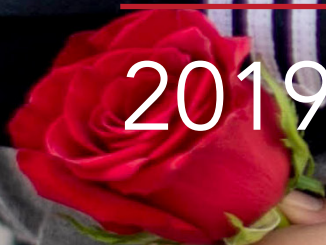




Annual Report

2019





Our Mission

- Provide to Navy Mutual Members, with certainty and promptness, life insurance at as near the actual net cost as possible.
- Assist members of the uniformed services, including veterans, and their families in securing the government survivor benefits to which they may be entitled.
- Educate members of the uniformed services and their families, including veterans, on matters of financial security.

With You For Life

We are here for one reason, to serve members of the uniformed services and their families. As a life insurance and annuity provider, trust is a key component of our business. Members of Navy Mutual count on us to be there for their beneficiaries when they themselves cannot. So we focus closely on effective operations and sound, conservative investment of our resources. Our financial strength and stability ensures we'll be here when Members and their families need us most.

A Letter From The Chairman and The President

Dear Members and Friends:

As we welcomed the 140th year of your association, 2019 marked a year of reflection, optimism, and adaptation – to ensure we are here for an additional 140+ years...for you, your children, and grandchildren. Dating back to our inception, we have navigated every challenge along the way, by being proactive, responding with agility, investing conservatively, and thinking long-term, for the benefit of our Members.

2019 has been a year of efficiency gains at Navy Mutual, which has included evolving business practices and technologies in order to remain a leader in an increasingly competitive landscape. Our new policy activations remained strong, while our expenses yielded greater effectiveness to the business bottom-line.

The last several years have solidified the reality of the historic low-interest rate environment in which we are operating – one that is very likely to sustain itself well into the near future. Given the challenges presented to life insurers in a low-interest rate environment, Navy Mutual has remained nimble by adjusting our credited rates and dividend rates, while still providing competitive returns to our Members.

As we write this, the COVID-19 pandemic is upon us. Our strong capital position and reserves, as well as our industry leading conservative investment portfolio, give us great confidence that we will continue to serve you, our Members as we have for the past 140 years – with safety, surety and soundness.

A continued focus on our mission, the longstanding commitment we have to you, our Members and your families mark the cornerstone of each of our business decisions. While the economic environment in which we operate will continue to change and evolve over time, Navy Mutual will remain focused on your future, ready to serve you and your loved ones.

Thank you for your continued support of Navy Mutual.



John M. Luecke

Chair of the Board of Directors



Bruce B. Engelhardt

President and Chief Executive Officer

In The Words of Our Members

"This is a no-frills, highly competent insurance company for servicemen and veterans who know the value of life and of life insurance. They get it right the first time."

- Anthony Cox

"I have been a Navy Mutual customer for over 20 years. Before retirement, I shopped around for additional life insurance as an alternative to VGLI. Navy Mutual has hands-down the best value; more importantly, their customer service is fantastic! I would recommend them to anyone."

- Christopher Brunett

"[Navy Mutual] gave me the confidence to continue that job I loved, knowing that my family would be protected...Later, I realized what a good investment you offered, one that held steady when others vanished, so I invested all I could. You do a great service for the military and their families. Please hang fast for another 140 years."

- Harry Klein



An A+ Rating, 16 Years In A Row

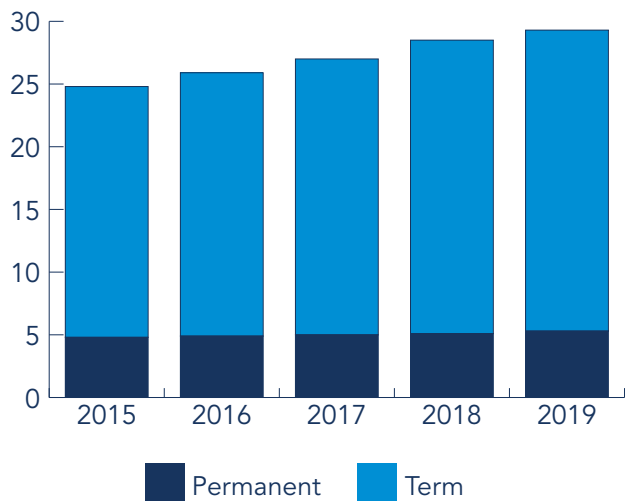
For 16 consecutive years, Navy Mutual has earned a Fitch Insurer Financial Strength (IFS) rating of A+, with a Stable Rating Outlook.

According to Fitch Ratings, Navy Mutual “targets a level of profitability that maximizes value to its policyholders while supporting new business growth and providing a cushion against unexpected losses.” - July 9, 2019



\$29 Billion

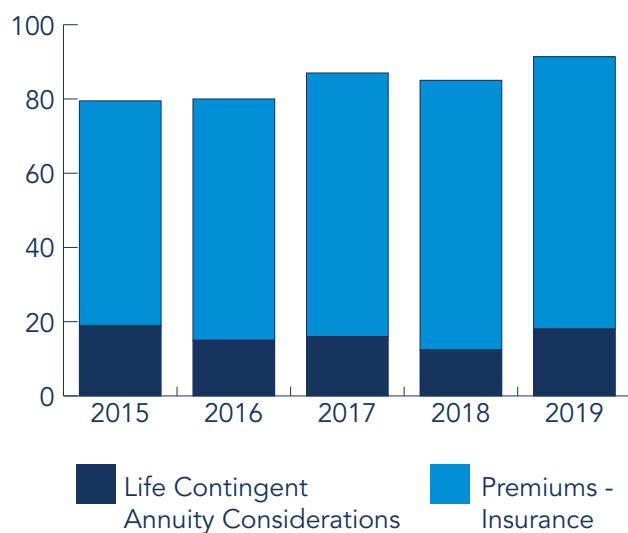
Insurance In Force



Insurance In Force
Beginning of year: \$28,560,949,248
End of year: \$29,273,477,120

\$91 Million

Direct Premiums



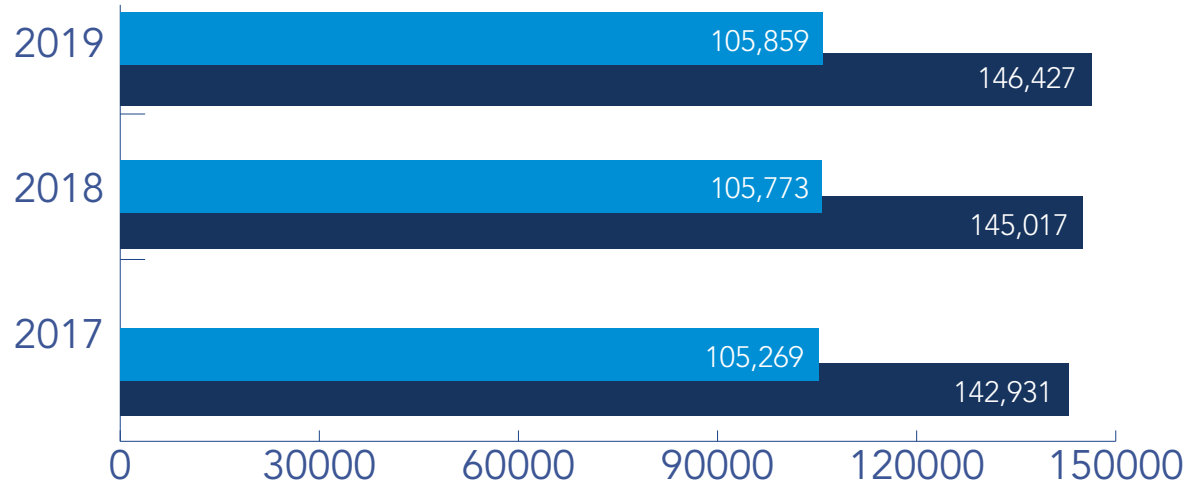
Total Direct Premiums
End of year: \$91,371,929

Member Retention

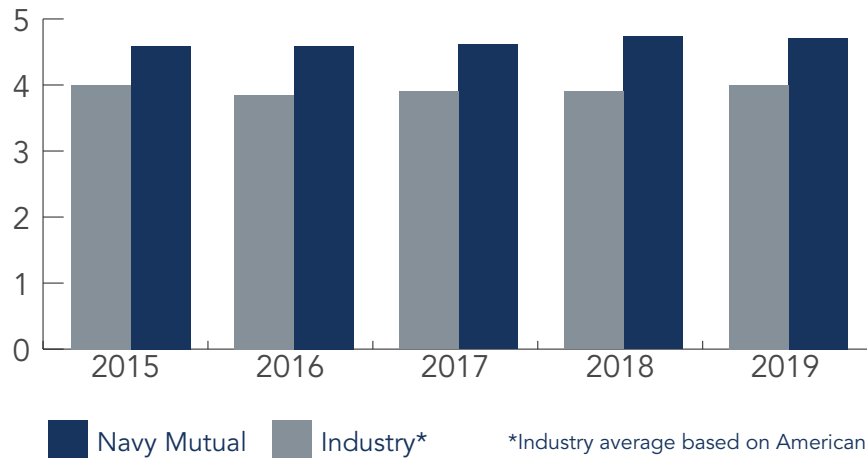
98.4%

Total Members And Plans

Plans Members



Member Satisfaction Survey Results



4.71 / 5

"As in past surveys, results of the 2019 Navy Mutual Customer Service Satisfaction indicate very high levels of appreciation for the company. The response is positive in all categories and sets a very high benchmark."

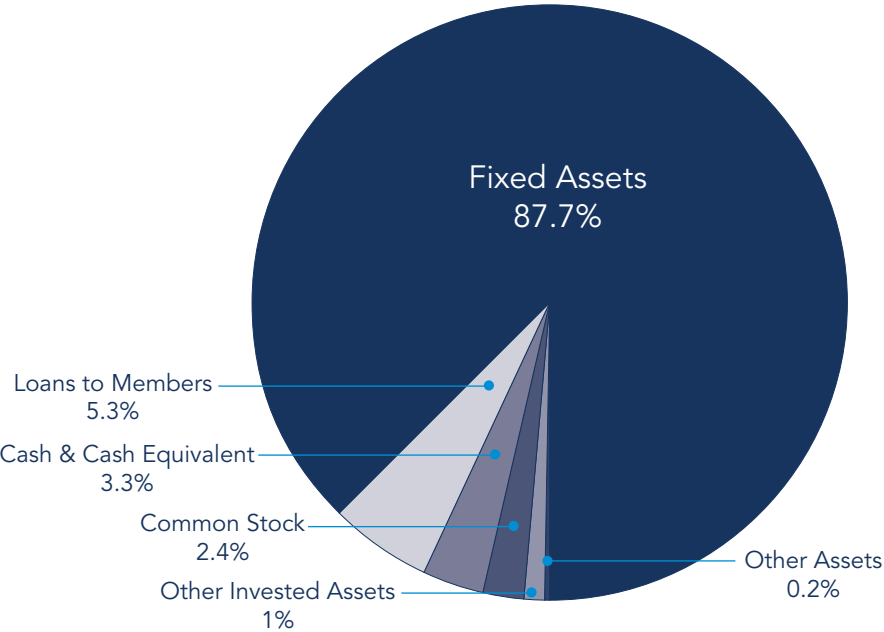
- The LOMA Organization, a leader in insurance industry analysis, Atlanta, October 2019



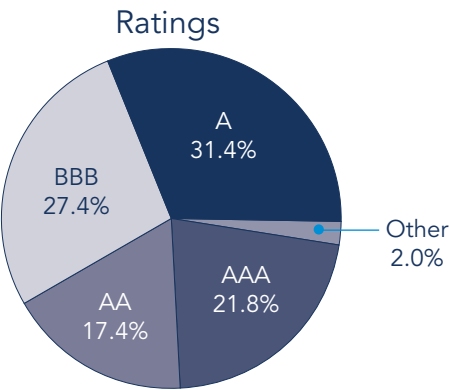
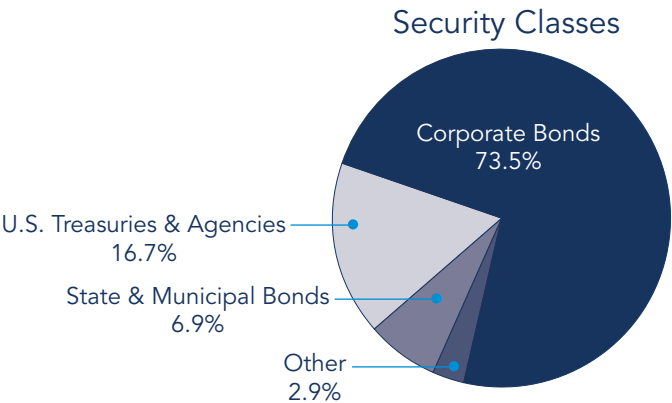


2019 Assets

\$3.18 Billion
Total Assets



Fixed Income Portfolio



5.58%
Net Investment Yield

Summary Of Financial Position

Assets	2018
Bonds	\$2,798,625,960
Equity securities	54,250,799
Cash and other short-term investments	70,021,643
Member loans	169,934,206
Other invested assets	842,637
Total cash and invested assets	3,093,675,245
Other assets	30,448,461
Total assets	3,124,123,706
Liabilities	
Aggregate reserve for life contracts	2,639,041,223
Death benefits payable	27,781,416
Liability or deposit type contracts	103,760,556
Other liabilities	30,813,919
Total liabilities (excluding asset valuation reserve)	2,801,397,114
Asset valuation reserve (AVR)	15,905,241
Net assets	306,821,351
Total net assets and AVR	322,726,592
Total liabilities and net assets	\$3,124,123,706

Summary Of Operations

Revenue	2018
Premiums - Insurance (gross)	\$72,542,261
Reinsurance	(6,113,110)
Life contingent annuity considerations	11,467,438
Life contingent survivor income deposits	790,530
Net investment income	169,532,013
Other income	1,070,184
Total revenue	249,289,316
Benefits and expenses	
Member benefits paid	159,981,710
Changes in aggregate reserve for life contracts	50,232,214
General operating expenses	34,906,674
Total benefits and expenses	245,120,598
Net gain from operations before net realized capital gains	4,168,718
Net realized capital gains	(2,779,419)
Net gain from operations	\$1,389,299

Statutory Accounting
These summary financial statements are derived from the Association’s audited financial statements, which are prepared in conformity with accounting practices used by insurance companies for regulatory reporting purposes. Such accounting practices, referred to as statutory accounting practices, are a comprehensive basis for accounting other than accounting principles generally accepted in the United States (GAAP).

Audited Financial Statements
Johnson Lambert & Co. is Navy Mutual’s independent auditor. Our audited financial statements are available by written request to: Navy Mutual, Accounting Division, Henderson Hall, 29 Carpenter Road, Arlington, VA 22212.



Employee of the Year

All Navy Mutual employees work hard to demonstrate our internal guiding lights of commitment, competence, and character. Each year, our officers identify an employee who continues to raise the bar as our Employee of the Year.

Since joining the Policyholder Services Team in 2017, Freddy Mercedes has dedicated himself to serving our Members and their families with unwavering energy and enthusiasm. Freddy always goes over and above the call of duty to accomplish Navy Mutual’s mission.

Navy Mutual is proud to honor him as our Employee of the Year!

Board Of Directors



RADM John M. Luecke,
USN, Ret., Chair



Mr. Eric J. Candelori,
CFM, Vice Chair



RADM Bruce B. Engelhardt,
USN, Ret., President & CEO



VADM John T. Blake,
USN, Ret.



BGen Peter B. Collins,
USMC, Ret.



CAPT Anthony Cooper,
USN, Ret.



Mr. Christopher P. Dean, Esq.



ADM Jonathan W. Greenert,
USN, Ret.



RADM Christine S. Hunter,
USN MC, Ret.



CAPT Catherine M. Mulé,
USN, Ret.



CAPT Nita Sood,
USPHS



VADM Stanley R. Szemborski,
USN, Ret.



RADM Cari B. Thomas,
USCG, Ret.



RDML Frank Thorp, IV,
USN, Ret.



Gen Michael J. Williams,
USMC, Ret.



VADM Anthony L. Winns,
USN, Ret.

Officers

RADM Bruce B. Engelhardt,
USN, Ret.
President and Chief Executive
Officer

Stephen R. Pietropaoli
Chief Advisor to the President

Sangeeta Jacob
Chief Operating Officer

RDML Brian E. Luther,
USN, Ret.
Chief Strategy Officer

Adam Mullins
Chief Financial Officer

Miranda Dedja
Vice President of Human Resources,
Administration, and Facilities

Jamie Maltese
Sr. Vice President of Investments

Michelle Ramos Domingue, Esq.
General Counsel



 Your Future. Our Promise.SM

Henderson Hall, 29 Carpenter Road, Arlington, VA 22204
800-628-6011 / NavyMutual.org

All photos courtesy of the United States Department of Defense