this section and the provisions of section 354.7 and any other state or Federal laws governing the electronic transmission of documents and information. The insurer shall retain evidence of electronic transmittal for the entire period of the insurance policy or annuity.
In the event of a dispute with the owner of a policy or annuity, the burden of proof shall be on the insurer to establish that the policy or annuity was delivered. An insurer or representative of the insurer shall be deemed to have satisfied the burden of proof by showing, to the department's satisfaction, it has sent the policy or annuity in the normal course of business. Verification of policy delivery could not be established in the one (1) file noted.

***1 Violation* - 40 P.S. §625-8(e)(2)(i) Life insurance illustrations.** The following applies if no illustration is used by a producer in the sale of a life insurance policy or if a computer screen is displayed. The producer shall certify in writing on a form provided by the insurer that no illustration was used in the sale of the life insurance policy. On the same form the applicant shall acknowledge an understanding that an illustration conforming to the policy as issued will be provided no later than at the time of policy delivery. A signed certification and acknowledgement that no illustration was used in the sale of the life insurance policy was missing for the one (1) file noted.

***1 Violation* - 40 P.S. §625-8(c)(4)(i) Life insurance illustrations.**

4) Statements substantially similar to the following shall be included on the same page as the numeric summary:

(i) A statement to be signed and dated by the applicant or the policy owner in the case of an illustration provided at time of delivery, reading as follows:

> "I have received a copy of this illustration and understand that any nonguaranteed elements illustrated are subject to change and could be either higher or lower. The producer has told me they are nonguaranteed."

The applicant/policy owner did not sign and date an illustration delivery receipt from the one (1) file noted.

***15 Violations* – 31 Pa. Code §83.3(a) – Disclosure statement.**

(a) Required written disclosure. A life insurance agent, broker or insurer soliciting the type of business to which this subchapter applies shall provide a prospective purchaser with a written disclosure statement clearly labeled as such. An acceptable disclosure statement is attached as Appendix A. If the Appendix A disclosure statement will be used, a letter to that effect, prior to use, is adequate notification to the Department. However, if a statement different than Appendix A will be used, the statement shall be filed with the Department for review prior to use. If an insurer desires to use an advertisement as its disclosure statement, the portion of the advertisement containing the disclosure statement shall be filed for review

prior to use. A disclosure statement shall be a document which shall describe the purpose and importance of the disclosure and describe the significant elements of the policy and riders being offered. A completed disclosure statement was missing for the fifteen (15) files noted.

B.17 Life New Business

New Business Declined

The Company was requested to provide a list of all individual life policies declined during the experience period of July 1, 2022, through June 30, 2023. The Company identified a universe of 1,072 individual life contracts declined during the experience period. A random sampling of 75 individual life contracts declined was requested, received and reviewed. The life contracts were reviewed to determine compliance with issuance, replacement statutes and regulations. The following violations were noted.

1 Violation **- 40 P.S. §323.3(a) Authority, scope and scheduling of examinations.** (a) Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business, and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. There was pertinent information missing from the one (1) file noted.

B.18 Life New Business

Life Policies Not Taken

The Company was requested to provide a list of all individual life policies not taken during the experience period of July 1, 2022, through June 30, 2023. The Company identified a universe of 504 individual life Polies Not Taken during the experience period. A random sampling of 50 individual life Polices Not Taken was requested, received and reviewed. Two of the 50 samples were not reviewed and will be listed in Data Integrity. The individual life

contracts were reviewed to determine compliance with issuance, replacement statutes and regulations. The following violations were noted.

***12 Violation* - 40 P.S. §323.3(a) Authority, scope and scheduling of examinations.** (a) Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business, and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. There was pertinent information missing from the twelve (12) files noted.

***47 Violations* - 40 P.S. §510c Uniform policy provisions.** Notice of policyholder's right to examine life and endowment insurance policies. (a)(1) Except as provided in paragraphs (2) and (3), individual fixed dollar life insurance or endowment insurance policies shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least ten (10) days of its delivery and to have the premium paid refunded if after examination of the policy, the policyholder is not satisfied with it for any reason.

(2) Individual fixed dollar life insurance or endowment insurance policies which are offered as replacements for an existing life insurance policy or annuity contract with the same insurer or insurer group shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least forty-five (45) days of its delivery and to have the premium refunded if after examination of the policy the policyholder is not satisfied with it for any reason.

(3) Individual fixed dollar life insurance or endowment insurance policies which are offered as replacements for an existing life insurance policy or annuity contract with an insurer or

insurer group other than the one which issued the original policy or contract shall not be delivered in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least twenty (20) days of its delivery and to have the premium refunded if after examination of the policy the policyholder is not satisfied with it for any reason. The Free Look statement was missing from the forty-seven (47) files noted.

1 Violation **- 31 Pa. Code §81.6(a)(1) Duties of insurers that use agents or brokers.** An insurer that uses an agent or broker in a life insurance or annuity sale shall: Require with or as part of a completed application for life insurance or annuity a statement signed by the agent or broker as to whether the broker knows replacement is or may be involved in the transaction. The producer question on replacement was not answered accurately in the one (1) file noted.

26 Violations **– 31 Pa. Code §83.3(a) – Disclosure statement.**

(a) Required written disclosure. A life insurance agent, broker or insurer soliciting the type of business to which this subchapter applies shall provide a prospective purchaser with a written disclosure statement clearly labeled as such. An acceptable disclosure statement is attached as Appendix A. If the Appendix A disclosure statement will be used, a letter to that effect, prior to use, is adequate notification to the Department. However, if a statement different than Appendix A will be used, the statement shall be filed with the Department for review prior to use. If an insurer desires to use an advertisement as its disclosure statement, the portion of the advertisement containing the disclosure statement shall be filed for review prior to use. A disclosure statement shall be a document which shall describe the purpose and importance of the disclosure and describe the significant elements of the policy and riders being offered. A completed disclosure statement was missing from the twenty-six (26) files noted.

***1 Violation* – 40 P.S. §625-6 Application**. No alteration of any written application for a life insurance policy or annuity shall be made by any person other than the applicant without the applicant's written consent, except that insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant. It could not be verified that the alterations to the applications were made by the applicants for the one (1) file noted.

1 Violation - 40 P.S. §625-8 A(e)(1)(i) - Life insurance illustrations. The following applies if a basic illustration is used by a producer in the sale of a life insurance policy. If the policy is applied for as illustrated, a copy of that illustration, signed in accordance with this section, shall be submitted to the insurer no later than the time the policy application is sent to the insurer. A copy shall also be provided to the applicant no later than the time the application is signed by the applicant. Illustration did not contain the required signatures for the one (1) file noted.

B.19 Individual Life

Life Policies Terminated

The Company was requested to provide a list of all life policies terminated during the experience period of July 1, 2022, through June 30, 2023. The Company identified a universe of 7,897 life insurance policies terminated. A random sample of 100 files was requested. The policies were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. The following violations and 2 concerns were noted.

***3 Violations* – 40 P.S. §323.3(a) Authority, scope, and scheduling of examinations.** Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives

may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. There was pertinent information missing from the three (3) files noted.

1 Violation **- 31 Pa. Code §146.3 File and record documentation.** The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed. There was pertinent claim information missing from the one (1) file noted.

Concern 1: One file contained a letter telling the applicant to contact their financial representative prior to 2/20/2023 to discuss EFT payment. The letter was dated 3/12/2023, after the date the customer was to contact their financial representative. **Therefore, the department asks The Company to discontinue the practice of sending out letters after the response was already required and to send out the request prior to said request being past due.**

Concern 2: Files contained lapse notices and termination letters that did not identify the termination date to the policy holders. **Therefore, the department asks The Company to identify lapse and termination dates to policy holders.**

B.20 Individual Life Policies

Life Policies Surrendered

The Company was requested to provide a list of all policies surrendered during the experience period of July 1, 2022, through June 30, 2023. The Company identified a universe of 3,763 life insurance policies surrendered. A random sample of 100 files was requested. The policies were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. The

following violations were noted.

***6 Violations* – 40 P.S. §323.3(a) Authority, scope, and scheduling of examinations.**

Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. There was pertinent information missing from the six (6) files noted.

***2 Violations* – 31 Pa. Code §83.55(a) Delivery.**

(a)The Surrender Comparison Index Disclosure shall be given as a separate document upon delivery of the policy or earlier if requested by the life insurance applicant. If requested earlier, the index disclosure shall be provided as soon as reasonably possible. There was no Cost Surrender Comparison Index disclosure in the two (2) files noted.

B.21 Individual Life Policies

Life Policies Rescinded

The Company was requested to provide a list of all individual life policies rescinded during the experience period of July 1, 2022, to June 30, 2023. The Company identified a universe of 2(two) individual life policies rescinded during the experience period. Both files were requested, received and reviewed. The Individual Life policies rescinded files were reviewed to determine compliance with Pennsylvania insurance department statutes and regulations. There were no violations noted.

B.22 Individual Annuity Policies

Annuity New Business Not a Replacement

The Company was requested to provide a list of all annuity policies issued as new

business during the experience period of July 01, 2022, to June 30, 2023. The Company identified a universe of 547 annuity policies issued as new business during the experience period. A random sampling of 50 annuity policies issued as new business not replacements was requested, received, and reviewed. The annuity policies were reviewed to determine compliance with issuance statutes and regulations. The following violations were noted.

***46 Violations* - 40 P.S. §510d(a)(1) Uniform policy provisions.** Notice of contract holder's right to examine annuity or pure endowment contracts. (a)(1) Except as provided in paragraphs (2) and (3), individual fixed dollar annuity or pure endowment contracts shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contract holder shall be permitted to return the contract within at least ten (10) days of its delivery and to have the stipulated payment or premium paid refunded if after examination of the contract, the contract holder is not satisfied with it for any reason. The Free Look statement was missing from the forty-six (46) files noted.

***5 Violations* - 40 P.S. §625-6 Application**. No alteration of any written application for a life insurance policy or annuity shall be made by any person other than the applicant without the applicant's written consent, except that insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant. It could not be verified that the alterations to the applications were made by the applicants for the five (5) files noted.

***30 Violations* - 40 P.S. §627-3(a)(2)(i) – Duties of insurers and insurance producers.** (a) Best interest obligations.--A producer, when making a recommendation of an annuity, shall act in the best interest of the consumer under the circumstances known at the time the recommendation is made, without placing the producer's or the insurer's financial interest ahead of the consumer's interest. A producer has acted in the best interest of the consumer if the producer has satisfied the following obligations regarding care, disclosure, conflict of

interest and documentation:

(1) The following disclosure obligations:

(i) Prior to the recommendation or sale of an annuity, the producer shall prominently disclose to the consumer on a form substantially similar to a model form established by the department and following the NAIC Model #275's Appendix A and including all the following:

(A) A description of the scope and terms of the relationship with the consumer and the role of the producer in the transaction.

(B) An affirmative statement on whether the producer is licensed and authorized to sell the following products:

(I) Fixed annuities.

(II) Fixed indexed annuities.

(III) Variable annuities.

(IV) Life insurance.

(V) Mutual funds.

(VI) Stocks and bonds.

(VII) Certificates of deposit.

(C) An affirmative statement describing the insurers the producer is authorized, contracted or appointed, or otherwise able to sell insurance products for, using the following descriptions:

(I) One insurer.

(II) From two or more insurers.

(III) From two or more insurers although primarily contracted with one insurer.

(D) A description of the sources and types of cash compensation and non-cash compensation to be received by the producer, including whether the producer is to be compensated for the sale of a recommended annuity by commission as part of premium or other remuneration received from the insurer, intermediary or other producer or by fee as a result of a contract for advice or consulting services.

A notice of the consumer's right to request additional information regarding cash compensation described in subparagraph (ii). The files did not contain the Annuity Disclosure Statement as defined under 40 P.S. §627-3(a)(2)(i) in the thirty (30) files noted.

B.23 Individual Annuity New Business

Annuity New Business Issued as Replacements

The Company was requested to provide a list of all annuity policies new business issued as replacements during the experience period of July 1, 2022, through June 30, 2023. The Company identified a universe of 62 annuity contracts issued as replacements during the experience period. A random sampling of 35 annuity contracts new business issued as replacements was requested, received and reviewed. The annuity contracts were reviewed to determine compliance with issuance, replacement statutes and regulations. The following violations were noted.

***34 Violations* – 40 P.S. §323.3(a) Authority, scope, and scheduling of examinations.**
(a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. There was missing information in the thirty-four (34) files noted.

***35 Violations* - 40 P.S. §510d - Uniform policy provisions. (a)(2) -** Individual fixed dollar annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with the same insurer or insurer group shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page

of such contract or attached thereto a notice stating in substance that the contract holder shall be permitted to return the contract within at least forty-five (45) days of its delivery.

(a)(3) - Individual fixed dollar annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with an insurer or insurer group other than the one which issued the original contract or policy shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contract holder shall be permitted to return the contract within at least twenty (20) days of its delivery.

(b)(3) - Individual variable annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with an insurer or insurer group other than the one which issued the original contract or policy shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contract holder shall be permitted to return the contract within at least twenty (20) days of its delivery. The Free Look statement was missing from the thirty-five (35) files noted.

1 Violation **- 40 P.S. §625-4(a) Delivery of individual policies and annuities.** (a) For purposes of determining the commencement of the period during which the owner of an individual insurance policy or annuity may exercise any statutory right to examine, surrender or return the policy for cancellation, the date of delivery of the policy or annuity shall be:
(1) the date of mailing of the policy or annuity by the insurer if the delivery is by the United States mail or other postal delivery system;
(2) the date the policy or annuity is physically delivered to the owner by a representative of the insurer; or
(3) the date of electronic transmission of the policy or annuity provided the electronic transmission has been affected in accordance with this section and the provisions of section 354.7 and any other state or Federal laws governing the electronic transmission of documents and information. The insurer shall retain evidence of electronic transmittal for the entire

period of the insurance policy or annuities. Verification of policy delivery could not be established in the one (1) file noted.

***11 Violations* - 31 Pa. Code §81.4(b)(1) Duties of agents and brokers**. If replacement is involved, the agent or broker shall: present to the applicant, not later than at the time of taking the application, a Notice Regarding Replacement of Life Insurance and Annuities. The Notice Regarding Replacement was missing or presented later than the time the application was taken in the eleven (11) files noted.

***14 Violations* - 31 Pa. Code §81.6(a)(2)(ii) - Duties of insurers that use agents or brokers.** Send to each existing insurer a written communication advising of the replacement or proposed replacement and the identification information obtained under subparagraph (i) and in the case of life insurance, the disclosure statement as required by § 83.3 (relating to disclosure statement) or a ledger statement containing comparable policy data on the proposed life insurance. A surrender comparison index need not be included. In the case of an annuity, a ledger statement containing comparable data shall be provided. This written communication shall be made within 5 working days of the date the application is received in the replacing insurer's home or regional office, or the date the proposed policy or contract is issued, whichever is sooner. Written communication regarding replacement or proposed replacement was not mailed within 5 working days in the fourteen (14) files notes.

***4 Violations* - 40 P.S. §625-6 Application**. No alteration of any written application for a life insurance policy or annuity shall be made by any person other than the applicant without the applicant's written consent, except that insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant. It could not be verified that the alterations to the applications were made by the applicants for the four (4) files noted.

B.24 Individual Annuity New Business

Annuity New Business Declined

The Company was requested to provide a list of Annuity New Business declined during the experience period of July 1, 2022, to June 30, 2023. The Company identified a universe of 14 individual annuity new business declined during the experience period. All 14 Individual New Business declined was requested, received, and reviewed. The Individual Annuity New Business declined policies were reviewed to determine compliance with Pennsylvania insurance department statutes and regulations. The following violations were noted.

6 Violations **– 40 P.S. §323.3(a) Authority, scope, and scheduling of examinations.**
(a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. There was missing information in the six (6) files noted.

2 Violations - 31 Pa. Code §81.6(c) – Duties of insurers that use agents or brokers. (c) The replacing insurer shall maintain evidence of the Notice Regarding Replacement of Life Insurance and Annuities. The noted file did not contain a copy of the required notice of replacement. Files did not contain the Notice Regarding Replacement in the two (2) files noted.

B.25 Individual Annuity New Business

Annuity New Business Not Taken

As part of the targeted examination, the Company was requested to provide a list of all

annuities not taken during the experience period of 7/1/2022 to 6/30/2023. The Company presented a spreadsheet containing a listing of three (3) individual annuities not taken during the examination period. All three (3) individual annuities not taken were requested, received, and reviewed. The files were reviewed to determine compliance with Pennsylvania Statues and Regulations regarding annuities not taken. One file was a surrendered policy and will be placed in the Data Integrity section of this exam. The following violations were noted.

***2 Violations* – 40 P.S. §323.3(a) Authority, scope, and scheduling of examinations.**
(a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. There was missing information in the two (2) files noted.

***1 Violations* - 40 P.S. §625-6 Application**. No alteration of any written application for a life insurance policy or annuity shall be made by any person other than the applicant without the applicant's written consent, except that insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant. It could not be verified that the alterations to the applications were made by the applicants for the one (1) file noted.

B.26 Individual Annuity Terminated

Individual Annuity Business Terminated

The Company was requested to provide a list of all annuity policies terminated during the experience period of July 01, 2022, to June 30, 2023. The Company identified a universe of 579 annuity policies terminated during the experience period. A random sampling of

50 annuity policies terminated was requested, received, and reviewed. The annuity policies were reviewed to determine compliance with issuance statutes and regulations. The following violations were noted.

***48 Violations* – 40 P.S. §323.3(a) Authority, scope, and scheduling of examinations.**
(a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. There was missing information in the forty-eight (48) files noted.

***8 Violations* - 40 P.S. §625-4(a) Delivery of individual policies and annuities.** (a) For purposes of determining the commencement of the period during which the owner of an individual insurance policy or annuity may exercise any statutory right to examine, surrender or return the policy for cancellation, the date of delivery of the policy or annuity shall be:
(1) the date of mailing of the policy or annuity by the insurer if the delivery is by the United States mail or other postal delivery system;
(2) the date the policy or annuity is physically delivered to the owner by a representative of the insurer; or
(3) the date of electronic transmission of the policy or annuity provided the electronic transmission has been affected in accordance with this section and the provisions of section 354.7 and any other state or Federal laws governing the electronic transmission of documents and information. The insurer shall retain evidence of electronic transmittal for the entire period of the insurance policy or annuities. Verification of policy delivery could not be established for the eight (8) files noted.

***4 Violations* - 40 P.S. §625-6 Application**. No alteration of any written application for a life insurance policy or annuity shall be made by any person other than the applicant without the applicant's written consent, except that insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant. It could not be verified that the alterations to the applications were made by the applicants for the four (4) files noted.

***2 Violations* - 40 P.S. §627-3(a)(1)(i)(A)** Duties of insurers and insurance producers.
(a) Best interest obligations.--A producer, when making a recommendation of an annuity, shall act in the best interest of the consumer under the circumstances known at the time the recommendation is made, without placing the producer's or the insurer's financial interest ahead of the consumer's interest. A producer has acted in the best interest of the consumer if the producer has satisfied the following obligations regarding care, disclosure, conflict of interest and documentation:

(1) The following care obligations:

(i) The producer, in making a recommendation shall exercise reasonable diligence, care and skill to:

(A) Know the consumer's financial situation, insurance needs and financial objectives. Annuity Suitability form was missing from the two (2) files notes.

***41 Violations* - 40 P.S. §627-3(a)(2)(i)** – Duties of insurers and insurance producers.
(a) Best interest obligations.--A producer, when making a recommendation of an annuity, shall act in the best interest of the consumer under the circumstances known at the time the recommendation is made, without placing the producer's or the insurer's financial interest ahead of the consumer's interest. A producer has acted in the best interest of the consumer if the producer has satisfied the following obligations regarding care, disclosure, conflict of interest and documentation:

(2) The following disclosure obligations:

(i) Prior to the recommendation or sale of an annuity, the producer shall prominently disclose to the consumer on a form substantially similar to a model form established by the department and following the NAIC Model #275's Appendix A and including all the following:

(A) A description of the scope and terms of the relationship with the consumer and the role of the producer in the transaction.

(B) An affirmative statement on whether the producer is licensed and authorized to sell the following products:

(I) Fixed annuities.

(II) Fixed indexed annuities.

(III) Variable annuities.

(IV) Life insurance.

(V) Mutual funds.

(VI) Stocks and bonds.

(VII) Certificates of deposit.

(C) An affirmative statement describing the insurers the producer is authorized, contracted or appointed, or otherwise able to sell insurance products for, using the following descriptions:

(I) One insurer.

(II) From two or more insurers.

(III) From two or more insurers although primarily contracted with one insurer.

(D) A description of the sources and types of cash compensation and non-cash compensation to be received by the producer, including whether the producer is to be compensated for the sale of a recommended annuity by commission as part of premium or other remuneration received from the insurer, intermediary or other producer or by fee as a result of a contract for advice or consulting services.

(E) A notice of the consumer's right to request additional information regarding cash compensation described in subparagraph (ii).

Files did not contain the Annuity Disclosure form as defined under 40 P.S. §627-3(a)(2)(i) in the forty-one (41) files noted.

B.27 Individual Annuity Surrendered

Individual Annuity Business Surrendered

The Company was requested to provide a list of all annuity contracts terminated during the experience period. The Company identified a universe of 451 annuity contracts surrendered. A random sample of 50 files was requested. The files were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any policy earnings. The following violations were noted.

***48 Violations* – 40 P.S. §323.3(a) Authority, scope, and scheduling of examinations.**
(a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. There was missing information in the forty-eight (48) files noted.

***48 Violations* - 40 P.S. §510d - Uniform policy provisions. (a)(2)** - Individual fixed dollar annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with the same insurer or insurer group shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contract holder shall be permitted to return the contract within at least forty-five (45) days of its delivery.

(a)(3) - Individual fixed dollar annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with an insurer or insurer group other than

the one which issued the original contract or policy shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contract holder shall be permitted to return the contract within at least twenty (20) days of its delivery.

(b)(3) - Individual variable annuity contracts which are offered as replacements for an existing annuity contract or life insurance policy with an insurer or insurer group other than the one which issued the original contract or policy shall not be entered into in the Commonwealth of Pennsylvania unless they shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contract holder shall be permitted to return the contract within at least twenty (20) days of its delivery. The Free Look statement was missing from the forty-eight (48) files noted.

***10 Violations* - 40 P.S. §625-6 Application**. No alteration of any written application for a life insurance policy or annuity shall be made by any person other than the applicant without the applicant's written consent, except that insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant. It could not be verified that the alterations to the applications were made by the applicants for the ten (10) files noted.

IV. DATA INTEGRITY

As part of the examination, the Company was sent a preliminary examination packet in accordance with NAIC uniformity standards and provided specific information relative to the exam. The purpose of the packet was to provide certain basic examination information, identify preliminary requirements and to provide specific requirements for requested data call information. Once the Company provided all requested information and data contained within the data call, the Department reviewed and validated the data to ensure its accuracy and completeness to determine compliance with Insurance Department Act, Section 904(b) [40 P.S. §323.3(a)]. Several data integrity issues were found during the exam.

The data integrity issue of each section of review is identified below.

A.2 Complaints

The data files were provided by the Company. In Eleven (11) of the twenty-eight (28) files provided, the complaint date in the universe did not match the complaint date in the file.

In one (1) of the twenty-eight (28) files, the universe complaint resolution date did not match the resolution date in the file.

In nineteen (19) of the twenty-eight (28) files, the universe complaint response date did not match the response date in the file.

In one (1) of the twenty-eight (28) files, the universe indicates “rebuttal” “No”, but file indicates rebuttal/litigation.

B.15 Life New Business Not a Replacement

The data files were provided by The Company. Four (4) of the one hundred (100) random samples chose were not Individual Life New Business Not a Replacement.

In twenty-five (25) if the one hundred (100) files, the universe policy effective date provided by The Company did not match the effective date in the file.

In two (2) of the one hundred (100) files, the universe application date provided by The Company did not match the application date in the file.

B.16 Individual Annuity Policies Issued as Replacements

The data files were provided by the Company. Six (6) of the fifty (50) records were not Life New Business Issued as Replacements.

In thirty (30) of the fifty (50) files the universe policy effective date provided by The Company did not match the policy effective date in the file.

B.17 Life New Business Declined

In seventy-one (71) of the seventy-five (75) files, the universe decline date provided by The Company did not match the decline date in the file.

B.18 Life New Business Not Taken

The data files were provided by The Company. Two (2) of the fifty (50) records were not Life New Business Not taken.

In twenty-two (22) of the fifty (50) files, the universe not taken date provided by The Company did not match the not taken date in the file.

B.19 Individual Life Terminated

The data files were provided by The Company. In three (3) of the one hundred (100) random samples chosen, were not Individual Life Terminated.

In two (2) of the one hundred (100) files, the universe policy effective date provided by The Company did not match the policy effective date in the file.

In five (5) of the one hundred (100) files, the universe policy termination date provided by The Company did not match the policy termination date in the file.

In one (1) of the one hundred (100) files, the universe application date provided by The Company did not match the application date in the file.

B.20 Individual Life Surrendered

The data files were provided by The Company. In two (2) of the one hundred (100) random samples chosen, were not Individual Life Surrendered.

In one (1) of the one hundred (100) files, the universe policy effective date provided by The Company did not match the effective date in the file.

B.22 Annuity New Business Not Issued as Replacements

The data files were provided by The Company. In one (1) of the fifty (50) random samples chosen, file was not Annuity New Business Not Issued as Replacements.

In three (3) of the fifty (50) files, the universe policy effective date provided by The Company did not match the effective date in the file.

B.26 Individual Annuity Terminated

In two (2) of the fifty (50) files, the universe application date provided by The Company did not match the application date in the file.

40 P.S. §323.3(a) – Authority, scope and scheduling of examinations. (a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth.

General Violation: Failure to exercise sufficient due diligence to ensure compliance with Insurance Department Act. The Company should address the data integrity findings noted above and implement new procedures to ensure accuracy in the data that is provided to the Department.

V. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary due to the number, nature or severity of violations noted in this Examination Report.

1. The Company must ensure to maintain comprehensive file documentation as required by 40 P.S. § 323.3(a), so the violations, as noted in the exam report, do not occur in the future.

2. The Company must review and revise internal control procedures to ensure compliance with complaint handling requirements of 31 Pa. Code 146.5, so the violations, as noted in the Report, do not occur in the future.

3. The Company must review and revise internal control procedures to ensure compliance with the Free Look statement requirement of 40 P.S. §510c and 40 P.S. §510d, so violations , as noted in the Report, do not occur in the future.

4. The Company must review and revise internal control procedures to ensure compliance with the policy delivery requirement of 40 P.S. §625-4, so the violations, as noted in the Report, do not occur in the future.

5. The Company must ensure it obtains the applicant's written consent to alter a written application for a life insurance policy as required by 40 P.S. § 625-6, so the violations, as noted in the exam report, do not occur in the future.

6. The Company must ensure the annuity disclosure form as defined under 40 P.S. §627-3(a)(2)(i) is completed and included in files, so the violations, as noted in the Report, do not occur in the future.

7. The Company must ensure it obtains Annuity Suitability as required to ensure violations 40 P.S. §627-3(a)(1)(i)(A) and 40 P.S. §627-3(a)(2)(i) do not occur in the future.

8. The Company must review internal control procedures to ensure compliance with illustration certification and delivery requirements of 40 P.S. §625-8(c)(4)(i), 40 P.S. §625-8 A(e)(1)(i), and 40 P.S. §625-8(e)(2)(i).

9. The Company must review internal control procedures to ensure compliance with disclosure requirements of 31 Pa Code, Chapter 83.

10. The Company must ensure to maintain comprehensive claim file documentation as required by 31 Pa. Code §146.3, so the violation, as noted in the exam report, does not occur in the future.

11. The Company must review and revise internal control procedures to ensure compliance with the replacement requirements of 31 Pa. Code, Chapter 81, ensuring written communication regarding replacement or proposed replacement is sent out and sent out timely, within 5 working days.

VI. COMPANY RESPONSE

Northwestern Mutual®

September 4, 2025

VIA EMAIL

Paul E. Towsen III
Chief, Property & Casualty / Life & Annuity Division
Bureau of Market Actions
Pennsylvania Insurance Department
1321 Strawberry Square
Harrisburg, PA 17120

Re: The Northwestern Mutual Life Insurance Company (NAIC #67091); Response to Final Exam Report

Dear Mr. Towsen:

The Northwestern Mutual Life Insurance Company ("Northwestern Mutual" or "the Company") respectfully submits this response to the Final Exam Report, dated August 7, 2025, for the market conduct examination conducted by the Pennsylvania Insurance Department (the "Department") for the period of July 1, 2022, through June 30, 2023 (the "Report").

Northwestern Mutual takes its compliance obligations in Pennsylvania and all states very seriously and is committed to continuously reviewing its processes and systems to ensure ongoing compliance, as well as to providing the Department (and regulators in other states) with the information and resources necessary to fulfill their regulatory duties in ensuring such compliance. Northwestern Mutual appreciates the Department's insights to assist the Company in this regard.

Below please find the Company's response to the Recommendations contained in the Report.

Recommendations and Company Responses

Recommendation 1: The Company must ensure to maintain comprehensive file documentation as required by 40 P.S. § 323.3(a), so that the violations, as noted in the exam report, do not occur in the future.

Company response: The Company understands that it is the Department's position that a customer-specific replicated record for each transmission must be produced. The Company is working through a digital transformation which should help to remedy this concern in which certain newly-approved policy contracts are generated and stored in an electronic file and then either (1) printed in paper and mailed to its owner or (2) electronically delivered to its owner. As a result, in the future, the Company will be able to use the electronic file containing the policy contract to efficiently respond to requests to produce certain policy contracts as they appeared at issue.

Notwithstanding the foregoing, in connection with the Department's alleged violation findings associated with this recommendation, the Company respectfully notes as follows: In efforts to demonstrate compliance with 40 P.S. § 323(a), the Company provided responsive, policy-specific information including policy/contract schedule pages, applications, illustrations, authorizations, policy delivery acknowledgments,

Financial Representative certificates, Electronic Funds Transfer (EFT) forms and correspondence, as applicable. The Company then typically supplemented its responses with policy specimen pages.

The Company believes that it complied with the letter and spirit of 40 P.S. § 323(a) as evidenced by its document production.

Recommendation 2: The Company must review and revise internal control procedures to ensure compliance with complaint handling requirements of 31 Pa. Code 146.5, so the violations, as noted in the report, do not occur in the future.

Company response: The Company appreciates the Department's recommendation and will undertake a review of complaint handling procedures to ensure that, in the future, complaints are acknowledged and replied to within ten (10) working days.

Recommendation 3: The Company must review and revise internal control procedures to ensure compliance with the free look statement requirement of 40 P.S. § 510c and 40 P.S. § 510d, so violations, as noted in the Report, do not occur in the future.

Company response: As stated in response to Recommendation 1 above, in the future, the Company will be able to use the electronic file containing the policy contract to efficiently respond to requests and produce certain policy contracts as they appeared at issue including the required free look language that appears on the cover page.

Notwithstanding the foregoing, in connection with the Department's alleged violation findings associated with this recommendation, the Company respectfully notes as follows: for each of these violations, the Company provided applicant-specific specimen policies which clearly display the required "Free Look" statement on the cover page. The Company also offered to provide replica policies. The Department contends both specimen and replica copies are insufficient to justify removal of the violations despite the required free look provision appearing on the cover page.

The Company files all contract language for approval; such forms are required to contain the statutorily-required free look language. To be approved, the required free look language must be in the policy. The Company's legal obligation is then to deliver such policies without modification. The Company has complied with this obligation and there is no evidence to the contrary.

Recommendation 4: The Company must review and revise internal control procedures to ensure compliance with the policy delivery requirement of 40 P.S. § 625-4, so the violations, as noted in the Report, do not occur in the future.

Company response: The Company appreciates the Department's recommendation and will review its internal processes and procedures to help to ensure that this information is captured and stored in all instances. Notwithstanding the foregoing, in connection with the Department's alleged violation findings associated with this recommendation, the Company respectfully notes as follows: as demonstrated during the examination process, the Company stores in its system the tracking number, carrier and ship date to establish proof of delivery, which it believes complies with 40 P.S. § 625-4.

Recommendation 5: The Company must ensure it obtains the applicant's written consent to alter a written application for a life insurance policy as required by 40 P.S. § 625-6, so the violations, as noted in the exam report, do not occur in the future.

> Company response: The Company appreciates the Department's recommendation and will review its internal processes and procedures to help to ensure that any and all alterations to the application comply with 40 P.S. § 625-6. In addition, as the Company undergoes its digital transformation process, manual alterations on forms are expected to become rare because certain policy forms will be completed using digital interfaces that will require the user to enter responses to questions in order to advance. Once fully completed, the user will then electronically sign and submit the form. The Company further notes that alterations are generally non-material in nature and made at the request of the client. In addition, the client receives a copy of any and all such alterations along with the contract.

Recommendation 6: The Company must ensure the annuity disclosure form as defined under 40 P.S. § 627-3(a)(2)(i) is completed and included in the files, so the violations as noted in the Report, do not occur in the future; and

Recommendation 7: The Company must ensure it obtains Annuity Suitability as required to ensure violations 40 P.S. § 627-3(a)(1)(i)(A) and 40 P.S. § 627-3(a)(2)(i) do not occur in the future.

> Company response: The Company appreciates the Department's recommendation and will review its processes and help to ensure that forms are provided to the applicant and retained in the customer file when required by Pennsylvania law. The Company notes that for some of the files reviewed where alleged violations were noted, the Company believes that such forms were not required pursuant to the Safe Harbor provision of Pennsylvania's statute, which states that "[a]ll recommendations and sales made in compliance with comparable standards shall satisfy the requirements under this article." 40 P.S. § 627-3(e)(1). As such, Pennsylvania law does not require the Company to use Appendix A or the Annuity Suitability form for sales of the Company's commission-based variable annuities.

Recommendation 8: The Company must review internal control procedures to ensure compliance with illustration certification and delivery requirements of 40 P.S. § 625-8(c)(4)(i), 40 P.S. § 625-8 A(e)(1)(i), and 40 P.S. § 625-8(e)(2)(i).

> Company response: The Company appreciates the Department's recommendation and will review its internal processes and procedures to help to ensure that its illustration certification and delivery process meet the requirements of 40 P.S. § 625-8(c)(4)(i), 40 P.S. § 625-8 A(e)(1)(i), and 40 P.S. § 625-8(e)(2)(i).

Recommendation 9: The Company must review internal control procedures to ensure compliance with disclosure requirements of 31 Pa Code, Chapter 83.

> Company response: The Company appreciates the Department's recommendation and will review its internal control procedures to ensure compliance with disclosure requirements of 31 Pa Code, Chapter 83.

Recommendation 10: The Company must ensure to maintain comprehensive claim file documentation as required by 31 Pa. Code § 146.3, so the violation, as noted in the exam report, does not occur in the future.

> Company response: The Company appreciates the Department's recommendation and will review its internal processes and procedures to ensure that its claim file documentation complies with 31 Pa. Code §146.3.

Recommendation 11: The Company must review and revise internal control procedures to ensure compliance with the replacement requirements of 31 Pa. Code, Chapter 81, ensuring written communication regarding replacement or proposed replacement is sent out and sent out timely, within 5 working days.

> Company response: The Company appreciates the Department's recommendation and will review its internal processes and procedures to ensure that written communication regarding replacement or proposed replacement is sent out, within five (5) working days in compliance with the replacement requirements of 31 Pa Code, Chapter 81.

Conclusion

Northwestern Mutual is committed to ensuring compliance with relevant Pennsylvania laws and regulations and appreciates the efforts and recommendations of the Department and its examiners in the conduct of this market conduct examination.

During the examination, Northwestern Mutual respectfully disagreed with certain findings and provided supporting documentation and other evidence. As noted in the responses above, Northwestern Mutual appreciates the recommendations made and will conduct reviews to assure compliance.

The fact that any particular finding previously disputed by Northwestern Mutual is not specifically addressed in this response should not be deemed an admission or a waiver of Northwestern Mutual's right to contest such a finding. Northwestern Mutual reserves all rights accordingly.

Thank you for the opportunity to respond to the exam report.

Sincerely,

Beth A Pietrzykowski, J.D.
Assistant Director, Regulatory Response