

August 3, 2015

Meeting of Audit Committee of Life Insurance Company of Alabama

Members present: G. Ray Smith, Chairman, Alie Renfrow Causey, Internal Auditor, Steve Keck, Exec. V.P. & Secretary

The meeting was held at the office of Mr. Smith at 10:30 am.

There was discussion concerning the outstanding items from the reports previously presented by Roger Boatner, Internal Auditor from Willis, Boatner and Whiteside. While progress is being made concerning the outstanding items it was suggested that maybe a change in procedure was in order. When the audit report is received by the internal auditor a summary should be made and a meeting held with senior management to discuss plans regarding any items pointed out by the audit report. These suggestions should then be presented to the audit committee.

One of the outstanding items was the way incoming checks are being handled. A solution presented by management would have the mail that is presumed to contain checks NOT be opened by the mailroom, but two people from the mailroom would count them together and attest to the number of envelopes received. These would be delivered to the cashier's area where they would once again be counted for verification. The cashiers department would then open and process these checks according to procedure.

Mr. Keck informed the committee that the cost of using a lock box from Regions Bank to handle the cash receipts procedural issue was too great, at this time, to be a valid solution. He is continuing to review methods to complete this issue

Mr. Keck informed the committee that the company is in the process of obtaining copyrights for the company name and logo.

The committee suggested that Mr. Keck contact Mr. Mike Haney regarding the outstanding audit issue regarding the registration and use of the company name.

There being no other business the meeting was adjourned.

**QUARTERLY MEETING OF THE
BOARD OF DIRECTORS**

Monday, August 17, 2015

The 2015 second quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 11a.m., Monday August 3, 2015 in the Rutledge Library, Life of Alabama building, 302 Broad Street, Gadsden, Alabama. The meeting was called to order by the Chairman, Clarence W. Daugette, III who presided over the meeting. The invocation was given by M. Lynn Lowe.

ROLL CALL:

The Roll Call revealed that members of the Board were present as follows:

| | |
|---------------------------|-------------------------|
| Rosalie Renfrow Causey | Lucian Newman, MD |
| Herman Warren Cobb | Thomas W. Miller |
| Clarence W. Daugette, III | Anne Daugette Renfrow |
| Alburta D. Lowe | Raymond R. Renfrow, Jr. |
| M. Lynn Lowe | Gerald Ray Smith, Jr. |

Also Present: Director Emeritus, Robert W. Echols, Jr.

The Chairman declared a quorum present and the meeting duly qualified for the transaction of business.

MINUTES:

The Chairman asked the pleasure of the Board concerning the reading of the minutes from the previous meeting. Raymond R. Renfrow, Jr. moved that the minutes not be read and upon second by Alburta D. Lowe the motion carried unanimously.

PRESIDENT'S REPORT:

President, Clarence W. Daugette, III, read aloud a Letter of Appreciation presented by Life Insurance Company of Alabama honoring Hazel Pierce Oliver on the Occasion of her 100th Birthday on August 11, 2015. Upon a motion by Rosalie Renfrow Causey and a second by Anne D. Renfrow, the Letter of Appreciation will become permanent record of the company.

COMMITTEE REPORTS:**Agency Department:**

Executive Vice President, Raymond R. Renfrow, Jr. reported that the Second Quarter of 2015 was not as good as they had hoped, but traditionally the last two quarters of the year are the best performing.

Mr. Renfrow shared that the Mariner's Club trip to Ireland was a huge success!! All who attended raved about the Fantastic time they had...

Anne D. Renfrow made the motion to accept the Agency report. Upon a second from Herman Warren Cobb, the motion carried unanimously.

Investment Committee:

Executive Vice President M. Lynn Lowe reported that the Company's equity investment portfolio as of June 30, 2015 had a market value of \$4,691,298. This is a loss of -2.50% for the quarter, and a year-to-date gain of +1.40%. As of June 30, 2015 the bond portfolio was \$97,000,000 with an overall yield of 5.48%. The portfolio carries an average life of 9.95 with a duration number of 7.37.

Alburta D. Lowe made a motion to approve the Investment report. Upon a second from Thomas W. Miller, the motion carried unanimously.

Compensation Committee

Thomas W. Miller, Chairman of the Compensation Committee reported that they had met and approved in the form of a motion a bonus based on the results of the first quarter for all officers and employees. The total bonus in aggregate amounts to \$58,582. The motion was seconded by Lucian Newman, MD and carried unanimously.

Audit Committee

Gerald R. Smith, Jr., Chairman of the Audit Committee reported that the committee had met recently and reviewed the outstanding items requiring corrective action previously identified by the internal and external auditors and the state examiners. Items that are still under review are:

- Dual Control for incoming checks
- Copy Right for LICOA

A dual control system for incoming checks will be implemented during the third quarter of 2015. The Internal Auditors and Audit Committee will review the results at the next audit committee meeting and make the necessary adjustments.

SECOND QUARTER REPORT:

Vice President, Katrina D. Hulsey, CPA joined the meeting and reviewed highlights of the Second Quarter 2015 Statement.

- Net income for Second Quarter 2015 - \$1,469,955

ADJOURNMENT:

There being no further business and upon motion duly made and seconded, the meeting adjourned.



J. Steve Keck, Secretary



LICOA 2nd Quarter Equity 2015

equity securities \$4,691,298.00

| | | | % of Port | <u>Div. Yield</u> |
|---------------------------|----------------|-------------------------|-----------|-------------------|
| Princeton Capital | \$1,410,997.00 | core Large cap | 30.08% | 2.5 |
| W.H. Reaves & Company | \$1,403,845.00 | utility,energy,telecomm | 29.92% | 3.0 |
| Equity Investment Corp | \$1,382,611.00 | All Cap Value | 29.47% | 2.0 |
| WCM Investment Management | \$493,845.00 | International Developed | 10.53% | 1.5 |

2nd quarter performance -2.50%
 Year to date as of 6/30/15 0.20%
 year to date as of 7/31/15 1.40%



The bond portfolio as of 6/30 had a book value of 97 million. The book yield is 5.48%. The portfolio carries an average life of 9.95 with a duration number of 7.37. The approximate sector allocation as of 6/30 is as follows: 78% corporate bonds, 18% municipal holdings, and 5% treasury/agency holdings. These sectors are made up of 95% fixed rate securities and 5% floating rate securities. Principal cash flow out 2yrs has increased to 10%. There is an unrealized loss of .8% as of 6/30.

Letter of Appreciation RESOLUTION

Presented by
Life Insurance Company of Alabama
August 11, 2015
Honoring

Hazel Pierce Oliver

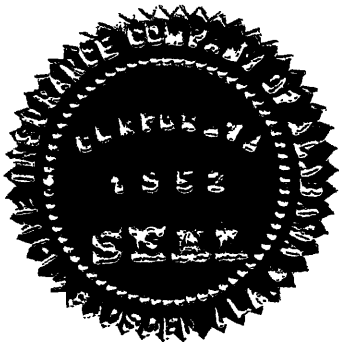
Whereas, Life Insurance Company of Alabama would like to honor Hazel Pierce Oliver on the occasion of her 100th birthday on August 11, 2015; and

Whereas, Mrs. Oliver served as a loyal and valuable employee from 1955 to 1989, and her dedication has meant much to the successful operation and growth of Life Insurance Company of Alabama; and

Whereas, during a long a productive lifetime, she has demonstrated in countless ways her dedication to the welfare of others and has earned the respect and affection of people from all walks of life and all ages; and

Be it further resolved, I, Clarence William Daugette, III, President of Life Insurance Company of Alabama, along with the Board of Directors and Employees, do hereby deem it an honor and pleasure to extend this Certificate of Recognition to Hazel Pierce Oliver on the occasion of her 100th Birthday, with sincere congratulations and best wishes for many more happy, productive years.

Dated at Gadsden, Alabama this 11th day of August, 2015.




Clarence William Daugette, III