

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**WEBSITE PUBLISHED REPORT OF THE MARKET CONDUCT
EXAMINATION OF THE CLAIMS PRACTICES OF**

**THRIVENT LIFE INSURANCE COMPANY
NAIC # 97721 CDI # 3247-4**

AS OF OCTOBER 31, 2013

ADOPTED SEPTEMBER 29, 2014

STATE OF CALIFORNIA



**CALIFORNIA DEPARTMENT OF INSURANCE
MARKET CONDUCT DIVISION
FIELD CLAIMS BUREAU**

NOTICE

The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.

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DEPARTMENT OF INSURANCE

Consumer Services and Market Conduct Branch
Field Claims Bureau, 11th Floor
300 South Spring Street
Los Angeles, CA 90013



September 29, 2014

The Honorable Dave Jones
Insurance Commissioner
State of California
300 Capitol Mall
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04 of the California Insurance Code; and Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a) of the California Code of Regulations, an examination was made of the claims handling practices and procedures in California of:

Thrivent Life Insurance Company

NAIC # 97721

Group NAIC # 2938

Hereinafter, the Company listed above also will be referred to as TLIC or the Company.

This report is made available for public inspection and is published on the California Department of Insurance website (www.insurance.ca.gov) pursuant to California Insurance Code section 12938(b)(1).

FOREWORD

The examination covered the claims handling practices of the aforementioned Company on Life and Annuity claims closed during the period from November 1, 2012 through October 31, 2013. The examination was made to discover, in general, if these and other operating procedures of the Company conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law. This report contains all alleged violations of laws that were identified during the course of the examination.

The report is written in a “report by exception” format. The report does not present a comprehensive overview of the subject insurer’s practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer’s proposals for correcting the deficiencies. When a violation that reflects an underpayment to the claimant is discovered and the insurer corrects the underpayment, the additional amount paid is identified as a recovery in this report. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Company’s responses, if any, have not undergone a formal administrative or judicial process.

SCOPE OF THE EXAMINATION

To accomplish the foregoing, the examination included:

1. A review of the guidelines, procedures, training plans and forms adopted by the Company for use in California including any documentation maintained by the Company in support of positions or interpretations of the California Insurance Code, Fair Claims Settlement Practices Regulations, and other related statutes, regulations and case law used by the Company to ensure fair claims settlement practices.

2. A review of the application of such guidelines, procedures, and forms, by means of an examination of a sample of individual claims files and related records.

3. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about this Company closed by the CDI during the period November 1, 2012 through October 31, 2013; and a review of previous CDI market conduct claim examination reports on this Company.

The review of the sample of individual claims files was conducted at the offices of the California Department of Insurance in Los Angeles, California.

EXECUTIVE SUMMARY OF CLAIMS SAMPLE REVIEWED

The Life claims reviewed were closed from November 1, 2012 through October 31, 2013, referred to as the "review period". The examiners randomly selected 73 claims files for examination. The examiners cited one (1) alleged claims handling violation of the California Insurance Code from this sample file review, consisting of the Company's failure to provide a clear explanation of the computation of benefits.

RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER COMPLAINTS AND INQUIRIES, AND PREVIOUS EXAMINATIONS

Except as noted below, market analysis did not identify any specific issues of concern.

There was no specific area of concern identified in the complaint review.

The last market conduct examination was a Data only examination conducted from the window period July 1, 2007 through June 30, 2008. This desk examination was limited in scope to market analysis information, including California consumer complaint information, to national enforcement activity and to information provided by the Company in response to the Department's data request. There was no review of underwriting or claims files during this examination.

DETAILS OF THE CURRENT EXAMINATION

Further details with respect to the examination and alleged violations are provided in the following table and summary:

| TLIC SAMPLE FILES REVIEW | | | |
|------------------------------------|--------------------------------|------------------------------|------------------------------------|
| LINE OF BUSINESS / CATEGORY | CLAIMS IN REVIEW PERIOD | SAMPLE FILES REVIEWED | NUMBER OF ALLEGED CITATIONS |
| Life/ Individual Variable Annuity | 206 | 70 | 1 |
| Life / Individual Life | 13 | 3 | 0 |
| TOTALS | 219 | 73 | 1 |

TABLE OF TOTAL CITATIONS

| Citation | Description of Allegation | Number of TLIC Alleged Violations |
|---|---|-----------------------------------|
| CIC §10172.5(c) *[CIC §790.03(h)(3)] | The Company failed to notify the beneficiary of the specified rate of interest paid on the death benefit. [The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies. | 1 |
| Total Number of Citations | | 1 |

TABLE OF CITATIONS BY LINE OF BUSINESS

| | |
|--|----------------------------|
| LIFE 2012 Written Premium: \$18,428,104 AMOUNT OF RECOVERIES \$00.00 | NUMBER OF CITATIONS |
| CIC §10172.5(c) [CIC §790.03(h)(3)] | 1 |
| SUBTOTAL | 1 |
| TOTAL | 1 |

SUMMARY OF EXAMINATION RESULTS

The following is a brief summary of the criticisms that were developed during the course of this examination related to the violations alleged in this report.

In response to each criticism, the Company is required to identify remedial or corrective action that has been or will be taken to correct the deficiency. The Company is obligated to ensure that compliance is achieved.

Any noncompliant practices identified in this report may extend to other jurisdictions. The Company was asked if it intends to take appropriate corrective action in all jurisdictions where applicable. The Company intends to implement corrective action in California with its immediate, manual solution and plans to implement a similar disclosure in other jurisdictions later in the year, with a subsequent, system-driven enhancement.

There were no recoveries discovered within the scope of this report.

LIFE

1. **In one instance, the Company failed to notify the beneficiary of the specified rate of interest paid on the death benefit.** The Company failed to disclose the period for which interest was paid, and the interest rate applied. The Department alleges this act is in violation of CIC §10172.5(c) and is an unfair practice under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges this finding. The Company states that its settlement template on life annuity claims did not include the rate of interest, and the specific period upon which it was paid. As a result of this examination, the Company has developed a new template for its annuity death settlement letters to include both the rate of interest applied to its principal annuity benefit, and the dates to which it will be applied to. A copy of the template letter has been provided to the Department. This template is now in use by the Company as of the first quarter of 2014.

While the Company agrees that it violated CIC § 10172.5, it disagrees with the Department's conclusion that it violated CIC §790.03(h)(3). CIC § 10172.5(a) requires an insurer paying a death benefit more than 30 days after the death to "pay interest, at a rate not less than the then current rate of interest on death proceeds left on deposit with the insurer computed from the date of the insured's death" and CIC § 10172.5(c) expressly requires an insurer paying such interest to "specify the rate of interest to be paid." In the claim at issue, the Company received the claim 20 days after the death and in full accordance with its established policies and procedures it promptly investigated the claim and it promptly paid the claim, including the appropriate amount of interest, within 18 days after the claim was made. However, as the rate of interest paid was not expressly stated, CIC § 10172.5(c) was not complied with. Nonetheless, the Company strongly believes that it fully complied with CIC § 790.03(h)(3), as it did "adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies" and even in the instance cited by the Department the Company did promptly investigate and process the claim. The Company states it therefore believes the Department's conclusion that the Company is not in compliance with CIC § 790.03(h)(3) is baseless and not supported by the facts of the investigation.