

honor

Degree of Honor Publication
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A New Chapter



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Meet Bill O'Toole



Welcome

As the days grow longer and warmer, I'm reminded of the joy and excitement that summer brings. All around, there is the rising sense of energy and growth; the whole neighborhood comes alive. Old friends and new neighbors come together to nurture a stronger and even more vibrant community than the year before.

This cusp of change seems like the perfect moment to pause and reflect on the very full year we've had at Degree of Honor.

Going into 2016, the Board of Directors and I focused our energy on continuing to strengthen our financial foundation and explore ways to reinvent what we do, all while fulfilling promises to our members. You'll see in this year's Annual Report that we've made significant strides in each area.

Having made such progress – thanks largely to the diligent work of our staff and the deep commitment of our members – Degree of Honor finished the year on solid footing. Given this position of financial and strategic strength, the Board and I made a significant decision to ensure that Degree of Honor's legacy of protection in community will continue: we began the search for a merger partner.

Over several months, we carefully vetted a handful of fraternal, always with the priority of ensuring what's best for you, our members. I'm pleased to say that by the end of 2016, we found an outstanding partner in Catholic Financial Life.

On page 4, you'll meet Bill O'Toole, President & CEO of Catholic Financial Life. Beyond being an excellent leader, Bill represents and serves a membership deeply committed to the same core values that Degree of Honor members hold dear: family, faith, and service to one's community.

I'm confident that joining our fraternal families is the best path toward renewed growth and relevant service to our members. We're proud to welcome Catholic Financial Life to our neighborhood, and prepare for this season of growth and abundance together.

Lisa Flanary
CEO & National President

*We've Lost Touch
with Some of
our Members*

KATHLEEN BALES
TRELLA DeVoss
MARIAN FREMONT

ROBERT HOUEK
MARTHA KNAPP NELSON
ARDIS OLSEN

If you know how we can contact any of the people listed above, please call us at 651-228-7600 or 800-947-5812.

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2016 Annual Report

We value our members and their privacy.

At Degree of Honor (DOH), a division of Catholic Financial Life (CFL), we take great pride in providing financial security to you and your family through various insurance and annuity programs that we offer. We want you to know that the privacy of your personal information is very important to us. That's why we have established policies, procedures and safeguards to protect the information you give us and to limit whether and how this information is shared.

This notice summarizes the privacy policy and information practices of CFL and its affiliate Catholic Brokerage Services. Unless you receive a separate privacy notice from your CFL sales advisor or independent broker, this notice is given on behalf of your CFL advisor or broker, as well.

This description of the Information Practices of CFL and your CFL advisor is being provided in accordance with the requirements of federal and state privacy protection laws.

Collection of Information

In order to properly underwrite and administer your insurance coverage and other programs and benefits, we must collect a certain amount of necessary and helpful information. The amount of and type of information collected may vary depending on the products, services and benefits, but in general, CFL may collect the following categories of personal information about you.

- The information you provide on applications or other forms, such as your name, address, social security number, salary, etc.
- Information about your transactions with us, such as your contract coverage, premium payment history, and other such information.
- Information we receive from consumer reporting agencies and inspection companies, such as your credit history.

- Information about your age, occupation, physical condition, health history, mode of living, avocations, and other personal characteristics.

You are our most important source of information, but we may also collect or verify information by contacting medical professionals and institutions which have provided care to you or members of your family proposed for coverage, employers and business associates, friends and neighbors, and other insurance companies to which you have applied. We may collect information by exchanges of correspondence, by phone or by personal contact. In addition, your CFL advisor may collect information intended to aid in the update and improvement of your insurance program.

In some cases, we may ask an insurance support organization to collect information and submit an investigative consumer report to us. That organization may retain a copy of the report and may disclose its contents to others for whom it performs such services.

Disclosures by Catholic Financial Life

All personal information is treated with respect and concern for your privacy. We reserve the right to disclose your personal information to the extent permitted by law. Our disclosures may include the following:

- We may disclose the above categories of personal information about you to affiliated and nonaffiliated businesses, such as reinsurers, in order to complete transactions you have requested or to comply with legal requirements such as subpoenas or tax and fraud reporting.
- We may disclose the above categories of personal information about you to affiliated and nonaffiliated businesses, such as inspection companies and title companies, which perform business services on our behalf.

- We may disclose the above categories of personal information about you to firms that perform marketing services on our behalf and other organizations with which we have joint marketing agreements.
- We may disclose the above categories of personal information to CFL sales advisors and independent brokers who are authorized to sell CFL products.
- We may share personal information such as names, addresses and chapter function photos with our affiliated fraternal chapters, which use is strictly limited to fraternal purposes (such as mailing you information for branch picnics, fundraisers, volunteer activities, CFL's Member Magazine, etc.).
- We may share personal information with our affiliates only as permitted by law.

CFL will not disclose your contract or account numbers to any nonaffiliated businesses, except as necessary to complete business transactions or other purposes for which you have provided specific authorization.

Please be assured that the above describes some of the disclosures which may be made, not disclosures which are always or even often made. In any event, the information disclosed without your authorization will be only as much as is reasonably necessary to accomplish the intended purpose.

For example, we would ordinarily disclose only names and addresses to our service providers. Information relating to physical condition or medical history would ordinarily be disclosed only to your attending physician or treating medical professional. In short, the types of information disclosed will vary depending on the needs of the recipient and the sensitivity of the data.

We extend our privacy protections to both current and former members.

Information Security

CFL protects your personal information from unauthorized access as follows:

- CFL limits and restricts employee access of policyholder, insured and applicant information to those employees with a legitimate business reason for such access.
- We maintain physical, electronic and procedural safeguards to protect your personal information from unauthorized persons.

Access and Correction

There are procedures by which you can obtain access to personal information about you appearing in our policy files, including information contained in investigative consumer reports. We have also established procedures by which you may request correction, amendment or deletion of any information in our files which you believe to be inaccurate or irrelevant. A description of these procedures will also be sent to you upon request.

Obtaining Additional Information

We at CFL hope that you will find this privacy notice and description of information practices helpful. We take our responsibilities, and your rights, very seriously. If you have any further questions about our privacy and information practices, please contact our home office at 800-927-2547 or write to us at P.O. Box 3211, Milwaukee, WI 53201.

Celebrating Our Legacy

On March 29, 2017, Degree of Honor's family and friends gathered in Saint Paul, Minn. to celebrate our 144-year legacy of protection in community.

With a nod to Degree of Honor's century-long presence in the city of Saint Paul, the reception was held at The Commodore, a historic 1920s Saint Paul landmark that was once the residence of our first National President, Frances Buell Olson.

More than 75 of Degree of Honor's lodge members, fraternal colleagues, staff, Board, and business partners from across the Midwest gathered to reflect on Degree of Honor's rich heritage, and to welcome our next chapter in partnership with Catholic Financial Life.

A highlight of the evening was a short program in which several speakers shared their perspectives on Degree of Honor's impact. Among the speakers were Lisa Flanary, Degree of Honor's current CEO & National President, Joe Annotti, President & CEO of the American Fraternal Alliance, Jackie Felling, former CEO & National President of Degree of Honor, Megan Broschart, Degree of Honor's 2016 Youth Volunteer of the Year, Nikki Spencer, staff member and curator of the Degree of Honor Online Museum.

Catholic Financial Life President & CEO Bill O'Toole concluded the program by leading the attendees in a toast both to the cherished memories of years past, and to the hopes and dreams of years to come.

Additional photos from the event are available on our website at degreeofhonor.com/community



*"...to the
cherished memories
of years past, and
to the hopes
and dreams of
years to come."*

Meet Bill O'Toole



Greetings! It is an honor for me to welcome you to the Catholic Financial Life (CFL) family. I also want to thank you for your membership with the Degree of Honor Protective Association (DOH). It is now our privilege to serve you!

Both of our organizations have strong traditions and a rich history in the fraternal community. The DOH story has not ended, but is beginning a new chapter. The DOH name, history and tradition will continue as a brand and division of CFL. Together, our societies will be able to provide greater value for you, our members, and grow our financial strength.

I want to commend Lisa Flanary and the DOH Board of Directors for approaching this merger with CFL proactively, from a position of financial and strategic strength. Consolidation in the life insurance industry has been going on for some time, and will only continue to accelerate. This merger marks the fifth major fraternal to come together as part of Catholic Financial Life and we look forward to additional partnerships in the years to come.

There are many parts of a family, and I am honored that DOH is now a part of ours. It is our goal that this merger will be seamless to you and create greater long-term value for all members. If you have any questions or would like to contact me directly, please email me at bill.otoole@catholicfinanciallife.org or call me at 414-278-6700.

Sincerely,

A handwritten signature in black ink that reads "Bill". The script is cursive and fluid.

William R. O'Toole
President & CEO
Catholic Financial Life

Merger Q&As

Why is Degree of Honor merging with Catholic Financial Life?

Over the past two years, Degree of Honor's leadership team and Board of Directors have worked diligently to fully understand the organization's strengths and weaknesses. Like many life insurance companies, we continue to be challenged by low interest rates, volatility in our mortality, and lack of robust surplus to fund new initiatives.

One of the key considerations in making this decision was whether Degree of Honor could continue independently. While viable in the short-term, the challenges presented more risk than would be prudent. The Degree of Honor Board felt strongly that it was important to make this transition while the company was in a position of financial and strategic strength, and only if a partner was willing and able to address goals for key stakeholders – first and foremost, Degree of Honor members.

What do Degree of Honor and Catholic Financial Life have in common?

Both organizations are faith-based fraternal benefit societies with Midwestern roots and long histories. Beyond sharing the common purpose of providing insurance and fraternal benefits to members, Catholic Financial Life also has local chapters where members live out their shared values of helping the poor, assisting members in need, and promoting education and patriotism.

Did Degree of Honor consider other partners beyond Catholic Financial Life?

Yes. The Degree of Honor Board of Directors considered seven fraternal very seriously, and talked to several others. After a thoughtful and thorough process, the Board agreed to merge Degree of Honor with Catholic Financial Life. We believe that joining Catholic Financial Life will offer our members an even brighter future.

For more Q&As about the merger, visit degreeofhonor.com/mergerfaqs

2016 Annual Report

2016 was a strong year for Degree of Honor, both financially and fraternally. We realized a positive net income, and increased our total adjusted capital to \$7.3 million.

Statement of Operations

	2015	2016
Total Income	\$26,295,748	\$23,906,377
Total Claims and Expenses	26,456,170	23,669,576
Net Gain from Operations	(160,422)	236,801
Refunds to Members	—	(8)
Net Gain (Loss) After Refunds	(160,422)	236,809
Net Realized Capital Gains (Losses)	—	—
<i>Net Income (Loss)</i>	<i>\$(160,422)</i>	<i>\$263,809</i>

Balance Sheet

Total Assets	208,054,156	202,883,110
Total Liabilities	201,879,808	196,477,789
Surplus	6,174,348	6,405,321
<i>Total Liabilities + Surplus</i>	<i>\$208,054,156</i>	<i>\$202,883,110</i>

TOTAL LIFE INSURANCE IN-FORCE

\$541,068,000

TOTAL BENEFITS PAID SINCE 1886

\$506,413,371

Here's a closer look at our fraternal impact:

Year-End Community Service Report

	2015	2016
Dedicated Service Hours	13,366	13,098
Community & Fellowship Events	575	572
Community Service, Events & Civic Support	\$207,500	\$202,066

Fraternal Spotlight

Face to Face, a Minneapolis-Saint Paul non-profit, empowers youth to overcome barriers and strive toward healthy and self-sufficient lives. Last April, the Degree of Honor Association and area youth and service clubs all proudly joined forces with local organizations to help Face to Face exceed their fundraising goals by over \$50,000! Face to Face's success is just one example of the good that Degree of Honor members bring to their communities.



Volunteer of the Year Program

Degree of Honor Volunteers of the Year exemplify commitment to community and caring for others. Each year, we select one adult and one youth volunteer, and recognize each of them with a \$1,000 donation to the charity of their choice.

To apply or nominate someone you admire, visit:
degreeofhonor.com/membership

Honors Program

Our Honors Program recognizes and rewards students 5-18 years old, who spend time with their families, work hard in school, are active in their faith communities, and who regularly care for others.

Join by submitting your story, and you can receive:

- A \$25 gift card from Barnes & Noble
- The opportunity to win a \$500 scholarship

For more information and how to apply, visit:
degreeofhonor.com/community



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Call 651-228-7600 or 800-947-5812 between 8am & 4pm CDT for inquiries regarding:

New or existing claims: **Press 1**

Existing policies: **Press 2**

Obtaining new life insurance or annuity coverage: **Press 3**

Community service or lodge-related questions: **Press 4**

New Mailing Addresses:

Throughout 2017, we will transition the processing of Degree of Honor premiums, claims and other policy-related requests to Catholic Financial Life's Home Office in Milwaukee. For now, please send mail to either location:

Degree of Honor

PO Box 7420

Saint Paul, MN 55107-0420

OR

PO Box 3211

Milwaukee, WI 53201-3211

**Connect
with us!**