

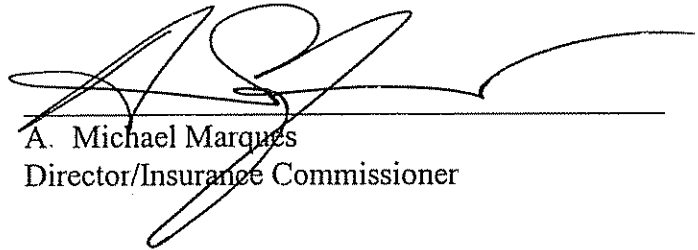
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
INSURANCE DIVISION

The attached Report of Examination as of June 30, 2005 of the market conduct condition and affairs of Northwestern Mutual Life Insurance Company was recently completed by duly qualified examiners, pursuant to the provision of the Rhode Island Insurance Code.

Due consideration has been given to the comments of the examiners regarding the operations of Northwestern Mutual Life Insurance Company and its market conduct condition as reflected from the examination report.

It is therefore ORDERED that said Report be, and it is hereby adopted and filed and made an official record of this department as of this date.

DEPARTMENT OF BUSINESS REGULATION



A. Michael Marques
Director/Insurance Commissioner

ORDER NO. 06-140

DATED: 6-01-2006

REPORT ON

THE MARKET CONDUCT EXAMINATION

OF

Northwestern Mutual Life Insurance Company

NAIC Company Code: 67091

as of

June 30, 2005

State of Rhode Island
Department of Business Regulation
Insurance Division

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Providence, Rhode Island

April 10, 2006

Honorable A. Michael Marques
Insurance Commissioner
State of Rhode Island

Commissioner:

In accordance with your instructions and pursuant to the statutes of the State of Rhode Island, a Market Conduct Examination was conducted of the:

Northwestern Mutual Life Insurance Company
720 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-4797

hereinafter referred to as the "Company".

The examination was conducted at the offices of the Company, located at 720 East Wisconsin Avenue, Milwaukee, Wisconsin.

FOREWORD

Our Market Conduct Examination Report is, in general, a report by exception. Information relating to practices, procedures, and/or files subject to review during our

examination, has been omitted from the report if errors and/or improprieties were not evidenced.

SCOPE OF EXAMINATION

Authority for this examination is provided by R. I. Gen. Laws §27-13-1 and §27-13.1-3. The examination covered the period from June 30, 2003 through June 30, 2005 and was conducted in accordance with standards established by the National Association of Insurance Commissioners, as well as, procedures developed by the Rhode Island Department of Business Regulation, Insurance Division.

The examination encompassed the review of the following areas: Consumer or Other Related Complaints, Replacements and Claims. The line of business examined was Individual Life Insurance.

The primary purpose of the examination was to evaluate the Company's compliance with Rhode Island General Laws and Insurance Regulations, and to determine whether Rhode Island insureds and claimants were being treated equitably. The test work performed during the examination satisfied this purpose, and forms the basis for the findings presented in this report. The examination consisted of verification and evaluation, on a test basis, of information contained in the insurer's files.

PROFILE OF COMPANY

Northwestern Mutual Life Insurance Company

History

The Northwestern Mutual Life Insurance Company was incorporated in 1857 in the State of Wisconsin, with the original corporate name of Mutual Life Insurance of Wisconsin. The Company adopted their current name in 1865. Northwestern Mutual offers both traditional and variable life insurance and annuities, as well as disability income insurance, primarily to middle and upper middle-income individuals and small business owners. Northwestern Mutual is organized as a mutual insurer and maintains an A.M. Best's rating of A++(Superior). The Company's dividend rates have historically been among the highest, contributing to Northwestern Mutual's excellent persistency and its preeminent position in the individual life insurance market. The Company has a career agent distribution system, which for marketing purposes is known as the Northwestern Mutual Financial Network, and consists of over 8,200 financial representatives, 325 of whom are licensed in the State of Rhode Island. The Company is licensed in all 50 states and the District of Columbia.

Operations

The Company's Rhode Island direct written premiums for the year 2004 were as follows:

Northwestern Mutual Life Insurance Company

<u>Line of Business</u>	<u>Ordinary Written Premium</u>
Individual Life Insurance	\$23,350,000

Management

At December 31, 2004, the Officers of the Northwestern Mutual Life Insurance Company were as follows: Edward John Zore, (President and CEO), Robert Joseph Berdan, (Vice President, General Counsel and Secretary), John Christopher Kelly, (Vice President and Controller) and William Carl Koenig, (Senior Vice President and Chief Actuary).

CONSUMER OR OTHER RELATED COMPLAINTS

A review of the Company's consumer or other related complaints was conducted to determine whether the Company was in compliance with R.I. Gen. Laws §27-29-4, Unfair Competition and Practices, and any other applicable Rhode Island General Laws and Insurance Regulations. The review was also performed to determine whether the Company adhered to its own complaint handling procedures, whether a pattern existed in the types of complaints received, whether complaints were processed and resolved in a timely manner, and whether all complaints recorded by the Department of Business Regulation, Insurance Division, were listed on the Company's complaint register.

The Company provided the examiners with their complaint register, which listed seven complaints received during the period under examination. The examiners selected all seven complaints for review. All seven complaints were forwarded directly from the complainant to the Company. There were no Insurance Division complaints during the period under examination.

Based on the examination work performed, no exceptions were noted for this area of review.

REPLACEMENTS

Individual Life

A review of the Company's life insurance replacement practices was conducted to determine whether the Company was in compliance with Rhode Island Insurance Regulation 29, Replacement of Life Insurance, during the period under examination. Rhode Island Insurance Regulation 29 was established to protect the interests of life insurance policyholders and applicants regarding the replacement of existing life insurance, and requires specific actions by the agent and replacing insurer. Protecting policyholder interests is accomplished by assuring that the policyholders and applicants receive information to make a decision in their best interests, thereby reducing the opportunity for misrepresentation and incomplete disclosure.

The Company provided the examiners with a listing of 315 individual life insurance replacements processed during the period under examination. From this listing, a sample of 50 replacement files was selected for review. The selection of the sample files was based on established NAIC sampling criteria.

Based on the examination work performed, no exceptions were noted for this area of review.

CLAIMS

Individual Life

A review of the Company's individual life claim practices was conducted to determine whether actions taken by the Company were in compliance with R. I. Gen. Laws §27-4-26, §27-9.1-4 and any other applicable Rhode Island General Laws and Regulations. The review was also performed to determine whether the Company was in compliance with its own claims handling procedures and to verify that claim files contained proper documentation and were paid in accordance with the provisions of the applicable policy contract.

The Company provided the examiners with a listing of 474 individual life insurance claims processed during the period under examination. From this listing, a sample of 50 individual life claim files was selected for review. The selection of the sample files was based on established NAIC sampling criteria.

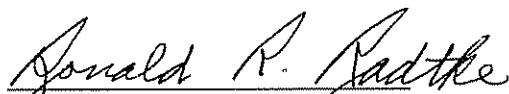
Based on the examination work performed, no exceptions were noted for this area of review.

CONCLUSION

We have applied verification procedures to the data contained in this report using both subjective and statistical sampling techniques as deemed appropriate. While sampling techniques do not give complete assurance that all errors and irregularities will be detected, those that were detected during the course of this examination have been disclosed in this report. We were not informed of, and did not become aware of any other error or irregularity that could have a material effect on the market conduct condition of the Company as presented in this report.

Assisting in the examination with the undersigned was Robert G. Arrow, FLMI, Senior Market Conduct Examiner.

Respectfully submitted,



Ronald R. Radtke
Senior Market Conduct Examiner
Rhode Island Insurance Division

4/10/06

Date