Report

of the

Examination of

Thrivent Financial for Lutherans

Minneapolis, Minnesota

As of December 31, 2014

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, *Governor*
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January 15, 2016

Honorable Theodore K. Nickel
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

THRIVENT FINANCIAL FOR LUTHERANS
Minneapolis, Minnesota

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Thrivent Financial for Lutherans (TFL, Thrivent Financial, or the society) was conducted in 2010 as of December 31, 2009. The current examination covered the intervening period ending December 31, 2014, and included a review of such 2015 transactions as deemed necessary to complete the examination.

The examination of the society was conducted concurrently with the examination of Thrivent Life Insurance Company (domiciled in Minnesota), with Wisconsin acting in the capacity as the lead state for the coordinated examination. Representatives of the Minnesota Department of Commerce participated in the examination, and their work was reviewed and relied on where deemed appropriate.

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. This approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the society were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on the audit of those areas of the society's operations accorded a high priority by the examiner-in-charge when planning the examination. Special attention was given to the action taken by the society to satisfy the recommendations and comments made in the previous examination report.

The society is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

Independent Actuary's Review

An independent actuarial firm was engaged under a contract with the Office of the Commissioner of Insurance. The actuary reviewed the adequacy of aggregate life and annuity reserves, aggregate accident and health reserves, dividends to policyholders, asset adequacy analysis, and deferred life insurance premiums. The actuary's results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary's conclusion.

Investment Review

The Capital Markets Bureau of the NAIC was engaged by the Office of the Commissioner of Insurance to perform a review of the society’s invested assets portfolio as of December 31, 2014. The results of that review were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the findings of the review.

II. HISTORY AND PLAN OF OPERATION

Thrivent Financial for Lutherans is a Wisconsin-domiciled fraternal benefit society authorized to conduct insurance business pursuant to ch. 614, Wis. Stat. The society was initially organized in 1902 under the name Aid Association for Lutherans (AAL). The present-day society was established effective January 1, 2002, upon merger of the Lutheran Brotherhood (LB) fraternal society into Aid Association for Lutherans.

Lutheran Brotherhood was a Minnesota-domiciled fraternal benefit society originally founded in 1917 under the name Luther Union and resulted from the 1917 Merger Convention of the Norwegian Lutheran Church of America. The Merger Convention approved the formation of Luther Union as a not-for-profit mutual aid society. Luther Union merged with Lutheran Brotherhood of America in 1920 and adopted the corporate name Lutheran Brotherhood.

Prior to the 2002 merger, AAL and LB were separate, independent fraternal societies, with home offices and business operations located in Appleton, Wisconsin, and Minneapolis, Minnesota, respectively. Each society operated as a life insurer under the ownership and control vested in its respective policyholder membership. In 2001, the supreme governing body of each of the two predecessor societies voted upon and approved the 2002 merger of Aid Association for Lutherans and Lutheran Brotherhood as just and equitable to its membership, pursuant to corporate governance provisions of the respective society's articles of incorporation and bylaws.

Under the 2002 merger, Lutheran Brotherhood merged into and with AAL, and AAL was the surviving corporate entity. AAL subsequently changed its name to Thrivent Financial for Lutherans, the name presently used by the society, effective May 21, 2002. In 2013, following approval by the board of directors, the membership voted affirmatively to expand the organization's common bond from Lutheran affiliation to include all denominations of Christianity. Thrivent Financial offers a broad range of insurance products, financial services, and fraternal benefits to its policyholders, non-policyholder members, and other Christians.

The society is licensed in all 50 states and the District of Columbia. In 2014, the society collected direct life insurance premium and annuity considerations in the following states:

Minnesota	$ 703,829,111	13.2%
Wisconsin	641,010,136	12.0
California	351,963,938	6.6
Illinois	316,447,835	5.9
Michigan	268,642,928	5.0
All others	3,044,887,107	57.3
Total	$5,326,781,055	100.0%

The major Life & Health products marketed by Thrivent Financial include level premium term life, universal life insurance, variable life insurance, participating whole life insurance, long-term care, Medicare supplement and disability income insurance. Annuity products offered include deferred annuities, immediate annuities, immediate variable annuities, deferred variable annuities, and fixed indexed annuities.

Thrivent Financial maintains statutory-basis separate accounts in which the assets and liabilities related to the society's variable universal life insurance and variable annuity contracts are administered. Separate accounts assets and liabilities represent funds for which the contract holders bear investment risk and are not available for the benefit of the general account. At December 31, 2014, variable account contract holders could choose to invest in one or more of 33 mutual fund account options within the separate accounts. Results from operations of the separate accounts are included in the financial statements of the separate accounts and are not included in the reported results from operations of Thrivent Financial for Lutherans. As of December 31, 2014, the Thrivent Financial for Lutherans separate accounts reported statutory total assets of $23,079,064,671, total liabilities of $23,005,866,045, and surplus of $73,198,626.

Thrivent Financial uses a career agency system to procure business. The agency system consists of 26 regional financial offices (RFOs) which are similar to traditional general agencies. Each RFO is administered by a managing partner who has primary responsibility for recruiting, training and supervising the financial representatives within that RFO. The society currently has approximately 2,400 full-time financial representatives disbursed among the 26 RFOs. Financial representatives are responsible for marketing to society members and to other prospects using an advice-based model, which evaluates the insurance, investment, and financial service needs and objectives of prospective customers.

The society's market segment focus is members of all denominations of Christianity. The vast majority of Thrivent Financial sales are made through personal, face-to-face meetings of financial representatives with society members either in the member's home or at the financial representative's office. The primary products sold by society financial representatives include insurance policies and annuity contracts offered by Thrivent Financial for Lutherans and investment products offered by Thrivent Financial for Lutherans as well as investment products offered by Thrivent Investment Management Inc.

The following chart is a summary of premium income as reported by the society in 2014. The growth of the society is discussed in the "Financial Data" section of this report.

Premium Income

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Whole life	$ 679,837,066	$0	$ 5,721,940	$ 674,115,126
Universal life	561,211,147	0	5,514,101	555,697,046
Term	163,082,626	0	83,057,532	80,025,094
Variable universal life	86,709,509	0	1,267,124	85,442,385
Immediate annuities	81,817,453	0	0	81,817,453
Deferred annuities	3,634,315,407	0	0	3,634,315,407
Long-term care	195,880,979	0	0	195,880,979
Disability Income	45,808,269	0	542,600	45,265,669
Medicare Supplement	69,612,715	0	0	69,612,715
Major Medical	3,459,912	0	0	3,459,912
Total All Lines	$5,521,735,083	$0	$96,103,297	$5,425,631,787

III. MANAGEMENT AND CONTROL

Membership

The society's articles of incorporation provide for three membership classes: Benefit Members, Associate Members, and Youth Members. A Benefit Member is a person age 16 or older who has been accepted for membership in accordance with eligibility rules as determined by resolution of the board of directors and who is an applicant member on a certificate of membership and insurance pursuant to rules determined by resolution of the board of directors, or who receives a settlement agreement by virtue of such insurance. An Associate Member is a person age 16 or older who has been accepted for membership in accordance with eligibility rules as determined by resolution of the board of directors and who is issued a certificate of membership. A Youth Member is a person under age 16 who is eligible for membership and has been issued a certificate of membership or a certificate of membership and insurance.

All members of the society may participate in the affairs and activities of the chapter in which they are members. Benefit Members and Associate Members may hold office in their chapter, and Benefit Members may vote in the corporate and insurance affairs of the society. The board of directors annually conducts an election for the purpose of electing not less than three and not more than four Benefit Members to the board of directors. Elected members of the board of directors whose terms do not expire with the current election constitute the Election Committee. Election results are tabulated by an independent election vendor selected by the board and are reported to the Election Committee, which recognizes each of the three or four candidates who receive the highest number of valid votes as duly elected to serve as a director of the society for a four-year term.

Growth of Membership

Year	**Members**
2014	2,327,128
2013	2,350,073
2012	2,382,156
2011	2,420,128
2010	2,468,782
2009	2,517,927

Board of Directors

The board of directors currently consists of 15 members, including 11 elected directors, 3 appointive directors, and 1 principal officer. Society bylaws provide that the board shall consist of 10 to 12 directors duly elected by the Benefit Members of the society, up to 4 appointive directors, and up to 2 principal officers of the society. Three to 4 elected directors are elected annually to serve a four-year term of office. Appointive directors are appointed to serve a one-year term of office.

Each board member currently receives $135,000 annually and an additional annual retainer of $10,000 for each committee ($12,000 for the committee chair) on which they serve. The chairman of the board receives $261,200 in total compensation.

Currently the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
N. Cornell Boggs Sanford, MI	Senior VP, General Counsel & Secretary, Dow Corning	2016
Kenneth Carow Greenwood, IN	Associate Dean for Indianapolis Research and Programs at Indiana University's Kelley School of Business	2018
Eric Draut Arlington Heights, IL	Former Executive Vice President and Chief Financial Officer, Unitrin (now Kemper Corporation); Former Executive Chair, Lutheran Social Services of IL	2016
Kirk Farney Hinsdale, IL	Vice President for advancement, vocation and alumni engagement, Wheaton College; Former global head of asset-backed finance J.P. Morgan Securities	2016
Bradford Hewitt Medicine Lake, MN	President and CEO, Thrivent Financial for Lutherans	N/A
Mark Jeske Milwaukee, WI	Senior Pastor, St. Marcus Lutheran Church; Speaker, Time of Grace Ministries	2018
Frederick Kraegel Henrico, VA	Managing Director, Parham Partners LLC	2016
F. Mark Kuhlmann Kirkwood, MO	Former Legal Counsel, Co-Chair, Systems Service Enterprises, Inc.; Former Vice President and General Counsel for McDonnell Douglas Corp.	2018

Name and Residence	Principal Occupation	Term Expires
Kathryn Marinello Bonita Springs, FL	Senior Advisor, Ares Management; Former chairman, president and chief executive officer of Stream Global Services, Inc.	2016
Frank Moeller Austin, TX	Founder, CEO, Water to Thrive; Founding Principal, Enovate Enterprises	2018
Bonnie Raquet Mound, MN	Former Corporate VP, Corporate Affairs, Cargill	2017
Alice Richter Prior Lake, MN	Former National Partner, KPMG LLP	2018
James Scott Chester Springs, PA	Former CFO, Lutheran Theological Seminary at Philadelphia; Former executive director-portfolio strategist of Morgan Stanley Investment Management	2017
Allan Spies Denver, CO	Former Executive Vice President and CFO of USWest	2019

Officers of the Society

The officers serving at the time of this examination are as follows:

Name	Office	2014 Compensation
Bradford Hewitt	CEO & President	$2,893,418
Teresa Rasmussen	Sr. Vice President, General Counsel and Secretary	1,378,209
Randall Boushek	Sr. Vice President, Treasurer	1,499,484
Douglas Bearrood	Actuary	233,631
Pamela Moret	Senior Vice President	938,055
Anne Sample	Senior Vice President	928,327
James Thomsen	Senior Vice President	1,319,364
Knut Olson	Senior Vice President	1,425,588
Russell Swansen	Senior Vice President	1,990,928
Terry Timm	Senior Vice President	709,190

Committees of the Board

The society's bylaws allow for the formation of certain committees by the board of directors. The committees at the time of the examination are listed below:

Audit Committee
Alice Richter, Chair
Kenneth Carow
Eric Draut
Allan Spies

Finance Committee
James Scott, Chair
Kirk Farney
Kathryn Marinello
Frederick Kraegel

Governance/Human Resources Committee
F. Mark Kuhlmann, Chair
N. Cornell Boggs
Mark Jeske

Church Operations/Strategy Committee
Bonnie Raquet, Chair
Mark Jeske
Alice Ricter
Allan Spies

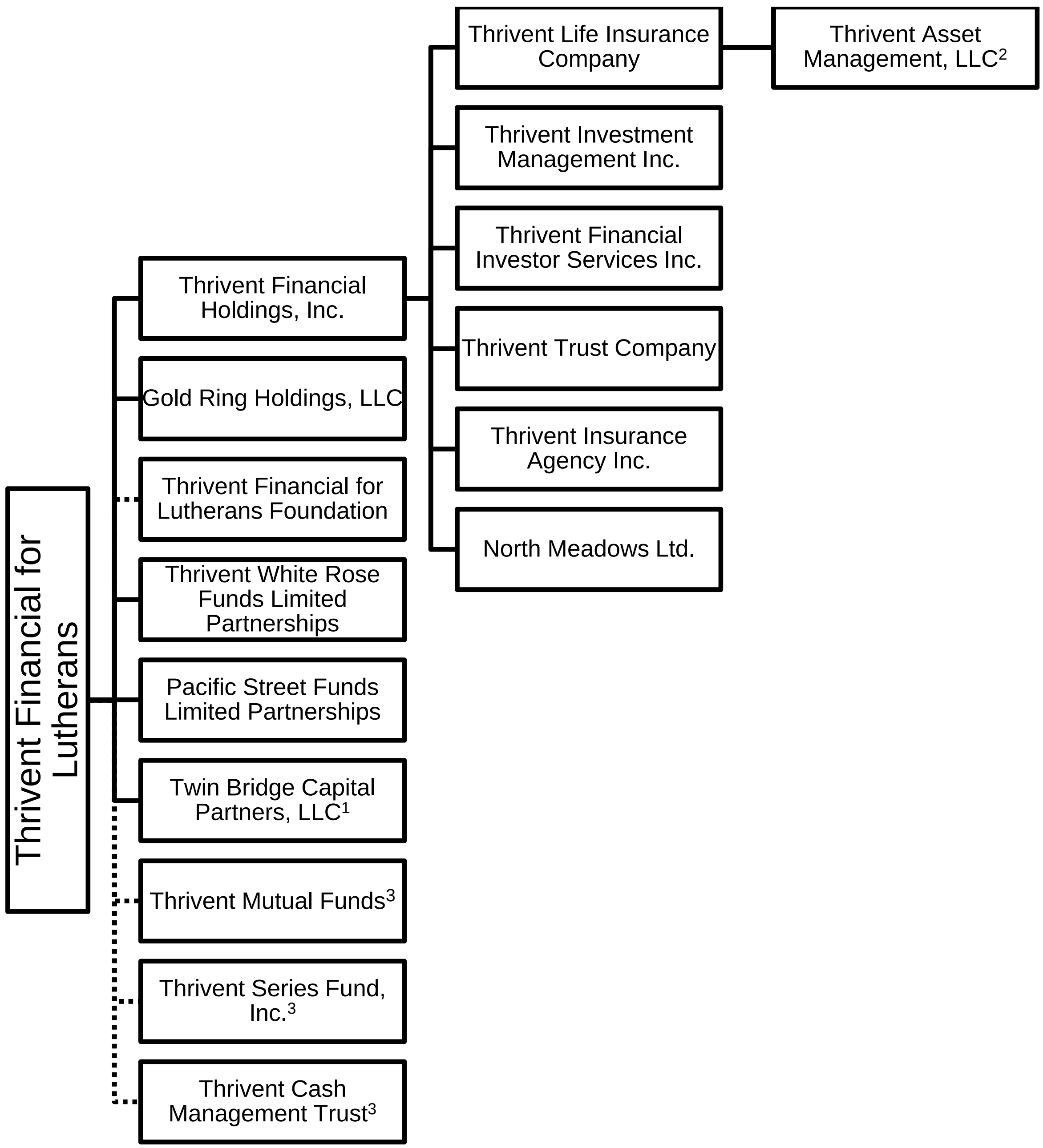
Core Operations/Strategy Committee
Kathryn Marinello, Chair
Kenneth Carow
Eric Draut
James Scott

Holdings Operations/Strategy Committee
Frederick Kraegel, Chair
N. Cornell Boggs
Kirk Farney
F. Mark Kuhlmann

IV. AFFILIATED COMPANIES

Thrivent Financial for Lutherans is a member of a holding company system. The organizational chart below depicts the relationships among the affiliates in the group. A brief description of the significant affiliates of Thrivent Financial for Lutherans follows the organizational chart.

Organizational Chart
(Corrected per examination)
As of December 31, 2014



The dotted lines in the organizational chart refer to affiliated entities where Thrivent Financial's ownership interest is either zero or less than 10%.

Notes:

1. Twin Bridge Capital Partners, LLC, was not reported in the 2014 Annual Statement, Schedule Y-Organization Chart, but disclosed in the 2014 Form B filing. Twin Bridge is 49% owned by Thrivent Financial.
2. Thrivent Asset Management, LLC, is 80% owned by Thrivent Financial Holdings, Inc., and 20% by Thrivent Life Insurance Company.
3. Thrivent Series Fund, Inc., and Thrivent Mutual Funds were not reported on Schedule Y of the 2014 Annual Statement.

Thrivent Financial Holdings, Inc.

Thrivent Financial Holdings, Inc. (TFHI), formerly known as AAL Holdings, Inc., is organized under the laws of Delaware and serves as an intermediate financial holding company of operating subsidiaries within the Thrivent group.

Concurrent with the merger of Lutheran Brotherhood with and into AAL, the Minnesota-domiciled financial holding company, Lutheran Brotherhood Financial Corporation (LBFC), merged into AAL Holdings, Inc. AAL Holdings, Inc., changed its name to Thrivent Financial Holdings, Inc., effective September 1, 2002.

As of December 31, 2014, the unaudited financial statements of TFHI reported assets of $165,753,000, liabilities of $523,000, and total shareholder's equity of $165,230,000. Operations for 2014 produced net income of $50,124,000.

Thrivent Life Insurance Company

Thrivent Life Insurance Company (TLIC or Thrivent Life) is a Minnesota-domiciled life insurer licensed in 42 states and in the District of Columbia. Thrivent Life is authorized to write life, health and annuity contracts and has sold variable life insurance and variable annuity products. Thrivent Life's insurance risks in force currently are comprised of a closed block of variable life and variable annuity contracts in runoff. TLIC continues to accept premium payments for in-force products and to service existing contracts according to their terms and conditions.

TLIC was originally incorporated under the laws of Minnesota effective April 20, 1982, under the name Lutheran Brotherhood Variable Insurance Products Company (LBVIP). LBVIP was a wholly owned insurance subsidiary of Lutheran Brotherhood Financial Corporation. Upon the merger of Lutheran Brotherhood with and into AAL, Lutheran Brotherhood Financial Corporation merged into AAL Holdings, Inc., and ownership of LBVIP transferred to Thrivent Financial Holdings, Inc. LBVIP changed its name to Thrivent Life Insurance Company effective June 25, 2003.

As of December 31, 2014, the statutory audited financial statements of TLIC reported assets of $3,500,429,000, liabilities of $3,340,776,000, and policyholders' surplus of $159,653,000. Operations for 2014 produced net income of $23,316,000.

Thrivent Investment Management Inc.

Thrivent Investment Management Inc. (TIMI), formerly known as AAL Capital Management Corporation, is a registered securities broker/dealer and registered investment adviser and is a member of the Financial Industry Regulatory Authority (FINRA). AAL Capital Management Corporation changed its name to Thrivent Investment Management Inc. effective July 1, 2002. Thrivent Investment Management Inc. serves as the distributor for the Thrivent Financial family of mutual funds and for the Thrivent Financial variable annuity and variable life accounts.

As of December 31, 2014, the audited financial statements of Thrivent Investment Management Inc. reported assets of $44,070,000, liabilities of $16,391,000, and total shareholder's equity of $27,679,000. TIMI operations for 2014 produced comprehensive income of $852,000.

Thrivent Financial Investor Services Inc.

Thrivent Financial Investor Services Inc. (TFIS), formerly known as Lutheran Brotherhood Securities Corp. or LBSC, serves as a transfer agent for the Thrivent Mutual Funds.

Prior to the merger of Lutheran Brotherhood with and into AAL, Lutheran Brotherhood Securities Corp. was a subsidiary of Lutheran Brotherhood Research Corp. (LBRC), which in turn was a subsidiary of Lutheran Brotherhood Financial Corporation. Concurrent with the merger of Lutheran Brotherhood and AAL, LBFC merged into AAL Holdings, Inc., and ownership of LBRC and its assets including LBSC transferred to Thrivent Financial Holdings, Inc. LBRC was effectively liquidated on January 1, 2003. Lutheran Brotherhood Securities Corp. changed its name to Thrivent Financial Investor Services Inc. effective November 1, 2002.

As of December 31, 2014, the audited financial statements of Select Subsidiaries of Thrivent Financial Holdings, Inc., included assets for TFIS of $30,713,000, liabilities of

$25,125,000, and total shareholders' equity of $5,588,000. TFIS operations for 2014 produced net income of $729,000.

Thrivent Asset Management, LLC

Thrivent Asset Management, LLC (TAM) is a registered investment advisor with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Thrivent Asset Management, LLC, serves as the investment advisor for the Thrivent Mutual Funds. TAM is co-owned by Thrivent Financial Holdings, Inc. (80%) and Thrivent Life Insurance Company (20%). Prior to January 1, 2014, ownership of TAM was held by Thrivent Investment Management Inc. (60%) and Thrivent Life Insurance Company (40%).

As of December 31, 2014, the audited financial statements of Thrivent Asset Management, LLC, reported assets of $11,600,000, liabilities of $2,902,000, and total members' equity of $8,698,000. Operations for 2014 produced net income of $42,816,000.

Thrivent Trust Company

Thrivent Trust Company (TTC), formerly known as Thrivent Financial Bank, is a federally chartered limited purpose savings association headquartered in Appleton, Wisconsin. TTC is regulated by the Office of the Comptroller of the Currency. TTC offers investment management, personal trust, and estate settlement services. TTC does not take public deposits or offer lending services. TTC provides these services nationwide through referrals from Thrivent Financial sales representatives. TTC is governed by a board of directors currently consisting of six members, four of whom are independent from Thrivent Financial.

Concurrent with the merger of Lutheran Brotherhood with and into AAL, LB Community Bank and Trust, FSB (LB Bank) merged into AAL Bank. LB Bank was chartered November 2, 1998, as a wholly owned subsidiary of LB Bancorp, which was in turn a subsidiary of Lutheran Brotherhood Financial Corporation. LB Bancorp was dissolved effective December 31, 2001. Upon the January 1, 2002, merger of LB Bank into AAL Bank, the assets and liabilities of LB Bank transferred to AAL Bank under the ultimate control of Thrivent Financial Holdings, Inc. AAL Bank changed its name to Thrivent Financial Bank effective September 1, 2002. In 2012, Thrivent Financial Bank amended its charter from a depository federal savings bank to a federally chartered limited purpose trust bank. It changed its name from Thrivent Financial Bank to Thrivent Trust Company effective December 1, 2012.

As of December 31, 2014, the audited financial statements of Select Subsidiaries of Thrivent Financial Holdings, Inc., included assets for TTC of $10,532,000, liabilities of $2,632,000, and total shareholder's equity of $7,900,000. Thrivent Financial Bank operations for 2014 produced net income of $374,000.

Thrivent Insurance Agency Inc.

Thrivent Insurance Agency Inc. (TIA), formerly known as Field Agents' Brokerage Company, is an insurance brokerage company that offers for sale non-proprietary life and health insurance products that are marketed through financial representatives of Thrivent Financial for Lutherans. Thrivent Insurance Agency Inc. was acquired by Thrivent Financial Holdings, Inc., in 2002.

As of December 31, 2014, the audited financial statements of Select Subsidiaries of Thrivent Financial Holdings, Inc., included assets for TIA of $2,074,000, liabilities of $494,000, and total shareholders' equity of $1,580,000. TIA's operations for 2014 produced net income of $2,735,000.

North Meadows Ltd.

North Meadows Ltd. (NML) is a real estate development and investment company. It was formed by AAL with the intention to purchase land and property near its office in Appleton in order to control some of the neighboring properties in the event of possible expansion. NML became a part of the Thrivent Holding Company system after the merger that created Thrivent Financial for Lutherans. Currently, NML owns properties and land in Wisconsin.

As of December 31, 2014, the audited financial statements of Select Subsidiaries of Thrivent Financial Holdings, Inc., included assets for NML of $15,818,000, liabilities of $178,000, and total shareholders' equity of $15,640,000. NML operations for 2014 produced a net loss of $469,000.

Thrivent Series Fund, Inc.

Thrivent Series Fund, Inc. (TSF) is an open-end management investment company registered under the Investment Company Act of 1940 initially organized on February 24, 1986, under the laws of Minnesota. Originally named LBVIP Series Fund, Inc., the investment company's name was changed to LB Series Fund, Inc., on October 28, 1993, and was changed to Thrivent Series Fund, Inc., effective May 1, 2004.

The general operation of TSF is managed and supervised by its board of directors which also serves as the board for TCMT and TMF. Thrivent Financial for Lutherans serves as the investment adviser of Thrivent Series Fund, Inc.

TSF is comprised of 27 separate series or portfolio funds, each series existing as a separate investment mutual fund having specific investment specialization, risk modeling, and investment objectives. Shares of TSF are sold only to: (i) separate accounts of Thrivent Financial and Thrivent Life Insurance Company (Thrivent Life), which are used to fund benefits under various variable life insurance and variable annuity contracts issued by Thrivent Financial and Thrivent Life; (ii) other portfolios of TSF; and (iii) retirement plans sponsored by Thrivent Financial.

As of December 31, 2014, the audited annual report of Thrivent Series Fund, Inc., showed total assets of $32,732,557,758, total liabilities of $1,956,373,914, and total shares of beneficial interest outstanding of 2,464,870,402. A net increase in net assets resulting from operations was $1,601,930,191.

Thrivent Cash Management Trust

Thrivent Cash Management Trust (TCMT) was organized as a Massachusetts business trust on August 4, 2004, and is an open-end management investment company registered under the Investment Company Act of 1940 consisting of one investment portfolio. TCMT serves as an investment vehicle for cash collateral posted in exchange for loaned securities of Thrivent Series Fund, Inc. (TSF) and Thrivent Mutual Funds (TMF). TCMT also includes assets that are not part of the securities lending program because TSF and TMF may sweep their cash balances into TCMT.

The general operation of TCMT is managed and supervised by its board of trustees, which also serves as the board for TSF and TMF. Thrivent Financial for Lutherans serves as the investment adviser of TCMT.

As of October 31, 2014, the audited annual report of TCMT showed total assets of $1,736,785,397, total liabilities of $180,171, and total shares of beneficial interest outstanding of $1,736,605,226. A net increase in net assets resulting from operations was $998,161.

Thrivent Mutual Funds

Thrivent Mutual Funds is an open-end management investment company that was initially organized as a Massachusetts business trust on March 31, 1987, under the name The AAL Mutual Funds. The investment company's name was changed to Thrivent Mutual Funds effective July 16, 2004.

The general operation of Thrivent Mutual Funds is managed by its Board of Trustees. Each trustee also serves as a director of Thrivent Series Fund, Inc., and as a trustee of Thrivent Cash Management Trust. Thrivent Asset Management, LLC, serves as the investment adviser of Thrivent Mutual Funds.

Thrivent Mutual Funds is registered under the Investment Company Act of 1940. The investment company is comprised of 27 separate funds, each fund existing as a separate investment mutual fund having specific investment specialization, risk modeling, and investment objectives. Investment in the separate portfolio funds within Thrivent Mutual Funds is marketed to individual investors.

Thrivent Financial for Lutherans Foundation

Thrivent Financial for Lutherans Foundation is a nonprofit, tax-exempt foundation that operates for charitable purposes serving the Lutheran community. The foundation is a Minnesota-domiciled private corporation primarily funded by Thrivent Financial. The name of the foundation was changed to Thrivent Financial for Lutherans Foundation effective September 18, 2002.

Gold Ring Holdings, LLC

Gold Ring Holdings, LLC (GRH) initially organized on March 15, 2011, under Delaware statues is a real estate holding company which also holds residential mortgage loans. GRH is a limited liability company and a wholly owned subsidiary of the society.

As of December 31, 2014, the audited financial statements of Gold Ring Holdings, LLC, reported assets of $35,055,000, liabilities of $459,000 and total shareholders' equity of $34,956,000. GRH operations for 2014 produced a net loss of $2,679,000.

Thrivent White Rose Funds Limited Partnerships

Since 2007, the society has invested in private equity through the White Rose series of funds (the White Rose Funds), with new White Rose Funds issued each year. Each fund is organized as a limited partnership that is controlled by a single general partner. Each general partner is a limited liability company which is managed and controlled by its managing member (general partner LLC). The society is the sole managing member of each general partner LLC. The general partner's function is to identify and commit to or purchase investments for the White Rose Funds of the respective vintage year. The society also invests in each White Rose Fund as a limited partner. The role of the limited partner is to fund the capital commitment the society has made to the White Rose Fund.

Pacific Street Funds Limited Partnerships

The Pacific Street Funds—Pacific Street Fund, L.P. (2005), Pacific Street Fund II, L.P. (2008) and Pacific Street III, L.P. (2014)—invest in private equity limited partnerships or direct equity co-investments (Pacific Street Funds). The Pacific Street Funds are managed and controlled by their sole general partner, Twin Bridge Capital Partners LLC (Twin Bridge).

Twin Bridge Capital Partners LLC

Twin Bridge Capital Partners LLC (Twin Bridge) was formed in 2005 by Thrivent Financial and a group of non-Thrivent Financial investment professionals; it is controlled by its two managing members, neither of whom is affiliated with Thrivent Financial. Twin Bridge's function is to identify and commit to or purchase investments for the Pacific Street Funds. The society also invests as a limited partner in the Pacific Street Funds.

Subsequent Events

Thrivent Financial formed a wholly owned LLC, Thrivent Distributors, LLC, on February 23, 2015. The LLC serves as a limited purpose principal underwriter broker-dealer for Thrivent Mutual Funds.

Thrivent Insurance Agency Inc. purchased 100% of Newman Financial Services, LLC (includes 50% interest in Newlife Insurance Agency, LLC), which is effective July 1, 2015.

Thrivent Financial Holdings, Inc., purchased 100% of Prepare/Enrich, LLC, which is effective September 8, 2015.

Related Party Agreements

Thrivent Financial is a party to various agreements with subsidiaries, affiliates, and non-affiliates. The agreements are summarized as follows:

Master Service Agreements—TIMI, TAM, TFIS, TIA, NML, TLIC, TFCU, TTC, and ICF

Thrivent Financial has service agreements with various subsidiaries and affiliates, which provide human resources, IT services, facilities, product administration, marketing support and sales support. The agreements obligate the subsidiaries and affiliates to reimburse Thrivent Financial for the cost of providing such services. Costs for these services are allocated amongst the members of the affiliated group using allocation methodologies that are in accordance with SSAP No. 70, Allocation of Expenses.

Effective in January 1, 2006, and amended in January 1, 2011, Thrivent Financial signed Master Service Agreements with its subsidiaries: Thrivent Investment Management, Inc., Thrivent Asset Management, LLC, Thrivent Financial Investor Services, Inc., Thrivent Insurance Agency, Inc., North Meadows Investment Ltd., and Thrivent Life Insurance Company. The parties agreed that Thrivent Financial provides services described in the Exhibits, including, but not limited to, investment management, financial operations, and human services. In return, each company shall pay Thrivent Financial for services rendered according to its respective Exhibit.

Effective December 1, 2012, Thrivent Financial signed Master Service Agreements with Thrivent Federal Credit Union (TFCU) and with Thrivent Trust Company, to provide contractor services including personnel and other technical resources. In return, each company shall pay Thrivent Financial for services rendered including reimbursable expenses described in each respective schedule of services or programs. Reimbursable expenses shall include, without limitation, reasonable out-of-pocket expenses approved by the respective company.

Effective September 9, 2013, Thrivent Financial signed a Master Service Agreement with InFaith Community Foundation (ICF) to provide: a) information technology and business continuity management services; b) physical security and facilities services; c) marketing and sales services; d) administrative, operational, and tax filing services; and e) brand management, consulting and planning services. Any additional services will be charged in a separate addendum. In return, ICF will provide services to Thrivent Financial and its sales agents concerning charitable giving, including education and training. ICF is not affiliated with the group and therefore not included in the Form B of the Insurance Holding Company System Annual Registration Statement, as well as in the Notes and Schedule Y of the Annual Statements filing.

Principal Underwriting Agreement

Effective October 1, 2002, Thrivent Financial signed a Principal Underwriting Agreement with Thrivent Investment Management, Inc. (TIMI), whereby TIMI is appointed as principal underwriter and to act as representative to market Thrivent Financial's variable life insurance contracts and variable annuity contracts. In return, Thrivent Financial shall arrange for the payment of commissions to registered representatives of TIMI in connection with the sale of the contracts on behalf of TIMI. Thrivent Financial shall reimburse TIMI for the costs and expenses incurred related to the marketing and sales of the contracts.

Investment Advisory Agreements

In two separate agreements effective April 10, 2002, and August 25, 2004, Thrivent Financial signed an Investment Advisory Agreement with LB Series Fund, which is now named Thrivent Series Fund, Inc. (TSF), and with Thrivent Financial Securities Lending Trust, which is now known as Thrivent Cash Management Trust (TCMT), respectively. As agreed by both parties, Thrivent Financial is appointed as investment adviser with respect to each investment portfolio for the period and during the term of the agreement. In return, Thrivent Financial shall receive an investment management fee set forth in the Schedule, payable in arrears on or before the 10th day of the next succeeding calendar month. Thrivent Financial shall furnish, at its own expense, investment advisory and portfolio administrative and management services necessary for servicing the investments of the portfolios and investment advisory facilities and executive and supervisory personnel necessary to manage the investment portfolios. Thrivent Financial will be reimbursed all charges and fees with respect to the portfolios.

Participation Agreement

Effective December 15, 2003, Thrivent Financial signed a Participation Agreement with LB Series Fund, Inc., which is now named Thrivent Series Fund, Inc. (TSF), wherein the segregated asset accounts (separate accounts) established by Thrivent Financial are deposited under the series fund for the purpose of funding certain variable universal life insurance contracts and variable annuity contracts investment accounts sponsored by Thrivent Financial. The contracts funded through the separate accounts are allocated to subaccounts for investment in shares of portfolios selected by Thrivent Financial Separate Accounts contract owners, with each portfolio evidenced by issuance of shares in the respective series of equity shares. Fund shares will be sold only to Thrivent Financial, to other life insurance companies on behalf of separate accounts funding variable annuity and life contracts, and to qualified pension or retirement plans. No shares of series fund will be sold to the general public or to any life insurer on its own behalf except for Thrivent Financial.

Administrative Services Agreement

Thrivent Financial signed an Administrative Service Agreement with Thrivent Series Fund, Inc. (TSF), effective January 1, 2009, and with Thrivent Financial Securities Lending Trust, which is now named Thrivent Cash Management Trust (TCMT), effective August 25, 2004. Pursuant to the agreements, Thrivent Financial provides services necessary to conduct the business operations of TSF and TCMT, except those provided pursuant to the Investment Advisory Agreement and Custodian Contract and, for TCMT only, the Transfer Agent Contract. TSF and TCMT agree that Thrivent Financial shall have ready access to their agents, books, records, financial information, management and resources at such times and for such periods as Thrivent Financial reasonably deems necessary to perform the services.

Thrivent Financial entered into an IT Administration Agreement with Pioneer Insurance Services LLC (now known as Newman Financial Services) effective July 1, 2015, in order to provide Pioneer with certain administrative IT support, hosting, storage, security and back-up services.

Limited Partnership Fund Agreements

Since 2007, Thrivent Financial has invested in private equity through the White Rose series of funds (the White Rose Funds), with new White Rose Funds issued each year. Each fund is organized as a limited partnership that is controlled by a single general partner. Each general partner is a limited liability company which is managed and controlled by its managing member (general partner LLC). Thrivent Financial is the sole managing member of each general partner LLC. The general partner's function is to identify and commit to or purchase investments for the White Rose Funds of the respective vintage year. Thrivent Financial also invests in each White Rose Fund as a limited partner. The role of the limited partner is to fund the capital commitment Thrivent Financial has made to the White Rose Fund.

The Pacific Street funds—Pacific Street Fund, L.P. (2005), Pacific Street Fund II, L.P. (2008) and Pacific Street III, L.P. (2014)—invest in private equity limited partnerships or direct equity co-investments (Pacific Street Funds). The Pacific Street Funds are managed and controlled by their sole general partner, Twin Bridge Capital Partners LLC (Twin Bridge).

Twin Bridge was formed in 2005 by Thrivent Financial and a group of non-Thrivent Financial investment professionals and is controlled by its two managing members, neither of whom is affiliated with Thrivent Financial. Twin Bridge's function is to identify and commit to or purchase investments for the Pacific Street Funds. Thrivent Financial also invests as a limited partner in the Pacific Street Funds.

Employee Master Lease Agreement

Effective December 1, 2012, Thrivent Financial signed an Employee Master Lease Agreement with Thrivent Federal Credit Union (TFCU), wherein Thrivent Financial agrees to lease employees and attorneys to TFCU to perform human resources management and administration. In return, TFCU shall reimburse Thrivent Financial for all direct salary cost and related expenses, including payroll taxes, worker's compensation, and all fringe benefits equivalent to those provided by Thrivent Financial for its employees of the same class. Both parties agreed that Thrivent Financial will provide the services on a professional basis and as an independent contractor and not as an employer-employee relationship. Neither Thrivent Financial nor the leased employees will be considered as employees of TFCU.

Capital and Liquidity Support Agreement

This agreement was entered into by and among the Office of the Comptroller of the Currency (OCC), Thrivent Trust Co. (the Bank), Thrivent Financial for Lutherans, and Thrivent Financial Holdings, Inc. (the Holding Company), as a means of the Holding Company and TFL to provide capital, liquidity and other support for the Bank when necessary. This is a federal requirement for the Bank to maintain the minimum capital required by the OCC.

Capital Assurance and Liquidity Agreement

This agreement was entered into by and among Thrivent Trust Company (TTC, the Bank), Thrivent Financial for Lutherans (TFL), and Thrivent Financial Holdings, Inc. (TFH), which sets forth the continuing obligation of TFL and TFH to provide the Bank necessary capital and liquidity support, in order to ensure that the Bank continues to operate safely and soundly and in accordance with all applicable laws, rules and regulations, and in accordance with the terms of the Operating Agreement.

Service Level Agreement

Thrivent Financial-IT entered into a Service Level Agreement with Thrivent Trust Company (TTC) effective April 1, 2014, and amended May 1, 2015, wherein TFL Information Technology (IT) provides services to TTC to effectively operate, manage, and maintain current TTC technology solutions and infrastructure, as well as to deliver new technology capabilities (or enhance existing capabilities) to meet TTC's strategic goals, objectives, changing business needs and applicable regulatory requirements. It was also agreed that TFL-IT will provide the leadership and administrative processes to deliver and manage the services and will not make any architectural changes to existing infrastructure or services which TFL-IT is aware and may significantly affect TTC, or impose any cost on TTC, without obtaining TTC's prior consent. In return, TTC agreed to pay TFL for the contractor services provided in accordance with the terms of the Description of Services in Schedule A of the agreement.

V. REINSURANCE

The society's reinsurance portfolio and strategy are described below. A listing of companies with which the society has a current agreement with and a significant amount of reinsurance in force at the time of the examination follows. In addition, one contract that is no longer active is included because of its significance. Each of the contracts contains a proper insolvency provision.

The society’s capital position does not require the society to reinsure to limit risk exposure; rather, the use of quota share reinsurance is designed to increase value to the membership through agreements with authorized reinsurers with terms favorable to the society, and facultative agreements allow the society the ability to provide coverage to more members at lower cost while maintaining an appropriate level of return to the society. The society does not assume any reinsurance risks and is not party to any reinsurance assumption agreements. In 2014, the society ceded insurance premium considerations of $96 million, which is less than 2% of the gross premium and annuity considerations received by the society in 2014.

The National Association of Insurance Commissioners (NAIC) adopted new Actuarial Guideline (AG 48) in December 2014, which sets forth the rules for life XXX/AXXX reserve financing transactions executed after January 1, 2015. Life XXX and AXXX refers to term life policies that offer premium guarantees and universal life policies with secondary guarantees, respectively. AG 48 is a "stop-gap" measure, intended to regulate captive financing structures until the implementation of the principles-based reserving (PBR) framework is in place. The application of AG 48 is not limited to the use of captive reinsurers. Any insurer that does not fall under any of the exemptions, and reinsured policies with XXX or AXXX reserves, is subject to the AG 48 rules. Under this rule, the society’s total reserve credits taken for XXX life and AXXX life policies was $494 million or 89% of the total reserve credits taken as of December 31, 2014.

The society currently has five active ceded reinsurance agreements for the cession of new risks and is party to numerous closed ceded reinsurance agreements that pertain to cessions on closed blocks of business originally written by Aid Association for Lutherans, Lutheran Brotherhood and business previously written by the society. The following summary of the society's reinsurance program is limited to discussion of the current reinsurance agreements plus one significant closed agreement.

Types of reinsurance agreements currently used:

1. First dollar quota share and excess (coinsurance) with the following provisions:
    a. The society will automatically cede and the assuming company will automatically accept its share of the society's provided that all requirements are met for automatic reinsurance. Under the current treaties the society has in place, the society will retain 10% of each 10-, 15-, and 20-year level term and 32.5% of each 30-year level term, including ratings and for all risk classes, up to a maximum of $3 million. For contracts on which the society exceeds its retention limit, the reinsurer accepts all amounts beyond that.
    b. Policies that do not qualify for automatic reinsurance may be submitted to the reinsurers in the pool on a facultative basis. Additionally, policies that qualify for automatic reinsurance may be submitted to the reinsurers for facultative consideration (see below), and as such, shall be treated as if proposed on a facultative basis.
    c. The maximum amount of insurance issued and applied in all companies on each risk (without deductions for replacements) must not exceed the jumbo limits of $35 million.

    The society currently reinsures level term contracts under these agreements. In addition, for contracts that exercise their conversion privilege and convert to eligible whole life, universal life or variable universal life, the policy that results from conversion is covered on a yearly renewable term (YRT) basis.
2. Facultative reinsurance

    This reinsurance is done on a YRT basis on contracts submitted facultative.
3. Excess reinsurance

    The society's current retention limit is $3 million. The maximum amount of insurance issued and applied for through all companies on each risk (without reductions for replacements) must not exceed the jumbo limit of $35 million

These descriptions pertain to all of the current agreements.

The society increased its retention limit from $2 million to $3 million on November 1, 2010.

Current Ceded Reinsurance Agreements

General Re Life Corporation—Facultative YRT Life Reinsurance

The society maintains a facultative yearly renewable term basis reinsurance agreement with General Re Life Corporation (General Re Life) (formerly known as General and Cologne Life Re), which became effective on June 1, 1980. Cessions under this contract include risks for universal life, term life, aviation risk, accidental death, and disability. The society may request facultative reinsurance consideration of any eligible risk.

The society's maximum retention limit under the original contract was $600,000 for standard life risk. Substandard life was subject to recapture after 20 years. The contract was amended in 2000, which provided to recapture 28 policies with issue dates between 1983 to 1987 effective on each policy's anniversary date.

In 2014, the total premiums ceded to General Re Life were approximately $2.3 million, and the total reserve credit taken was about $250,000.

RGA Reinsurance Company—Automatic Coinsurance and Facultative Obligatory Coinsurance and YRT

The society signed a first dollar quota-share and excess coinsurance agreement with RGA Reinsurance Company (RGA Re), which became effective on August 1, 2011. Level term contracts were ceded under this agreement, for the 10-, 15-, and 20-year plans for contracts with $100,000 or greater of face amount, subject to retention and jumbo limits.

The society may submit for facultative evaluation on any plans that do not qualify for automatic reinsurance or if the society prefers to submit on a facultative basis.

The society entered into an automatic reinsurance agreement which ran from April 1, 2004, through June 30, 2006, on 10-, 15-, 20-, 25-, and 30-year term plans. In 2014, the total premiums ceded to RGA Re were approximately $11.5 million, and the total reserve credit taken was about $48 million.

SCOR Global Life Americas Reinsurance Company—First Dollar Quota-Share and Excess Coinsurance

The society signed a first dollar quota-share and excess coinsurance agreement with SCOR Global Life Americas Reinsurance Company (SCOR Life), which became effective on October 1, 2012. The business ceded consists of level term life policies for the 10-, 15-, 20-, and 30-year plans for face amounts of $100,000 or over, subject to retention and jumbo limits.

The society may submit for facultative evaluation on any plans that do not qualify for automatic reinsurance or if the society prefers to submit on a facultative basis.

In 2014, the total premiums ceded to SCOR Life were approximately $16.4 million, and the total reserve credit taken was about $43 million.

Swiss Re Life and Health America, Inc.—Automatic Self-Administered YRT Reinsurance

The society signed an automatic self-administered yearly renewable term reinsurance treaty with Swiss Re Life & Health America Inc. (Swiss Re), which became effective June 1, 2007. The treaty includes all single and joint survivor life permanent plans.

Under this treaty, the maximum retention is $3 million for single life and $3 million for joint life risks. Any change in the net amount at risk due to changes in the cash value applicable to the policy will be shared proportionately between the society and Swiss Re.

In 2014, the total premiums ceded for this type of contract to Swiss Re were approximately $909,000, and the total reserve credit taken was about $223,000.

Swiss Re Life and Health America, Inc.—Automatic and Self-Administered Coinsurance

The society signed an automatic self-administered Coinsurance agreement with Swiss Re effective August 1, 2011. The business ceded includes term life policies with level terms of 10, 15, and 20 years issued beyond that date. Thrivent Financial may submit for facultative evaluation on any plans that do not qualify for automatic reinsurance or if the society prefers to submit on a facultative basis.

In 2014, the total premiums ceded for this type of contract to Swiss Re were approximately $7.5 million, and the total reserve credit taken was about $38 million.

Significant Closed Reinsurance

The society has a coinsurance agreement with Transamerica Financial Life Ins. Co., (Transamerica), which was effective January 1, 2003. Under this agreement, the society ceded individual life policies on a first dollar quota share and excess basis. The business ceded includes term life policies with level terms of 10, 15, 20, 25, and 30 years. The contract was terminated as of September 30, 2012, and is in runoff.

In 2014, the total premiums ceded under this agreement were approximately $46.8 million, and the total reserve credit taken was about $348 million (or 63% of the total reserve credits taken for life policies).

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the society as reported to the Commissioner of Insurance in the December 31, 2014, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of the society, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.

Thrivent Financial for Lutherans
Assets
As of December 31, 2014

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$39,035,713,048	$	$39,035,713,048
Stocks:			
Preferred stocks	111,522,754		111,522,754
Common stocks	1,227,220,639		1,227,220,639
Mortgage loans on real estate:			
First liens	7,377,897,618		7,377,897,618
Real estate:			
Occupied by the society	51,329,707		51,329,707
Held for sale	3,612,646		3,612,646
Cash, cash equivalents, and short-term investments	1,503,181,865		1,503,181,865
Contract loans	1,192,197,473		1,192,197,473
Derivatives	9,624,667		9,624,667
Other invested assets	2,790,476,785	6,044,851	2,784,431,934
Receivables for securities	22,352,574		22,352,574
Investment income due and accrued	447,872,251	1,582,973	446,289,277
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	687,158		687,158
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	113,013,618		113,013,618
Reinsurance:			
Amounts recoverable from reinsurers	5,788,039		5,788,039
Electronic data processing equipment and software	53,119,652	44,390,129	8,729,523
Furniture and equipment, including health care delivery assets	12,288,491	12,288,491	
Receivable from parent, subsidiaries and affiliates	8,257,879		8,257,879
Health care and other amounts receivable	2,399,195	2,399,195	
Write-ins for other than invested assets:			
Prepaid expenses	17,567,955	17,567,955	
Miscellaneous accounts receivable	14,981,378	1,540,263	13,441,115
Unsecured loans	6,826,523	6,826,523	
Miscellaneous assets	5,616,452	5,616,452	
Total assets excluding separate accounts, segregated accounts and protected cell assets	54,013,548,369	98,256,833	53,915,291,535
From separate accounts, segregated accounts and protected cell assets	23,079,064,671		23,079,064,671
Total Assets	$77,092,613,040	$98,256,833	$76,994,356,207

Thrivent Financial for Lutherans
Liabilities, Surplus, and Other Funds
As of December 31, 2014

Aggregate reserve for life contracts		$35,986,329,508
Aggregate reserve for accident and health contracts		5,073,113,337
Liability for deposit-type contracts		2,930,598,097
Contract claims:		
Life		231,485,902
Accident and health		33,461,571
Refunds due and unpaid		750,129
Provision for refunds payable in following calendar year-estimated amount:		
Apportioned for payment		235,517,822
Premium and annuity considerations received in advance		14,807,034
Contract liabilities not included elsewhere:		
Interest maintenance reserve		428,073,937
Commissions to agents due or accrued		20,740,233
General expenses due or accrued		41,378,019
Transfers to separate accounts due or accrued (net)		(549,433,577)
Taxes, licenses, and fees due or accrued, excluding federal income taxes		4,744,591
Unearned investment income		869,989
Amounts withheld or retained by company as agent or trustee		13,003,152
Remittances and items not allocated		16,322,526
Liability for benefits for employees and agents if not included above		540,620,652
Miscellaneous liabilities:		
Asset valuation reserve		972,241,995
Payable to parent, subsidiaries and affiliates		499,033
Derivatives		3,848,665
Payable for securities		960,786,410
Payable for securities lending		410,676,819
Write-ins for liabilities:		
Postretirement benefit liability		122,691,427
Other liabilities		2,776,726
Total liabilities excluding separate accounts business		47,495,903,995
From separate accounts statement		23,005,866,045
Total liabilities		70,501,770,040
Write-ins for surplus funds:		
Contingency reserve for separate account business	$ 500,000	
Unassigned funds (surplus)	6,492,086,166	
Total capital and surplus		6,492,586,166
Total Liabilities, Capital and Surplus		$76,994,356,207

Thrivent Financial for Lutherans
Summary of Operations
For the Year 2014

Premiums and annuity considerations for life and accident and health contracts		$5,425,631,787
Considerations for supplementary contracts with life contingencies		113,989,040
Net investment income		2,685,829,822
Amortization of interest maintenance reserve		145,594,327
Separate accounts net gain from operations excluding unrealized gains or losses		8,300,000
Commissions and expense allowances on reinsurance ceded		24,541,974
Miscellaneous income:		
Income from fees associated with investment management, administration, and contract guarantees from separate accounts		520,729,817
Write-ins for miscellaneous income:		
Fees from third party for services provided		12,931,835
Miscellaneous income		1,275,057
Total income items		8,938,823,660
Death benefits	$ 919,294,463	
Matured endowments	9,718,226	
Annuity benefits	597,613,842	
Disability benefits and benefits under accident and health contracts	322,659,584	
Surrender benefits and withdrawals for life contracts	1,759,717,552	
Interest and adjustments on contract or deposit-type contract funds	117,527,313	
Payments on supplementary contracts with life contingencies	258,079,398	
Increase in aggregate reserves for life and accident and health contracts	1,165,000,563	
Subtotal	5,149,610,939	
Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	293,404,825	
Commissions and expense allowances on reinsurance assumed		
General insurance expenses	653,585,200	
Insurance taxes, licenses, and fees excluding federal income taxes	46,423,058	
Increase in loading on deferred and uncollected premiums	(5,123,344)	
Net transfers to or (from) separate accounts net of reinsurance	1,727,618,706	
Write-in for deductions:		
Expenses related to services provided to third party	12,931,835	
Retirement and disability benefits	5,207,409	
Employee benefits	2,167,886	
Total deductions		7,885,826,514

Net gain (loss) from operations before refunds to members	1,052,997,146
Refunds to members	238,811,328
Net gain (loss) from operations after refunds to members and before realized capital gains or losses	814,185,818
Net realized capital gains or (losses)	(48,994,291)
Net Income	$ 765,191,527

Thrivent Financial for Lutherans
Cash Flow
For the Year 2014

Premiums collected net of reinsurance			$5,542,132,663
Net investment income			2,326,092,897
Miscellaneous income			559,478,683
Total			8,427,704,243
Benefit- and loss-related payments		$3,861,837,620	
Net transfers to separate accounts, segregated accounts and protected cell accounts		1,776,638,404	
Commissions, expenses paid, and aggregate write-ins for deductions		1,015,278,896	
Dividends paid to policyholders		235,351,302	
Total deductions			6,889,106,222
Net cash from operations			1,538,598,021
Proceeds from investments sold, matured, or repaid:			
Bonds	$15,647,093,702		
Stocks	721,132,544		
Mortgage loans	864,564,255		
Real estate	13,025,490		
Other invested assets	711,457,566		
Net gains (losses) on cash, cash equivalents, and short-term investments	10,675,513		
Total investment proceeds		17,967,949,070	
Cost of investments acquired (long-term only):			
Bonds	17,120,018,664		
Stocks	840,037,175		
Mortgage loans	953,750,828		
Real estate	1,236,843		
Other invested assets	425,929,209		
Miscellaneous applications	127,097,076		
Total investments acquired		19,468,069,795	
Net increase (or decrease) in contract loans and premium notes		(28,154,044)	
Net cash from investments			(1,471,966,681)
Cash from financing and miscellaneous sources:			
Net deposits on deposit-type contracts and other insurance liabilities		(63,222,433)	
Other cash provided (applied)		69,313,352	
Net cash from financing and miscellaneous sources			6,090,919

Reconciliation:

Net change in cash, cash equivalents, and short-term investments	72,722,259
Cash, cash equivalents, and short-term investments:	
Beginning of year	1,430,459,607
End of Year	$1,503,181,866

Thrivent Financial for Lutherans
Compulsory and Security Surplus Calculation
December 31, 2014

Assets			$76,994,356,204
Less security surplus of insurance subsidiaries			40,213,974
Less liabilities			70,501,770,040
Adjusted surplus			6,452,372,190
Annual premium:			
Individual life and health	$1,487,367,349		
Factor	15%		
Total		$223,105,102	
Greater of 7.5% of consideration or 2% of reserves for annuities and deposit administration funds		278,473,403	
Compulsory surplus (subject to a $2,000,000 minimum)			501,578,505
Compulsory Surplus Excess or (Deficit)			$ 5,950,793,685
Adjusted surplus (from above)			$ 6,452,372,190
Security surplus: (140% of compulsory surplus, factor reduced 1% for each $33 million in premium written in excess of $10 million, with a minimum of 110%)			551,736,355
Security Surplus Excess or (Deficit)			$ 5,900,635,835

Thrivent Financial for Lutherans
Analysis of Surplus (in thousands)
For the Five-Year Period Ending December 31, 2014

The following schedule details items affecting the society's total capital and surplus during the period under examination as reported by the society in its filed annual statements:

	2014	**2013**	**2012**	**2011**	**2010**
Capital and surplus, beginning of year	$5,797,910	$4,385,929	$4,003,471	$4,095,577	$4,126,774
Net income	765,192	699,681	504,731	424,013	249,300
Change in net unrealized capital gains/losses	115,157	76,325	11,597	16,174	156,501
Change in net unrealized foreign exchange capital gains/losses	(6,806)	(7,524)	2,835	(6,945)	(8,200)
Change in nonadmitted assets and related items	(5,342)	128,606	(15,751)	5,076	16,283
Change in reserve on account of change in valuation bases			220,599		
Change in asset valuation reserve	(31,843)	630,803	(326,201)	(428,926)	(481,913)
Surplus (contributed to) withdrawn from separate accounts	8,300	8,600	78,638	14,827	15,956
Other changes in surplus in separate accounts statement	(13,953)	(43,970)	(98,417)	(6,537)	27,179
Change in surplus notes					
Write-ins for gains and (losses) in surplus:					
Pension liability adjustment	(136,027)	(80,540)			
Change in additional minimum pension liability			4,427	(109,789)	(6,305)
Capital and Surplus, End of Year	$6,492,586	$5,797,910	$4,385,929	$4,003,471	$4,095,577

Thrivent Financial for Lutherans
Insurance Regulatory Information System
For the Five-Year Period Ending December 31, 2014

The society's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. No unusual IRIS results were noted.

	Ratio	2014	2013	2012	2011	2010
#1	Change in surplus and other funds	12.0%	32.0%	10.0%	-2.0%	-1.0%
#2	Net income to total income	9.0	8.0	6.0	5.0	3.0
#3	Adequacy of investment income	167.0	164.0	166.0	168.0	163.0
#4	Nonadmitted to admitted assets	0.0	0.0	0.0	0.0	0.0
#5	Total real estate and mortgage loans to cash and invested assets	14.0	15.0	16.0	16.0	17.0
#6	Total affiliated investments to capital and surplus	41.0	41.0	54.0	48.0	38.0
#7	Surplus relief	0.0	0.0	1.0	0.0	0.0
#8	Change in premium	4.0	5.0	4.0	4.0	8.0
#9	Change in product mix	2.1	2.6	0.3	0.3	1.4
#10	Change in asset mix	0.1	0.7	0.6	0.2	0.4
#11	Change in reserving	-9.0	-9.0	0.0	1.0	3.0

Growth of Thrivent Financial for Lutherans

Year	Admitted Assets	Liabilities	Capital and Surplus
2014	$76,994,356,207	$70,501,770,040	$6,492,586,166
2013	72,161,546,776	66,363,637,110	5,797,909,666
2012	68,424,647,258	64,038,718,163	4,385,929,095
2011	62,256,789,548	58,253,318,764	4,003,470,784
2010	59,224,749,903	55,129,173,287	4,095,576,616
2009	54,372,055,030	50,245,280,775	4,126,774,255

Net Life Premiums, Annuity Considerations, and Deposits

Year	Life Insurance Premiums	Annuity Considerations	Deposit-type Contract Funds
2014	$1,397,986,060	$3,716,132,749	$ 19,826,710
2013	1,484,160,788	3,398,055,604	20,221,622
2012	1,594,323,410	3,046,803,790	31,937,573
2011	1,520,947,764	2,915,637,253	62,033,927
2010	1,439,444,098	2,745,492,195	103,361,873
2009	1,357,671,314	2,364,379,512	233,089,923

Life Insurance In Force (in thousands)

Year	In Force End of Year	Reinsurance Ceded	Net In Force
2014	$182,526,799	$50,925,787	$131,601,012
2013	178,305,675	46,685,406	131,620,269
2012	174,441,520	42,840,390	131,601,130
2011	170,231,985	38,787,077	131,444,908
2010	166,944,469	35,344,166	131,600,303
2009	164,294,117	32,109,046	132,185,071

Accident and Health

Year	Net Premiums Earned	Incurred Claims and Cost Containment Expenses*	Commissions Incurred	Other Expenses Incurred**	Combined Loss and Expense Ratio
2014	$315,680,625	$418,753,802	$15,688,610	$24,350,498	145.3%
2013	312,457,149	351,209,585	16,468,957	26,862,463	126.3
2012	314,439,135	334,034,985	15,282,070	21,097,853	117.8
2011	331,343,533	303,481,704	14,511,775	21,057,396	103.1
2010	325,817,998	304,404,190	13,817,959	29,323,667	103.6
2009	332,160,012	298,803,889	11,807,332	32,065,567	165.9

* Includes increase in contract reserves
** Includes taxes, licenses, and fees

Total admitted assets have increased 42% to $77.0 billion and total liabilities increased 40% to $70.5 billion since 2009. The membership has decreased 7.6% since 2009.

Net life premiums remained relatively constant over the examination period while annuity considerations showed large increases. Net life premiums have increased 3.0% to $1.4 billion and annuity considerations have increased 57.2% to $3.7 billion since 2009.

The society reported a net income of $765 million in 2014 and $700 million in 2013. Net investment income ranged between $2.3 billion and $2.7 billion per year in the last five years. The society's surplus has increased 57.3% to $6.5 billion from $4.1 billion over the examination period.

Thrivent Financial maintained a diversified investment portfolio comprised primarily of a mix of bonds, equities, mortgage loans and cash and short-term investments. The society actively monitors its investment portfolio to diversify investment risk in accordance with its investment policy and guidelines. The society's asset allocation has been relatively steady.

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination. The members' surplus reported by the society as of December 31, 2014, is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were 11 specific comments and recommendations in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the society are as follows:

1. Investments – Securities Lending—It is recommended that the society complete the Notes to Financial Statements in accordance with the NAIC Annual Statement Instructions – Fraternal.

   Action—Compliance

2. Investments – Bonds—It is recommended that the society report its investments in accordance with the Purposes and Procedure Manual of the NAIC Securities Valuation Office and SSAP 43R.

   Action—Compliance

3. Loss Reserves—It is recommended that the society review and update their procedures for checks and balances in the life and annuity business valuation system to make sure future errors are minimized.

   Action—Compliance

4. Loss Reserves—It is recommended that future Actuarial Opinion Memoranda include the following information, in accordance with s. Ins 50.79 (2), Wis. Adm. Code:

   - A different analytical approach for the Disability Claim Reserves and Life Claim Liabilities than that which attempts to demonstrate the presence of conservatism;
   - A definition of the benchmark that measures immateriality for the purpose of excluding liabilities from Asset Adequacy Testing (AAT);
   - AAT for Long Term Care reserve even if it represents a small percentage of the total reserves because of the risk associated with these reserves; and
   - The use of alternative methods to address some of the actuarial liabilities excluded from AAT.

   Action—Compliance

5. Executive Compensation—It is recommended that the society properly complete the Report on Executive Compensation, as required by ss. 601.42 and 611.63 (4), Wis. Stat.

   Action—Compliance

6. Service Agreements with Affiliates—It is recommended that the society properly include all transactions paid to or received from affiliates for each management and service agreement in Form B of the Insurance Holding Company System Annual Registration Statement, pursuant to s. Ins 40.03, Wis. Adm. Code.

   Action—Compliance

7. Service Agreements with Affiliates—It is recommended that the society disclose transactions paid to or received from affiliates for each management and service agreement in Notes to Financial Statements pursuant to the NAIC Annual Statement Instructions – Fraternal.

   Action—Compliance

8. Service Agreements with Affiliates—It is recommended that the society report all service contracts to the commissioner at least 30 days before it enters into the transactions, pursuant to s. Ins 40.04 (d), Wis. Adm. Code.

   Action—Noncompliance; see comments in the "Summary of Current Examination Results."

9. Affiliated Companies—It is recommended that the society promptly notify the commissioner of the formation or acquisition of any subsidiary, according to s. 611.26 (5), Wis. Stat.

   Action—Compliance

10. Affiliated Companies—It is recommended that the society provide the identity and relationship of every qualified member of the insurance holding company system in its Holding Company Registration Statements, in accordance with s. Ins 40.03 (3) (b), Wis. Adm. Code.

    Action—Compliance

11. Affiliated Companies—It is recommended that the society properly fill out Schedule Y, in accordance with the NAIC Annual Statement Instructions – Fraternal.

    Action—Noncompliance; see comments in the "Summary of Current Examination Results."

Summary of Current Examination Results

This section contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comment on the remaining areas of the society's operations is contained in the examination work papers.

Investments

In review of Schedule D, Part 1, it was noted that the society had 107 investments with zero-filled CUSIP identification. A large portion of these investments consisted of leveraged loans which do not always receive CUSIP identification. However, it was determined that several of the leveraged loans with zero-filled CUSIP identification were issued a CUSIP number which should have been reported on Schedule D, Part 1. It is recommended that the society complete Schedule D, Part 1, in accordance with the NAIC Annual Statement Instructions – Fraternal by including CUSIP identifications when they are available.

Service Agreements with Affiliates

In review of the society's service agreements it was noted that the society had entered into the following affiliated contracts with Thrivent Trust Company without completing a Form D filing 30 days prior to the transaction: Capital and Liquidity Support Agreement effective November 15, 2012, Capital Assurance and Liquidity Agreement effective November 15, 2012, Master Service Agreement effective December 1, 2012, and Service Level Agreement effective March 1, 2013. It is again recommended that the society report all service contracts to the commissioner at least 30 days before it enters into the transactions pursuant to s. Ins 40.04 (d), Wis. Adm. Code.

Affiliated Companies

In 2014 the society received surplus distributions or dividends of $583 million from its affiliated limited partnerships and paid capital contributions of $390 million to the affiliated limited partnerships. In review of the society's Form B filing it was noted that the society did not include the dividends received from or capital contributions paid to its affiliated limited partnerships. It is recommended that the society properly include all dividends received from and/or capital contributions paid to its affiliated limited partnerships in the Form B of the Insurance Holding Company System Annual Registration Statement pursuant to s. Ins 40.03, Wis. Adm. Code.

In review of Schedule Y it was noted that the society did not include Thrivent Mutual Funds and Thrivent Series Fund, Inc., on Schedule Y. It is again recommended that the society properly fill out Schedule Y in accordance with the NAIC Annual Statement Instructions – Fraternal.

Actuarial Findings

As noted earlier, an independent actuary was engaged under a contract with OCI to review the adequacy of aggregate life and annuity reserves, aggregate accident and health reserves, refunds to members, asset adequacy analysis, and deferred premium.

The independent actuary's review noted that, in recent years, insurance and annuity products have become increasingly complex. As a result, additional risks beyond interest rate and equity risk, particularly risks related to contract holder behavior, have increased in importance in the evaluation of reserves. In both regulations and standards of practice, sensitivity testing has been recognized as a key actuarial tool for identifying such key risks and measuring their relative impacts for setting appropriate margins in the actuarial assumptions. To assist the society in such analysis, it is recommended that the society enhance its current margin setting and sensitivity testing approach by developing more focused and detailed sensitivity testing procedures for both asset adequacy analysis and Actuarial Guideline 43 and document the results of this testing in the respective actuarial memoranda.

Additionally, with respect to the asset adequacy analysis, long-term care assumptions were updated based on a recent experience study which showed worsened experience for this product type. However, it appears that the society did not consider the likelihood of a continued trend of worsening experience and thus did not provide for adverse deviation in future experience. It is recommended that in order to provide for moderately adverse deviations in the asset adequacy analysis of reserves, long-term care assumptions incorporate an estimate of the trends in worsening experience, including the lengthening of claim payments.

VIII. CONCLUSION

Thrivent Financial for Lutherans is a Wisconsin-domiciled fraternal benefit society insurer that offers insurance, annuity, and investment products to its members. Thrivent Financial was formed in 2002 from the merger of two Lutheran fraternals, Lutheran Brotherhood and Aid Association for Lutherans.

Total admitted assets have increased 42% to $77.0 billion and total liabilities increased 40% to $70.5 billion since 2009. The membership has decreased 7.6% since 2009.

Net life premiums remained relatively constant over the examination period while annuity considerations showed large increases. Net life premiums have increased 3.0% to $1.4 billion and annuity considerations have increased 57.2% to $3.7 billion since 2009.

The society reported a net income of $765 million in 2014 and $700 million in 2013. Net investment income ranged between $2.3 billion and $2.7 billion per year over the past five years. The society's surplus has increased 57.3% to $6.5 billion from $4.1 billion over the examination period.

The current examination determined that the society is in compliance with 9 of the 11 recommendations of the prior examination. The current examination resulted in 6 recommendations, 1 each regarding service agreements and investment reporting and 2 each regarding affiliated reporting and actuarial findings.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 44 - Investments—It is recommended that the society complete Schedule D, Part 1, in accordance with the NAIC Annual Statement Instructions – Fraternal by including CUSIP identifications when they are available.

2. Page 44 - Service Agreements with Affiliates—It is again recommended that the society report all service contracts to the commissioner at least 30 days before it enters into the transactions pursuant to s. Ins 40.04 (d), Wis. Adm. Code.

3. Page 44 - Affiliated Companies—It is recommended that the society properly include all dividends received from and/or capital contributions paid to its affiliated limited partnerships in the Form B of the Insurance Holding Company System Annual Registration Statement pursuant to s. Ins 40.03, Wis. Adm. Code.

4. Page 45 - Affiliated Companies—It is again recommended that the society properly fill out Schedule Y in accordance with the NAIC Annual Statement Instructions – Fraternal.

5. Page 45 - Actuarial Findings—It is recommended that the society enhance its current margin setting and sensitivity testing approach by developing more focused and detailed sensitivity testing procedures for both asset adequacy analysis and Actuarial Guideline 43 and document the results of this testing in the respective actuarial memoranda.

6. Page 45 - Actuarial Findings—It is recommended that in order to provide for moderately adverse deviations in the asset adequacy analysis of reserves, long-term care assumptions incorporate an estimate of the trends in worsening experience, including the lengthening of claim payments.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the society are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Diana Havitz	Insurance Financial Examiner
Angie Romaker	Insurance Financial Examiner
Scott Bleifuss	Insurance Financial Examiner
Randy Milquet	ACL Specialist
David Jensen	IT Specialist
Jerry DeArmond	Reserve Specialist

Respectfully submitted,

Terry Lorenz
Examiner-in-Charge