



Throughout our more than 160-year history, Northwestern Mutual has been successfully managing through crises. As a leading financial services company and insurer, ensuring we're able to keep our commitments to clients — especially when unexpected challenges arise — is at the very heart of what we do. It's why we consistently earn the [highest possible financial strength ratings](#) awarded to any U.S. life insurer by the major ratings agencies.

### **Record surplus leaves us well prepared**

Surplus, the amount we hold above our policyowner benefit reserves, is an essential component of our unsurpassed financial strength. Its primary role: cover the unexpected. And, as we recently [announced](#), our surplus is now the highest it's ever been, leaving us extremely well prepared.

"When stress-testing the company's strong surplus position, we consider extreme events," explained SVP & chief actuary **Jason Klawonn**. "We 'shock' our expected mortality results and also assume a market recession. Our stress-testing has demonstrated Northwestern Mutual is not only prepared to weather an extreme event but continues as a financially strong enterprise." Jason concluded, "Based on the latest information, while the novel coronavirus is serious, it is not nearly as severe as the most extreme outbreaks we model."

### **Short-term market decline has little impact on our long-term portfolio**

Our seasoned investment team manages Northwestern Mutual's portfolio with a long-term approach that anticipates and stress tests the full range of market scenarios, including this one. To maintain our industry-leading financial strength during these periods, our investment portfolio is conservative — 82% lower risk and 18% higher risk — and well diversified across asset classes, sectors and individual names.

"Consequently, the asset classes that have experienced the greatest short-term decline as a result of the coronavirus news have had little impact on our long-term portfolio,"

reported executive vice president and chief investment officer **Ron Joelson**. "In fact, our exceptional liquidity — cash continually flowing into the portfolio that we're free to invest — enables us to avoid selling during these short-term declines and still take advantage of attractive buying opportunities that arise when fear-driven markets overreact."