

August 2024

Executive Vice President & Chief Marketing Officer Report

When we left Omaha in 2016, we eagerly anticipated the next four years and had planned to host our 2020 Convention in Cleveland. However, no one could have predicted how the pandemic would alter our lives and our world. We had to adapt by moving our planned convention in Cleveland to an online format. Beyond the National Convention, we also had to adjust our fraternal activities to comply with local shelter-in-place orders, which varied widely by state and sometimes by city. Needless to say, the pandemic significantly transformed the economic and business landscape in which we operate.

However, one thing that remained constant was the financial security our life insurance and annuity policies provide to our members. Over the past four years, our Society has paid out more than \$47 million to members' families through their life insurance policies. Our members collectively own over \$4 billion in life insurance and have nearly \$500 million in annuity cash value. Starting in 1883 with 42 founding members passing a hat to collect a few dollars, we have grown into the premier provider of financial security for Catholic families across 40 states.

Certainly, from a financial standpoint, life is far more complicated than it was in the 1880s. Families now face substantial mortgages, the average cost of a new car is nearing \$50,000, student loans can reach six figures, and the general cost of living has significantly increased over the past four years. If this isn't enough, market research by LIMRA (Life Insurance Marketing Research Association) consistently shows that about one-third of adults in the United States do not own any life insurance. For those who do, around 80% believe their families would struggle to make ends meet if one of the breadwinners passed away. In many ways, today's financial challenges echo those of 1883.

The main reason for this significant coverage gap is the belief that life insurance is too expensive. In reality, life insurance has never been more affordable. An average couple can secure enough life insurance to protect their family's financial future for less than the cost of their cell phone service's data plan.

Families can begin a life insurance plan for their children, providing a foundation for lifelong protection at a cost lower than it was 20 years ago. These policies can expand as the children grow into adulthood and continue to support them as they start their own families. Picture a grandparent starting a policy for a grandchild, and then 60 years later, that grandchild doing the same for their own grandchild. With proper planning, our policies can create a legacy that impacts the next 3 or 4 generations, all for far less than most people realize.

Our portfolio of life insurance products has significantly transformed our business, expanding both the states where we can market and the quality of Agents and Advisors we contract to represent our Society. Recently, we've gained admission to several states, including Tennessee, North Carolina, South Carolina, Alabama, and even Hawaii. We're also seeing new sales and gaining new members in states like Georgia, California, Texas, Oregon, Florida, and Colorado.

Engaging members and potential members continues to be a challenge, partly because fraternalism can mean different things to different people. For some, fraternalism involves participating in events that have long been part of our Society's heritage. However, many new members, while possibly interested in these events, have a strong focus on our Catholic values and the Society's management of resources. Regardless of how our members view fraternalism, we have proven that we can meet these challenges.

To boost member engagement, we launched our first Fraternal Outreach Workshop at the 2012 National Convention in Minneapolis. This new program and initiative was a fresh concept in the fraternal community and reflects our identity as a leading organization in fraternal life insurance, adhering to our mission statement and prioritizing our members. At the 2016 National Convention in Omaha, we conducted four different workshops, all of which received positive feedback and were among the top-reviewed events. We continued our workshops during the Covid lockdowns, holding a full slate of sessions during the online 2020 National Convention. We plan to hold three workshops at the 2024 National Convention and strongly encourage all members to participate in these member-focused and member-led programs. Additionally, our field agents are driving interest in membership through our Spirituality Tap-in program, effectively reaching and engaging the young adult segment, which was once considered difficult to connect with.

Yes, we've experienced significant changes in the past few years, both in our insurance operations and fraternal programs. However, change has driven innovation. Market-leading products and relevant fraternal programs have always been and will continue to be the key to our growth. When our Society evolves to meet the changing needs of families, we see dynamic growth and new opportunities emerge.

Being a member of COF goes beyond simply owning an insurance policy. Just as in the early days, it begins with protecting against the loss of a family income-earner. However, times and needs have evolved. For the first time in more than a generation, Catholic families are turning to our Society to secure their financial futures in the event of the premature death of a breadwinner. It has become increasingly important for them to do business with companies that reflect their values, particularly their Catholic values.

And likewise, financial service professionals are looking to represent companies which not only reflect his or her Catholic Values, but in addition, a company which help better position them with Catholic families and business owners.

So yes, much has changed in the past four years. But as the saying goes, the more things change, the more things remain the same. Perhaps the strength of Catholic Values will foster a renewed interest not only in our Catholic parish communities, but a renewal in our Membership.

Sincerely,



Mark A. Walsworth, CFP®, CLU®, RICP®, FIC
Executive Vice President and Chief Marketing Officer