Report of the Examination of

Thrivent Financial for Lutherans

Minneapolis, Minnesota

As of December 31, 2019

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October 13, 2020

Honorable Mark V. Afable
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 (the society) was conducted in 2015 as of December 31, 2014. The current examination covered the intervening period ending December 31, 2019, and included a review of such subsequent transactions as deemed necessary to complete the examination.

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 insurer to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect the 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 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 concerning the alternative or additional examination steps performed during 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, deposit-type reserves, refunds to members, 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.

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 benefit 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. On July 1, 2019, Thrivent Life Insurance Company, a subsidiary of the society, underwent a dissolution whereby all of the assets and liabilities of the subsidiary were absorbed by the society. The society 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 2019, the society collected direct life and health insurance premiums and annuity considerations in the following states:

Minnesota	$ 633,414,573	13.2%
Wisconsin	627,190,432	13.1
Illinois	283,689,979	5.9
California	266,846,800	5.6
Pennsylvania	244,014,261	5.1
All others	2,738,846,697	57.1
Total	$4,794,002,742	100.0%

The major life and health products marketed by the society 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. In July 2020, the society began offering a new variable annuity which will replace its old product going forward.

The society 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, 2019, 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, 2019, the Thrivent Financial for Lutherans separate accounts reported statutory total assets of $34,481,927,474, total liabilities of $34,408,323,415, and surplus of $73,604,059.

The society primarily uses a career agency system to procure business. The agency system consists of 16 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 2,300 full-time financial representatives disbursed among the 16 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 the society's 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 2019. 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	$ 789,474,024	$0	$ 7,880,027	$ 781,593,997
Term life	186,588,233	0	85,853,582	100,734,651
Universal life	525,079,688	0	4,327,475	520,752,213
Universal life with secondary guarantee	273,557,870	0	8,064,871	265,492,999
Variable universal life	30,801,656	0	393,587	30,408,069
Immediate annuities	95,078,665	0	0	95,078,665
Deferred annuities	2,798,826,639	0	0	2,798,826,639
Long-term care	208,863,621	0	0	208,863,621
Disability Income	38,595,086	0	132,852	38,462,234
Medicare Supplement	124,549,543	0	0	124,549,543
Major Medical	1,813,229	0	0	1,813,229
Total All Lines	$5,073,228,254	$0	$106,652,394	$4,966,575,860

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 has been 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 Thrivent Member Network (TMN), the society's lodge structure, in which they are members. Benefit Members and Associate Members may hold office in their TMN, 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**
2019	2,231,234
2018	2,254,480
2017	2,279,127
2016	2,298,426
2015	2,309,897
2014	2,327,128

Board of Directors

In 2019, the board of directors consists of 14 members, including 10 elected directors, three appointed directors, and one principal officer; in 2020 it consists of 11 elected, two appointed and one principal officer. The society's bylaws provide that the board shall consist of 10 to 12 directors duly elected by the Benefit Members of the society, up to four appointive directors, and up to two principal officers of the society. Three to four 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. The board members currently receive $205,000 ($348,700 for the chairperson) for serving on the board. An additional $20,000 is paid to board members who also serve as a chairperson for a committee of the board.

Currently, the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Deborah Ackerman Wilmette, Illinois	Co-founder and Senior Advisor Twin Bridge Capital Partners	2021
N. Cornell Boggs Ludington, Michigan	Senior Advisor Quarles & Brady	2021
Kenneth Carow Greenwood, Indiana	Executive Associate Dean for Indianapolis Research and Programs Kelly School of Business	2021
Frederick Kraegel Henrico, Virginia	Consultant Parham Partners	2021
Bonnie Raquet Williamsburg, Virginia	Retired	2021
Angela Rieger Madison, Wisconsin	Senior Vice President, Head of International Lands' End	2021
Mark Jeske Milwaukee, Wisconsin	Pastor	2022
Nicole Pechet San Francisco, California	Chief Executive Officer Homebound	2022
Bradford Creswell Mercer, Washington	Co-founder, Managing Partner NCA Partners LLC	2023
Lynn Crump-Caine Atlanta, Georgia	Owner OutsideIn Consulting	2023
Eric Draut Arlington Heights, Illinois	Retired	2023

Name and Residence	Principal Occupation	Term Expires
Kathryn Marinello Bonita Springs, Florida	Former Chief Executive Officer Hertz	2023
Kirk Farney Hinsdale, Illinois	Vice President, Advance, Vocation and Alumni Engagement Wheaton College	2024
Teresa Rasmussen Orono, Minnesota	Chief Executive Officer Thrivent Financial for Lutherans	N/A

Officers of the Society

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

Name	Office
Teresa Rasmussen	Chief Executive Officer
Vibhu Sharma	Chief Financial Officer & Treasurer
Paul Johnston	General Counsel & Secretary
David Royal	Chief Investment Officer
Sarah Jansen	Chief Information Officer

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:

Executive Committee
Bonnie Raquet, Chair
Eric Draut
Kirk Farney
Frederick Kraegel
Kathryn Marinello
Teresa Rasmussen
Cornell Boggs

Audit Committee
Eric Draut, Chair
Cornell Boggs
Lynn Crump-Caine
Nicole Pechet
Angela Rieger
Deborah Ackerman

Finance Committee
Frederick Kraegel, Chair
Kenneth Carow
Bradford Creswell
Kirk Farney
Mark Jeske
Kathryn Marinello

Governance Committee
Cornell Boggs, Chair
Lynn Crump-Caine
Mark Jeske
Bonnie Raquet
Teresa Rasmussen

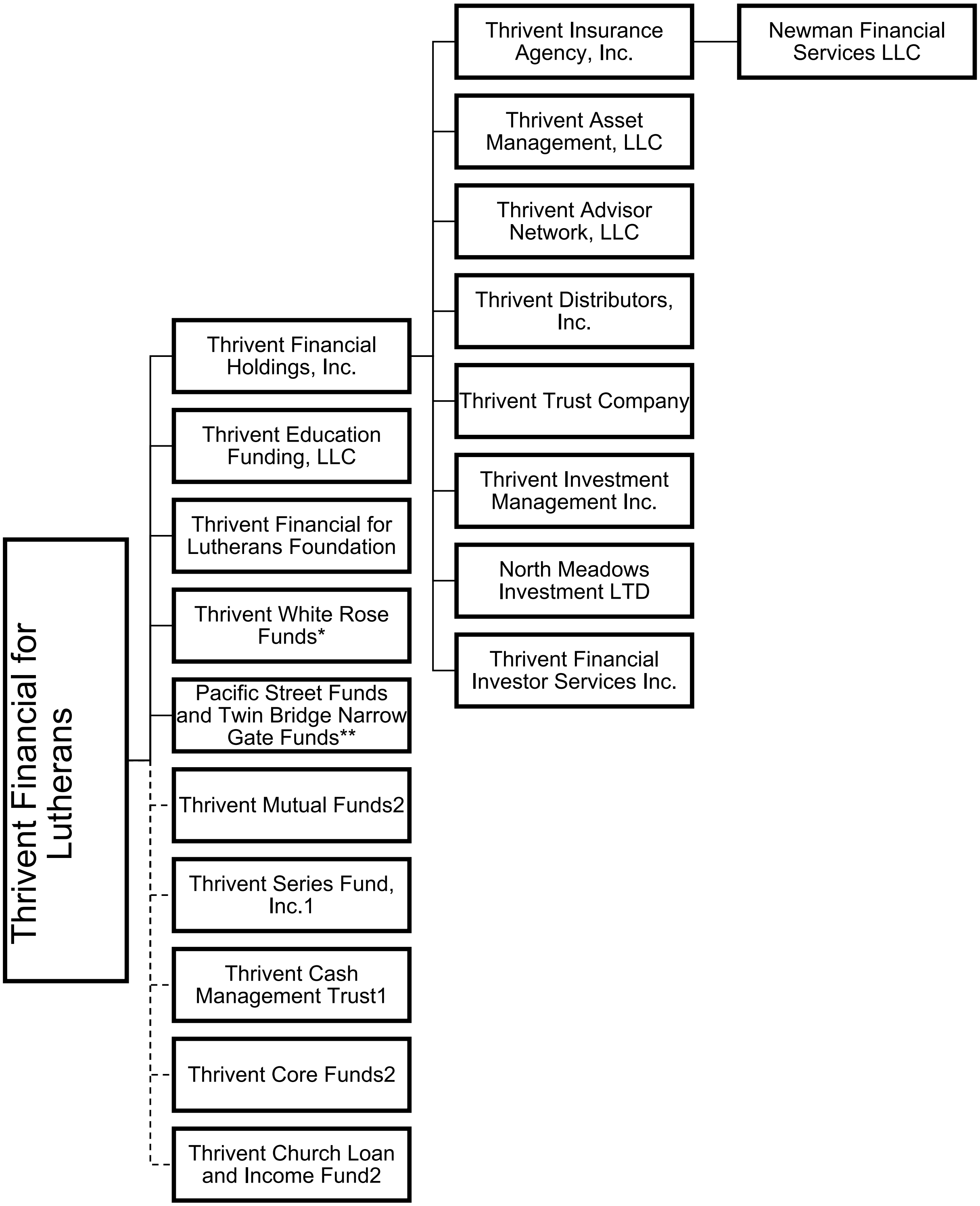
Strategy Committee
Kirk Farney, Chair
Bradford Creswell
Eric Draut
Frederick Kraegel
Nichole Pechet
Deborah Ackerman

Human Resource Committee
Kathryn Marinello, Chair
Cornell Boggs
Kenneth Carow
Lynn Crump-Caine
Mark Jeske
Angela Rieger

IV. AFFILIATED COMPANIES

The society 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 the society follows the organizational chart.

Organizational Chart
As of December 31, 2019



[1]The entities are not affiliates or subsidiaries of the society. Each has contractual relationships with the society, with the society serving as the investment adviser and administrator.
[2]The entities are not affiliates or subsidiaries of the society, and not under the control or ownership of the society.

***Thrivent White Rose Funds are organized as limited liability partnership, controlled by a single general partner. Each general partner is a limited liability company. Here is a list of each general partner, along with the respective funds under its control:**

- White Rose GP I, LLC
  - White Rose Fund I Equity Direct, L.P, 2007
  - White Rose Fund I Fund of Funds, L.P., 2007
- Thrivent White Rose GP II, LLC
  - Thrivent White Rose Fund II Equity Direct, L.P., 2008
  - Thrivent White Rose Fund II Fund of Funds, L.P., 2008
- Thrivent White Rose GP III, LLC
  - Thrivent White Rose Fund III Equity Direct, L.P., 2009
  - Thrivent White Rose Fund III Fund of Funds, L.P., 2009
  - Thrivent White Rose Fund III Mezzanine Direct, L.P., 2009
- Thrivent White Rose GP IV, LLC
  - Thrivent White Rose Fund IV Equity Direct, L.P., 2011
  - Thrivent White Rose Fund IV Fund of Funds, L.P., 2011
- Thrivent White Rose GP V, LLC
  - Thrivent White Rose Fund V Equity Direct, L.P., 2012
  - Thrivent White Rose Fund V Fund of Funds, L.P., 2012
- Thrivent White Rose GP VI, LLC
  - Thrivent White Rose Fund VI Equity Direct, L.P., 2013
  - Thrivent White Rose Fund VI Fund of Funds, L.P., 2013
- Thrivent White Rose GP VII, LLC
  - Thrivent White Rose Fund VII Equity Direct, L.P., 2014
    - White Rose VII Equity Direct Corporation, 2014
  - Thrivent White Rose Fund VII Fund of Funds, L.P. 2014
- Thrivent White Rose GP VIII, LLC
  - Thrivent White Rose Fund VIII Equity Direct, L.P. 2015
  - Thrivent White Rose Fund VIII Fund of Funds, L.P. 2015
- Thrivent White Rose GP IX, LLC
  - Thrivent White Rose Fund IX Equity Direct, L.P. 2016
    - White Rose IX Equity Direct Corporation, 2016
  - Thrivent White Rose Fund IX Fund of Funds, L.P., 2016
- Thrivent White Rose GP X, LLC
  - Thrivent White Rose Fund X Equity Direct, L.P. 2017
    - White Rose X Equity Direct Corporation I, 2017
    - White Rose X Equity Direct Corporation II, 2017
  - Thrivent White Rose Fund X Fund of Funds, L.P. 2017
- Thrivent White Rose Real Estate GP I, LLC
  - Thrivent White Rose Real Estate Fund I Fund of Funds, L.P., 2017
- Thrivent White Rose GP XI, LLC
  - Thrivent White Rose Fund XI Equity Direct, L.P. 2018
    - White Rose XI Equity Direct Corporation I
    - White Rose XI Equity Direct Corporation II
  - Thrivent White Rose Fund XI Fund of Funds, L.P. 2018
- Thrivent White Rose Opportunity Fund, GP, LLC, 2018
  - Thrivent White Rose Opportunity Fund, L.P., 2018
- Thrivent White Rose Real Estate GP II, LLC 2018
  - Thrivent White Rose Real Estate Fund II, L.P., 2018
- Thrivent White Rose GP XII, LLC, 2019
  - Thrivent White Rose Fund XII Fund of Funds, L.P., 2019
  - Thrivent White Rose Fund XII Equity Direct, L.P., 2019
    - White Rose XII Equity Direct Corporation I, 2019
    - White Rose XII Equity Direct Corporation II, 2019
- Thrivent White Rose GP XIII, LLC, 2020
  - Thrivent White Rose Fund XIII Fund of Funds, L.P., 2020
  - Thrivent White Rose Fund XIII Equity Direct, L.P., 2020
    - White Rose XIII Equity Direct Corporation I
    - White Rose XIII Equity Direct Corporation II
- Thrivent White Rose Endurance GP, LLC, 2020
  - Thrivent White Rose Endurance Fund, L.P., 2020
    - White Rose Endurance Corporation I
    - White Rose Endurance Corporation II

** Pacific Street Funds are organized as limited liability partnerships, controlled by a single general partner. Each general partner is a limited liability company that is managed and controlled by its managing member Twin Bridge Capital Partners LLC. Here is a list of each general partner, along with the respective funds under its control:

- Pacific Street GP, LLC
  - Pacific Street Fund, L.P.
- Pacific Street GP II, LLC
  - Pacific Street Fund II, L.P.
- Pacific Street GP III, LLC
  - Pacific Street Fund III, L.P.
- Pacific Street GP IV, LLC
  - Pacific Street Fund IV, L.P.
- Twin Bridge Narrow Gate GP, L.P.
  - Twin Bridge Narrow Gate Fund, L.P.

Thrivent Financial Holdings, Inc.

Thrivent Financial Holdings, Inc. (TFHI) is organized under the laws of Delaware and serves as an intermediate financial holding company of operating subsidiaries within the Thrivent group. TFHI is a wholly owned subsidiary of the society.

As of December 31, 2019, the unaudited financial statements of TFHI reported assets of $20.0 million, liabilities of $0.8 million, and total shareholder's equity of $19.2 million. Operations for 2019 produced net income of $10.9 million.

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 a wholly owned subsidiary of TFHI.

As of December 31, 2019, the audited financial statements of TAM reported assets of $30.0 million, liabilities of $7.8 million, and total members' equity of $22.2 million. Operations for 2019 produced net income of $20.1 million.

Thrivent Investment Management Inc.

Thrivent Investment Management Inc. (TIMI) is a registered securities broker/dealer and registered investment adviser and is a member of the Financial Industry Regulatory Authority (FINRA). Thrivent Investment Management Inc. serves as the distributor for the Thrivent family of mutual funds and for the Thrivent variable annuity and variable life accounts.

As of December 31, 2019, the audited financial statements of Thrivent Investment Management Inc. reported assets of $85.6 million, liabilities of $16.0 million, and total shareholders' equity of $69.6 million. TIMI operations for 2019 produced comprehensive income of $24.6 million.

Thrivent Financial Investor Services Inc.

Thrivent Financial Investor Services Inc. (TFIS) serves as a transfer agent for the Thrivent Mutual Funds.

As of December 31, 2019, the audited financial statements of Select Subsidiaries of Thrivent Financial Holdings, Inc., included assets for TFIS of $42.5 million, liabilities of $36.0 million, and total shareholders' equity of $6.5 million. TFIS operations for 2019 produced net income of $2.0 million.

Thrivent Trust Company

Thrivent Trust Company (TTC) 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 the society's sales representatives. TTC is governed by a board of directors currently consisting of six members, four of whom are independent from the society.

As of December 31, 2019, the audited financial statements of TTC, included assets of $73.5 million, liabilities of $32.2 million, and total shareholders' equity of $41.3 million. Operations for 2019 produced net loss of $1.3 million.

Thrivent Insurance Agency Inc.

Thrivent Insurance Agency Inc. (TIA) is a life and health insurance agency engaged in the distribution of non-proprietary life and health insurance products through financial representatives of Thrivent Financial for Lutherans.

As of December 31, 2019, the unaudited financial statements included assets for TIA of $4.4 million, liabilities of $0.4 million, and total shareholders' equity of $4.0 million. TIA's operations for 2019 produced net income of $3.1 million.

Newman Financial Services LLC

Newman Financial Services LLC (NFS) is a wholly owned subsidiary of TIA. This subsidiary is a long-term care insurance agency that distributes the society's long-term insurance as well as other non-proprietary long-term care products through its independent agent relationships.

As of December 31, 2019, the unaudited financial statements included assets for NFS of $0.7 million, liabilities of $0.4 million, and total shareholders' equity of $0.3 million. NFS's operations for 2019 produced net loss of $0.6 million.

Thrivent Advisor Network, LLC

Thrivent Advisor Network, LLC (TAN) is a registered investment advisor (RIA) with the U.S. Securities and Exchange Commission. As an investment adviser, the firm offers investment advisory products and services, including investment management services, financial planning and consulting, retirement plan advisory services and wrap-fee programs.

As of December 31, 2019, the unaudited financial statements included assets for TAN of $1.8 million, liabilities of $0.2 million, and total shareholders' equity of $1.6 million. TAN's operations for 2019 produced net loss of $0.5 million.

Thrivent Distributors, LLC

Thrivent Distributors, LLC (TDI) serves as a limited purpose principal underwriting broker-dealer for Thrivent Mutual Funds. TDI distributes the Thrivent Mutual Funds through three channels: (1) Registered Representatives of Thrivent Investment Management Inc., (2) website that markets the Thrivent Mutual Funds directly to the public, and (3) third-party broker/dealers who have entered into selling agreements with TDI.

As of December 31, 2019, the audited financial statements of Select Subsidiaries of Thrivent Financial Holdings, Inc., included assets for TDI of $17.3 million, liabilities of $5.9 million, and total shareholders' equity of $11.4 million. TDI's operations for 2019 produced net income of $0.6 million.

North Meadows Investment Ltd.

North Meadows Investment Ltd. (NML) is a real estate development and investment corporation.

As of December 31, 2019, the unaudited financial statements included assets for NML of $5.1 million, liabilities of $0.1 million, and total shareholders' equity of $5.0 million. NML's operations for 2019 produced a net loss of $3.0 million.

Thrivent Financial for Lutherans Foundation

Thrivent Financial for Lutherans Foundation (the 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 the society. The name of the foundation was changed to Thrivent Financial for Lutherans Foundation effective September 18, 2002. The foundation is not a subsidiary of the society.

Thrivent Mutual Funds

Thrivent Mutual Funds (TMF) is an open-end management investment company registered under the Investment Company Act of 1940 and 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.

TMFs are not affiliates or subsidiaries of the society and not under the control or ownership of the society. 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 and Thrivent Core Funds. Thrivent Asset Management, LLC, serves as the investment adviser of Thrivent Mutual Funds.

TMF is comprised of 23 separate funds (as of December 31, 2019), 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 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.

TSF is not an affiliate or subsidiary of the society. The general operation of TSF is managed and supervised by its board of directors. Each director also serves as a trustee of Thrivent Cash Management Trust, Thrivent Core funds, and Thrivent Mutual Funds. TSF has a contractual relationship with the society, whereby the society serves as the investment adviser and administrator of Thrivent Series Fund, Inc.

TSF is comprised of 29 separate series or portfolio funds as of December 31, 2019; each series exists 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 the society which are used to fund benefits under various variable life insurance and variable annuity contracts issued by the society; (ii) separate accounts of insurance companies not affiliated with the society, and (iii) other portfolios of TSF.

Thrivent Core Funds

Thrivent Core Funds (TCF) is an open-end management investment company registered under the Investment Company Act of 1940 and organized as a Delaware statutory trust on March 18, 2016. TCF is not an affiliate or subsidiary of the society.

The general operation of Thrivent Core Funds is managed and supervised by its board of trustees. Each trustee also serves as trustee of Thrivent Cash Management Trust and Thrivent Mutual Funds and as director of Thrivent Series Funds, Inc. Thrivent Asset Management, LLC serves as the investment advisor of the Thrivent Core Funds.

The investment company is comprised of five separate funds as of December 31, 2019; each fund exists as a separate investment mutual fund having specific investment specialization, risk modeling, and risk objectives. The funds are established solely for investment by Thrivent entities.

Thrivent Church Loan and Income Fund

Thrivent Church Loan and Income Fund (TCLIF) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940. TCLIF is operated as an “interval fund” that allows investors to purchase shares daily. TCLIF conducts quarterly repurchase offers, offering to purchase between 5% and 25% of the Funds outstanding shares. TCLIF currently offers only one class of shares: Class S. TCLIF is not an affiliate or subsidiary of the society.

TCLIF was formed on October 23, 2017, as a Delaware statutory trust, with operations commencing on October 1, 2018. Overall responsibility for oversight of TCLIF rests with the board of trustees. The board has engaged Thrivent Asset Management, LLC to manage TCLIF on a day-to-day basis.

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.

TCMT is not an affiliate or subsidiary of the society. The general operation of TCMT is managed and supervised by its board of trustees, which also serves as the board for TSF and TMF. TCMT has contractual relationships with the society serving as the investment adviser and administrator.

Gold Ring Holdings, LLC

Gold Ring Holdings, LLC (GRH), initially organized on March 15, 2011, under Delaware law, 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, 2019, the audited financial statements of Select Subsidiaries of Thrivent Financial Holdings, Inc., included assets for GRH of $11.5 million, liabilities of $0.2 million, and total shareholders' equity of $11.3 million. GRH operations for 2019 produced a net loss of $3.7 million.

Thrivent Education Funding, LLC

Thrivent Education Funding, LLC (TEF) was formed in 2016 as a special purpose entity to acquire, hold, administer, finance, manage, sell, and pledge loans.

As of December 31, 2019, the audited financial statements included assets for TEF of $346 million, liabilities of $143 million, and total shareholders' equity of $203 million. TEF operations for 2019 produced net income of $2.8 million.

Thrivent White Rose Funds

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 that the society has made to the White Rose Fund.

Pacific Street and Twin Bridge Narrow Gate Funds

The Pacific Street Funds and Twin Bridge Narrow Gate Funds invest in private equity limited partnerships or direct equity co-investments (Pacific Street Funds, Twin Bridge Narrow Gate Funds). The Pacific Street Funds and Twin Bridge Narrow Gate Funds are managed and controlled by their sole general partner, Twin Bridge Capital Partners LLC (Twin Bridge).

Significant Changes to the Organizational Structure

Thrivent Life Insurance Company was dissolved, and its assets and liabilities were absorbed into the society, effective July 1, 2019. As a result of the dissolution, all related party agreements between TLIC and other affiliates were terminated.

The following entities were also either sold or dissolved during the examination period:

- CuLearn, LLC's assets were sold on October 1, 2019, and the entity was dissolved effective December 31, 2019.
- Thrivent Education Finance Group, LLC was dissolved on August 8, 2019.
- Newlife Insurance Agency, LLC was dissolved effective December 31, 2019.
- Prepare/Enrich, LLC was sold on December 31, 2019.
- Various White Rose funds were created and dissolved during the examination period.

Agreements with Affiliates

The society is a party to various related party agreements with its subsidiaries, affiliates, and non-affiliates. The significant agreements are summarized as follow:

Principal Underwriting Agreement

Effective October 1, 2002, the society signed a Principal Underwriting Agreement with Thrivent Investment Management, Inc., whereby TIMI is appointed as principal underwriter and to act as representative to market the society's variable life insurance contracts and variable annuity contracts. In return, the society shall arrange for the payment of commissions to registered representatives of TIMI in connection with the sale of the contracts on behalf of TIMI. The society shall reimburse TIMI for the costs and expenses incurred related to the marketing and sales of the contracts. The agreement was amended on September 24, 2019, to add conditions under which the parties may enter into selling agreements with third party broker dealers for the distribution of the society's variable annuity and variable life products.

Investment Advisory Agreement

In two separate agreements effective April 10, 2002, and August 25, 2004, the society signed an Investment Advisory Agreement with Thrivent Series Fund, Inc., and Thrivent Cash Management Trust, respectively. As agreed by both parties, the society is appointed as investment adviser with respect to each investment portfolio for the period and during the term of the agreement. In return, society 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. The society 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. The society will be reimbursed all charges and fees with respect to the portfolios.

Participation Agreement

Effective December 15, 2003, the society signed a Participation Agreement with Thrivent Series Fund, Inc., wherein the segregated asset accounts (separate accounts) established by the society 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 the society. The contracts funded through the separate accounts are allocated to subaccounts for investment in shares of portfolios selected by the 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 the society, 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 the society.

Administrative Services Agreement

The society signed an Administrative Service Agreement with Thrivent Series Fund, Inc., effective January 1, 2009, and with Thrivent Cash Management Trust, effective August 25, 2004. Pursuant to the agreements, the society 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 the society shall have ready access to their agents, books, records, financial information, management, and resources at such times and for such periods as the society reasonably deems necessary to perform the services.

IT Administration Agreement

The society entered into an IT Administration Agreement with Newman Financial Services LLC effective July 1, 2015, in order to provide NFS with certain administrative IT support, hosting, storage, security, and back-up services.

Capital and Liquidity Support Agreement

The society entered into a Capital and Liquidity Support Agreement with the Office of the Comptroller of the Currency (OCC), Thrivent Trust Company and Thrivent Financial Holdings, Inc., as a means for TFH and the society to provide capital, liquidity, and other support for TTC when necessary. This is a federal requirement for the TTC to maintain the minimum capital required by the OCC. The agreement was executed on December 4, 2012, and a new agreement was executed on August 2, 2017.

Capital Assurance and Liquidity Maintenance Agreement

The society entered into a Capital Assurance and Liquidity Maintenance Agreement with Thrivent Trust Company and Thrivent Financial Holdings, Inc., in conjunction with the Capital and Liquidity Support Agreement which sets forth the continuing obligation of the society and TFH to provide

TTC the necessary capital and liquidity support, in order to ensure that TTC 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. The agreement was executed on December 4, 2012, and a new agreement was executed on August 2, 2017.

Service Level Agreement

The society entered into a Service Level Agreement with Thrivent Trust Company effective April 1, 2014, and amended May 1, 2015, wherein the society 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 the society 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 the society 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 the society for the contractor services provided in accordance with the terms of the agreement.

Limited Partnership Fund Agreements

The society formed a series of investment vehicles to hold the private equity investments made for its general account. These investment vehicles are organized as limited partnerships. The limited partnerships are documented through Limited Partnership Agreements using a standard form that has been filed with the State of Wisconsin. These limited partnerships are illustrated on the Organizational Chart as White Rose Funds, Limited Partnerships and Pacific Street Funds, Limited Partnerships.

Master Service Agreements

The society has service agreements with various subsidiaries and affiliates, which provide human resources, legal services, IT services, facilities, finance support, marketing support, and sales support. The agreements obligate the subsidiaries and affiliates to reimburse the society 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.

The agreement was redrafted and became effective January 1, 2019, and redrafted again and became effective January 1, 2020. It is the expectation that the agreement will be redrafted and signed on January 1 of each year going forward. Parties to the agreement in 2019 included the following: Thrivent Financial Holdings. Inc., North Meadows Investment Ltd., Thrivent Insurance Agency Inc., Thrivent, Financial Investor Services Inc., Thrivent Investment Management Inc., Thrivent Distributors, LLC, Newman Financial Services LLC, Thrivent Asset Management, LLC, Gold Ring Holdings, LLC, Thrivent Education Funding, LLC, and Thrivent Advisor Network, LLC.

The society has another Master Service Agreement, effective December 1, 2012, with Thrivent Federal Credit Union (TFCU) to provide contractor services including personnel and other technical resources. In return, TFCU shall pay the society 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 TFCU.

The society also has a master service agreement with Thrivent Trust Company effective December 2, 2012, with amendments dated November 25, 2013, and January 15, 2015, to provide IT, administration, finance, legal, human resource, and other services. In return, Thrivent Trust Company shall pay the society for services rendered including reimbursable expenses described in the respective schedule of services or programs.

Agency Services Agreement

The society entered into an Agency Services Agreement with Thrivent Insurance Agency, Inc., Newman Financial Services, LLC and Thrivent Advisor Network, LLC, effective December 18, 2018, November 1, 2019, and November 27, 2019, respectively. Under the terms of the agreement, the affiliates will provide standard general agency services to the society in connection with independent producers selling the society's insurance products. For services in connection with its sales, the affiliates will receive standard commission-based compensation in accordance with the compensation schedule in the agreement. The agreement between the society and TIA was amended on December 23, 2019 to revise the compensation schedule.

Credit and Security Agreement

The society entered into a Credit and Security Agreement with Thrivent Education Funding, LLC, effective December 31, 2018, in which the society will lend up to $500 million to TEF through a Variable Funding Note which would be paid at a fixed rate of interest as outlined in the terms. TEF would use the proceeds from the note to purchase private student loans from Thrivent Financial Credit Union and from external third parties that meet the society's underwriting standards. TEF would repay the note with proceeds obtained from the private student loans it acquired.

Data Sharing Agreement

The society entered into a Data Sharing Agreement with Thrivent Advisor Network, LLC, effective July 1, 2019, in which the society provides TAN limited license to access, copy, process, and use client data for the purpose of providing services to the clients, carrying out requests made by the clients, providing compliance and supervisory controls, and transitioning services from the society to TAN.

V. REINSURANCE

The society's reinsurance portfolio and strategy at the time of the examination are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contain proper insolvency provisions.

Reinsurance Cession Program

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 2019, the society ceded insurance premium considerations of $106.7 million, which is less than 3% of the gross premium and annuity considerations received by the society in 2019.

The National Association of Insurance Commissioners adopted a 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 were $754.0 million or 91.3% of the total reserve credits taken as of December 31, 2019.

The society currently has six active ceded reinsurance agreements for the cession of new risks and is a party to numerous closed ceded reinsurance agreements that are briefly discussed at the end of the section. The following summary of the society’s reinsurance program is limited to discussion of the active reinsurance agreements.

Types of reinsurance agreements currently used:

First Dollar Quota-Share and Excess

The society will automatically cede and the assuming company will automatically accept its share of the risk 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-, 20-, and 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 reinsurers accept all amounts beyond that.

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. 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.

Facultative Reinsurance

This reinsurance is done on a YRT basis on contracts submitted facultative. The society's underwriting department makes submission to the reinsurer and the reinsurer will determine whether to accept the risk. As such, there is no retention for the society.

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 single life limit of $20 million, subject to a jumbo limit of $35 million.

Ceding Contracts

1.	Type:	Facultative Yearly Renewable Term
	Reinsurer:	General Re Life Corporation
	Scope:	Universal Life, Variable Universal Life, Permanent Life
	Retention:	N/A
	Coverage:	Cases are submitted to the reinsurer and the reinsurer will determine what it will accept
	Effective date:	June 1, 1980
2.	Type:	Facultative Yearly Renewable Term
	Reinsured:	RGA Reinsurance Company
	Scope:	Permanent Life, Universal Life, Variable Universal Life
	Retention:	N/A
	Coverage:	Cases are submitted to the reinsurer and the reinsurer will determine what it will accept
	Effective date:	January 1, 1993
3.	Type:	Facultative and Automatic Yearly Renewable Term
	Reinsured:	Swiss Re Life & Health America, Inc.
	Scope:	Permanent Life, Term Life, Universal Life, Variable Universal Life, Survivor Whole Life
	Retention:	N/A
	Coverage:	Cases are submitted to the reinsurer and the reinsurer will determine what it will accept For the excess piece, or automatic, the society is able to bind automatically up to $20 million for a single life or $35 million jumbo limits. Anything above $20 million would require approval from the reinsurer.
	Effective date:	June 1, 2007
4.	Type:	Yearly Renewable Term Quota Share Agreement
	Reinsured:	SCOR Global Life USA
	Scope:	Level Term 10-, 15-, 20-, 30-year Plans
	Retention:	10%, up to a maximum of $3 million per life for Term

Coverage:	67.5% up to the insured's retention limit, then 75%
Effective date:	November 11, 2017

SCOR Global Life USA (SGL) is one of three reinsurers in the YRT quota share agreement for term. The treaty was amended in February 2019 and SGL's coverage share remained the same after the amendment. This treaty also allows for facultative reinsurance of the term product. Underwriting can send to SGL for their consideration and SGL can accept up to 100% of the risk.

5.	Type:	Yearly Renewable Term Quota Share Agreement
	Reinsured:	RGA Reinsurance Company
	Scope:	Level Term 10-, 15-, 20-, 30-year Plans Universal Life III Plan (UL III)
	Retention:	10%, up to a maximum of $3 million per life for Term. 50%, up to a maximum of $3 million per life for UL III
	Coverage:	Effective February 1, 2019 13.5% up to the insured's retention limit, then 15% for Term (LTIV) 100% of 50% ceded until retention limit then 100% of ceded for UL III
	Effective date:	ULIII effective date was November 11, 2017 until the product was discontinued in 2019. Term was effective November 11, 2017 and amended in February 2019 to reflect a change in coverage

RGA Reinsurance Company (RGA) is one of three reinsurers in the quota share agreement for term. Their share of the pool was 25% from November 2017 until the product was discontinued in 2019. In 2019, the agreement was amended and RGA's share was reduced to 15% from 25%. This treaty also allows for facultative reinsurance of the term product. Underwriting can send to RGA for their consideration and RGA can accept up to 100% of the risk.

6.	Type:	Yearly Renewable Term Quota Share Agreement
	Reinsured:	Swiss Re Life and Health America Inc.
	Scope:	Level Term 10-, 15-, 20-, 30-year Plans
	Retention:	10%, up to a maximum of $3 million per life for Term.
	Coverage:	9%, up to the insured's retention limit, then 10% for Term
	Effective date:	February 18, 2019

Swiss Re Life and Health America Inc. (SwissRe) is one of three reinsurers in the quota share agreement for term. This treaty also allows for facultative reinsurance of the term product. Underwriting can send to SwissRe for their consideration and SwissRe can accept up to 100% of the risk.

Significant Closed Reinsurance

The society has participated since 2003 in a first dollar quota share agreement on term products with RGA Reinsurance Company and Swiss Re Life & Health America, Inc. Prior to 2017, this business was reinsured on a coinsurance basis. The reinsurance is closed and in runoff. The society also has a coinsurance agreement with Transamerica Financial Life Insurance Company (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.

The society ceded 100% of a survivor life insurance product to Athene Annuity & Life Company (AAL). This business is administered by Thrivent, which includes policy service and administration, adjudication of claims, and financial, actuarial, legal and reinsurance services related to the survivor life insurance products. The society discontinued marketing the survivor life insurance policy forms subject to the agreement on May 18, 2001, and the business is currently in runoff.

The society also has reinsurance agreements with Optimum Re Insurance Company, Lincoln National Life Insurance Company, National Guardian Life Insurance Company, and Paul Revere Life Insurance Company. None of these agreements cover significant in-force amounts. Agreements with these reinsurers remain closed and in runoff.

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, 2019, 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 during the period under examination, and the compulsory and security surplus calculation.

Thrivent Financial for Lutherans
Assets
As of December 31, 2019

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 46,538,398,857	$	$ 46,538,398,857
Stocks:			
Preferred stocks	317,616,497		317,616,497
Common stocks	2,217,143,501		2,217,143,501
Mortgage loans on real estate:			
First liens	9,505,976,772		9,505,976,772
Real estate:			
Occupied by the company	136,958,136		136,958,136
Held for sale	6,081,298		6,081,298
Cash, cash equivalents, and short-term investments	2,053,784,167		2,053,784,167
Contract loans	1,164,843,543	668,582	1,164,174,961
Derivatives	120,646,083		120,646,083
Other invested assets	4,932,930,863	6,468,375	4,926,462,488
Receivables for securities	109,909,080		109,909,080
Investment income due and accrued	460,591,277		460,591,277
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	7,543,810		7,543,810
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	111,244,898		111,244,898
Reinsurance:			
Amounts recoverable from reinsurers	3,182,602		3,182,602
Electronic data processing equipment and software	49,324,147	33,894,401	15,429,746
Furniture and equipment, including health care delivery assets	28,250,458	28,250,458	
Receivable from parent, subsidiaries and affiliates	27,658,636		27,658,636
Health care and other amounts receivable	12,339,379	12,339,379	
Write-ins for other than invested assets:			
Prepaid expenses	38,204,309	38,204,309	
Miscellaneous accounts receivable	20,388,225	3,750,421	16,637,805
Unsecured loans	2,875,637	2,875,637	
Miscellaneous assets	317,255	317,255	
Total assets excluding separate accounts, segregated accounts, and protected cell assets	67,866,209,431	126,768,817	67,739,440,614

	Assets	Nonadmitted Assets	Net Admitted Assets
From separate accounts, segregated accounts, and protected cell assets	34,481,927,473		34,481,927,473
Total Assets	$102,348,136,904	$126,768,817	$102,221,368,087

Thrivent Financial for Lutherans
Liabilities, Surplus, and Other Funds
As of December 31, 2019

Aggregate reserve for life contracts		$42,904,323,123
Aggregate reserve for accident and health contracts		6,123,733,866
Liability for deposit-type contracts		3,921,986,529
Contract claims:		
Life		361,084,206
Accident and health		38,624,880
Policyholders' dividends/refunds to members and coupons due and unpaid		78,038
Provision for policyholders' dividends, refunds to members, and coupons payable in the following calendar year:		
Apportioned for payment		330,044,770
Premiums and annuity considerations received in advance		17,104,131
Contract liabilities not included elsewhere:		
Interest maintenance reserve		503,445,880
Commissions to agents due or accrued		10,723,626
General expenses due or accrued		114,036,079
Transfers to separate accounts due or accrued (net)		(514,521,162)
Taxes, licenses, and fees due or accrued, excluding federal income taxes		10,191,816
Unearned investment income		6,083,878
Amounts withheld or retained by reporting entity as agent or trustee		13,388,382
Remittances and items not allocated		128,849,969
Liability for benefits for employees and agents if not included above		389,875,391
Miscellaneous liabilities:		
Asset valuation reserve		1,835,887,318
Payable to parent, subsidiaries and affiliates		16,535,736
Derivatives		77,094,031
Payable for securities		842,493,384
Payable for securities lending		479,219,201
Write-ins for liabilities:		
Postretirement benefit liability		123,037,231
Other liabilities		14,913,811
Total liabilities excluding separate accounts business		57,748,234,114
From separate accounts statement		34,408,323,409
Total Liabilities		92,156,557,523
Write-ins for special surplus funds:		
Contingency reserve for Separate Account business	$ 500,000	
Deferred gain on sale of Minneapolis home office property	21,841,402	
Unassigned funds (surplus)	10,042,469,162	
Total Capital and Surplus		10,064,810,564
Total Liabilities, Capital and Surplus		$102,221,368,087

Thrivent Financial for Lutherans
Summary of Operations
For the Year 2019

Premiums and annuity considerations for life and accident and health contracts		$4,966,575,860
Considerations for supplementary contracts with life contingencies		170,420,616
Net investment income		3,050,307,079
Amortization of interest maintenance reserve		105,014,048
Commissions and expense allowances on reinsurance ceded		18,426,303
Miscellaneous income:		
Income from fees associated with investment management, administration, and contract guarantees from separate accounts		706,068,217
Write-ins for miscellaneous income:		
Miscellaneous income		1,140,603
Fees from third party for services provided		15,127,420
Total income items		9,033,080,146
Death benefits	$1,122,667,117	
Matured endowments	4,415,951	
Annuity benefits	1,147,850,034	
Disability benefits and benefits under accident and health contracts	425,746,238	
Surrender benefits and withdrawals for life contracts	3,263,453,356	
Interest and adjustments on contract or deposit-type contract funds	128,382,555	
Payments on supplementary contracts with life contingencies	224,857,172	
Increase in aggregate reserves for life and accident and health contracts	975,116,619	
Subtotal	7,292,489,042	
Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	264,510,492	
General insurance expenses and fraternal expenses	878,534,743	
Insurance taxes, licenses, and fees excluding federal income taxes	50,170,783	
Increase in loading on deferred and uncollected premiums	4,873,012	
Net transfers to or (from) separate accounts net of reinsurance	(782,165,437)	
Write-in for deductions:		
Retirement and disability benefits	3,358,690	
Employee benefits	(94,722)	
Expense related to services provided to third party	15,127,420	
Summary of remaining write-ins for Line 27 from overflow page	11,800,000	
Total deductions		7,738,604,023

Net gain (loss) from operations before dividends to policyholders, refunds to members, and federal income taxes	1,294,476,123
Dividends to policyholders and refunds to members	328,579,544
Net gain (loss) from operations after dividends to policyholders, refunds to members, and before federal income taxes	965,896,579
Federal and foreign income taxes incurred (excluding tax on capital gains)	(19,444)
Net gain (loss) from operations after dividends to policyholders, refunds to members, and federal income taxes and before realized capital gains or (losses)	965,916,023
Net realized capital gains or (losses)	23,715,980
Net Income (Loss)	$ 989,632,003

Thrivent Financial for Lutherans
Cash Flow
For the Year 2019

Premiums collected net of reinsurance			$5,132,892,111
Net investment income			2,526,199,117
Miscellaneous income			740,762,543
Total			8,399,853,771
Benefit- and loss-related payments		$6,149,339,794	
Net transfers to separate accounts, segregated accounts, and protected cell accounts		(755,724,877)	
Commissions, expenses paid, and aggregate write-ins for deductions		1,171,900,331	
Dividends paid to policyholders		323,944,031	
Federal and foreign income taxes paid (recovered)		(4,579,530)	
Total deductions			6,884,879,749
Net cash from operations			1,514,974,022
Proceeds from investments sold, matured, or repaid:			
Bonds	$17,875,817,890		
Stocks	1,427,201,988		
Mortgage loans	821,948,096		
Real estate	2,836,846		
Other invested assets	1,066,048,976		
Net gains (losses) on cash, cash equivalents, and short-term investments	386,584		
Miscellaneous proceeds	474,375,241		
Total investment proceeds		21,668,615,621	
Cost of investments acquired (long-term only):			
Bonds	18,824,463,529		
Stocks	1,323,130,265		
Mortgage loans	1,328,799,726		
Real estate	84,670,025		
Other invested assets	1,301,207,246		
Miscellaneous applications	133,578,407		
Total investments acquired		22,995,849,197	
Net increase (or decrease) in contract loans and premium notes		(8,143,244)	
Net cash from investments			(1,319,090,332)
Cash from financing and miscellaneous sources:			
Net deposits on deposit-type contracts and other insurance liabilities		114,730,028	
Other cash provided (applied)		272,230,142	
Net cash from financing and miscellaneous sources			386,960,170

Reconciliation:

Net Change in Cash, Cash Equivalents, and Short-Term Investments	582,843,860
Cash, cash equivalents, and short-term investments:	
Beginning of year	1,470,940,307
End of year	$2,053,784,167

Thrivent Financial for Lutherans
Compulsory and Security Surplus Calculation
December 31, 2019

Assets		$102,221,368,087
Less liabilities		92,156,577,523
Adjusted surplus		10,064,810,564
Annual premium:		
Individual life and health	$1,744,088,013	
Factor	15%	
Total	261,613,201	
Greater of 7.5% of considerations or 2% of reserves for annuities and deposit administration funds	340,548,581	
Compulsory surplus (subject to a $2,000,000 minimum)		602,161,782
Compulsory Surplus Excess (Deficit)		$ 9,462,648,782
Adjusted surplus (from above)		$ 10,064,810,564
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%)		662,377,960
Security Surplus Excess (Deficit)		$ 9,402,432,604

Thrivent Financial for Lutherans
Analysis of Surplus ($ in thousands)
For the Five-Year Period Ending December 31, 2019

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

	2019	**2018**	**2017**	**2016**	**2015**
Capital and surplus, beginning of year	$ 9,129,599	$8,266,825*	$7,725,614	$7,126,496	$6,492,586
Net income	989,632	1,209,922	516,637	555,808	770,300
Change in net unrealized capital gains/losses	403,423	(262,948)	84,988	75,613	(161,919)
Change in net unrealized foreign exchange capital gains/losses	19,357	2,757	(253)	(7,727)	(1,503)
Change in nonadmitted assets and related items	(19,907)	7,091	(10,573)	(6,103)	98
Change in asset valuation reserve	(448,653)	(150,054)	(117,996)	(99,742)	(27,316)
Surplus (contributed to) withdrawn from separate accounts				2,500	6,300
Other changes in surplus in separate accounts statement	32,794	(2,951)	(2,780)	(8,258)	(27,201)
Change in surplus notes					
Pension liability adjustment	(18,651)	18,274	(10,213)	87,028	75,149
Amortization of deferred gain on sale of office building	(19,085)	(6,786)			
Change in net deferred income tax	(3,699)	(243)			
Reserve adjustment			83,903		
Deferred gain on sale of office building		47,712			
Capital and Surplus, End of Year	$10,064,811	$9,129,599	$8,269,328	$7,725,614	$7,126,496

*The society absorbed its subsidiary, TLIC, assets and liabilities in 2019 which resulted in the society restating its 2018 financials. This resulted in the difference in capital and surplus going from end of year 2017 to beginning of year 2018.

Thrivent Financial for Lutherans
Insurance Regulatory Information System
For the Five-Year Period Ending December 31, 2019

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

	Ratio	2019	2018	2017	2016	2015
#1	Net change in capital & surplus*	10%				
#2	Gross change in capital & surplus	10	10%	7%	8%	10%
#3	Net income to total income	11	14	6	6	8
#4	Adequacy of investment income	161	157	156	164	171
#5	Non-admitted to admitted assets	0	0	0	0	0
#6	Total real estate & mortgage loans to cash & invested assets	15	15	14	14	14
#7	Total affiliated investments to capital & surplus	48	43	39	37	38
#8	Surplus relief	0	0	0	0	0
#9	Change in premium	(3)	0	(8)	(1)	1
#10	Change in product mix	0.4	1.0	3.1	1.9	0.1
#11	Change in asset mix	0.3	0.3	0.1	0.2	0.1
#12	Change in reserving ratio	(1)	(3)	(1)	2	2

* Ratio No. 1 was added for fraternal benefit societies in 2019.

Growth of Thrivent Financial for Lutherans

($ in thousands)

Year	Admitted Assets	Liabilities	Capital and Surplus
2019	$102,221,368	$92,156,558	$10,064,811
2018	90,508,933	81,379,334	9,129,599
2017	90,968,819	82,699,491	8,269,327
2016	84,833,536	77,107,922	7,725,614
2015	80,112,485	72,985,988	7,126,496
2014	76,994,356	70,501,770	6,492,586

Net Life Premiums, Annuity Considerations, and Deposits

($ in thousands)

Year	Life Insurance Premiums	Annuity Considerations	Deposit-type Contract Funds
2019	$1,694,461	$2,893,905	$32,626
2018	1,667,221	2,955,342	28,361
2017	1,633,745	3,054,272	13,076
2016	1,564,173	3,571,694	16,034
2015	1,424,637	3,763,187	20,301
2014	1,397,986	3,716,133	19,827

Life Insurance In Force

($ in thousands)

Year	In Force End of Year	Reinsurance Ceded	Net In Force
2019	$208,721,468	$75,831,411	$132,890,057
2018	203,116,713	70,219,607	132,897,106
2017	198,936,964	65,010,273	133,926,691
2016	193,018,864	59,818,297	133,200,567
2015	187,363,199	55,278,408	132,084,791
2014	182,526,799	50,925,787	131,601,012

Accident and Health

Year	Net Premiums Earned	Incurred Claims and Cost Containment Expenses*	Commissions Incurred	Other Expenses Incurred**	Combined Loss and Expense Ratio
2019	$372,117,471	$563,094,129	$34,435,322	$47,952,626	173.4%
2018	356,880,021	172,384,451	40,600,955	52,835,422	74.5
2017	330,691,079	904,470,400	26,291,974	37,829,279	292.9
2016	317,778,916	679,869,510	18,868,906	39,664,383	232.3
2015	315,409,929	559,155,156	16,669,396	34,758,292	193.6
2014	315,680,625	684,402,910	15,688,610	24,350,498	229.5

* Includes change in contract reserves

** Includes taxes, licenses, and fees

The society's strong financial performance over the examination period has contributed to a positive trend of increasing surplus. Total admitted assets have increased from $77.0 billion at year-end 2014 to $102.2 billion at year-end 2019, a 32.8% increase. Total liabilities have increased from $70.5 billion at year-end 2014 to $92.2 billion at year-end 2019, and surplus has increased from $6.5 billion at year-end 2014 to $10.1 billion at year-end 2019, an increase of 30.7% and 55.0%, respectively. Historically, changes to the company's balance sheet have been incremental each year; however, the society absorbed the assets and liabilities of its insurance subsidiary, Thrivent Life Insurance Company, during 2019, in connection with the dissolution of that subsidiary, which contributed to the slightly larger change from 2018 to 2019.

The society operates in three primary lines of business: Life, Annuity, and Health. As shown above, Life and Health have a trend of increasing premiums, resulting in an increase of 21.2% and 17.9% during the examination period to Life and Health premiums, respectively. However, Annuities have a declining trend resulting in a decrease of 22.1% during the examination period. Despite the decline in annuity premiums, the society continues to perform well operationally as it continued to produce net income in all years under examination.

The society 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. In addition, the society also performs cash flow and asset/liability testing on a regular interval to ensure that it has adequate assets to meet its obligations as they come due.

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, 2019, is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were six 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—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.

   Action—Compliance.

2. 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.

   Action—Compliance.

3. 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 Form B of the Insurance Holding Company System Annual Registrations Statement pursuant to s. Ins 40.03, Wis. Adm. Code.

   Action—Compliance.

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

   Action—Compliance.

5. 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.

   Action—Compliance.

6. 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.

   Action—Compliance.

Summary of Current Examination Results

There were no adverse findings as a result of the examination.

VIII. CONCLUSION

Thrivent Financial for Lutherans is a Wisconsin-domiciled fraternal benefit society authorized to conduct insurance business pursuant to ch. 614, Wis. Stat. The society is licensed in all 50 states and the District of Columbia. The major life and health products marketed by the society 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.

The society 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 the end of 2019, the society reported total admitted assets of $102.2 billion, total liabilities of $92.2 billion, and surplus of $10.1 billion. The separate accounts reported statutory total assets of $34.5 billion, total liabilities of $34.4 billion, and surplus of $73.6 million. The society's surplus is amply in excess of Wisconsin's compulsory surplus requirement and security surplus standard at year-end 2019.

The prior examination resulted in six exam recommendations, all of which have been complied with. There were no recommendations made as a result of the current examination.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were no recommendations made as a result of this examination.

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
Nicholas Feyen	Insurance Financial Examiner
Abdel Kondoh	Insurance Financial Examiner
Junji Nartatez	Insurance Financial Examiner
John Pollock	Insurance Financial Examiner
Ana Careaga	Data Specialist
Eleanor Lu, CISA	IT Specialist
David Jensen, CFE	IT Specialist
Terry Lorenz, CFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,

Kongmeng Yang
Examiner-in-Charge

XI. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared coronavirus disease (COVID-19) a pandemic. As of the date of this report, significant uncertainty remains on the effect that the pandemic will have on the insurance industry, economy, and society at large. The examination's review of the impact to the society through the date of this report noted that there has not been a significant impact to the society overall due to the society primarily writing life and annuity business; however, due to the various uncertainties with the pandemic, it is unclear whether this will continue to have a minimal impact to the society or if it will escalate. The Office of the Commissioner of Insurance continues to closely monitor the impact of the pandemic on the society and will take necessary action if a solvency concern arises.