

August 8, 2017

Meeting of Audit Committee of Life Insurance Company of Alabama

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

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

There was discussion of the status of the current open internal audit items as well as the most recent audit report. There were no additional comments of concern. There has been progress on the payroll and travel issues. The main open items are in reference to investments and these should be addressed in the next 12 months.

There was discussion regarding future external audits and if there was a need to change firms. It was suggested that if there is a desire to change firms then we should get proposals from at least 3 firms, including the current firm.

There being no other business the meeting was adjourned.

**QUARTERLY MEETING OF THE
BOARD OF DIRECTORS**

Monday, August 14, 2017

The 2017 second quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 11a.m., Monday August 14, 2017 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 and was presided over by Rosalie Renfrow Causey. The invocation was given by Gerald Ray Smith, Jr.

ROLL CALL:

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

Rosalie Renfrow Causey	M. Lynn Lowe
Herman Warren Cobb	Anne Daugette Renfrow
Clarence W. Daugette, III	Raymond R. Renfrow, Jr.
Alburta D. Lowe	Gerald Ray Smith, Jr.

Also Present: Directors Emeritus, Robert W. Echols, Jr. and Dr. Lucian Newman.

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. Alburta D. Lowe moved that the minutes not be read and upon second by Raymond R. Renfrow, Jr., the motion carried unanimously.

PRESIDENT'S REPORT:

President, Clarence W. Daugette, III, called upon Vice President Hoyt Casey to update the board on LICOA's new Administrative System software. Mr. Casey informed the board that the data conversion is approximately 95% complete and that the remaining tasks are moving along. He mentioned that although they are beginning to see the end of the project, and he fully anticipates that the system will go live on January 1, 2018, there is still some work to be done, especially training.

President, Clarence W. Daugette, III, also called upon Alton Cogert, from Strategic Asset Alliance, to update the board on the investment manager search. An initial search questionnaire was sent to 5 investment management firms and based upon the results this list was further narrowed to 3 firms.

These firms will now come to the home office to meet in person with the Investment Committee and others involved with the investment process.

QUARTERLY FINANCIAL REPORT:

Vice President, Katrina D. Hulse, CPA joined the meeting and reviewed highlights of the Quarterly Statement. She pointed out that the quarter was more in line with anticipated results. There was some discussion regarding the improvement in the bond watch list; several bonds either improved in value or had been disposed of since last quarter.

- Net Income 2nd Quarter 2017 - \$1,042,650

COMMITTEE REPORTS:

Compensation Committee

Herman Warren Cobb, Compensation Committee member reported that they had met and approved in the form of a motion a special bonus for non-officers. This was in recognition of the hard work of the dedicated employees of the company was recommended. The total bonus in aggregate equals \$16,500.

Herman Warren Cobb, Compensation Committee member reported that they had met and approved in the form of a motion a bonus based on the results of the second quarter for all officers and employees. The total bonus in aggregate amounts to \$173,250. The motion was seconded by Alburta D. Lowe and carried unanimously.

Investment Committee:

Vice President and Chief Investment Officer, Rosalie Renfrow Causey, reported that the Company's equity investment portfolio as of June 30, 2017 had a market value of \$5,561,746. This is a gain of 3.16% for the quarter, and a year-to-date gain of 7.88%. As of June 30, 2017 the bond portfolio book value was \$102.675 million with an overall yield of 4.86%. The portfolio carries an average life of 12.93 with a duration number of 8.17. She further reported that the overall bond portfolio quality had improved as several lower quality bonds were disposed of and higher quality bonds were purchased.

Mrs. Causey moved in the form of a motion that the Board approve all the transactions taken by the Company regarding bonds and stock sold, redeemed or otherwise disposed of during the quarter as shown on Schedule D-Part 4 (Item One Attached) of the Quarterly Statement. The motion was seconded by M. Lynn Lowe and passed unanimously by the Board.

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. He informed the board that there are only a few items remaining open, most notably in regards to developing a better Investment Policy and Procedures manual. It is anticipated that as a part of the overall review of the investment process, Strategic Asset Alliance will assist the company in re-writing the investment policy. Changes were made to the Travel and Expense policy to address the receipt issues raised by the auditors, and a new Salary Adjustment Procedure to address salary control issues raised by the auditors, were presented to the audit committee. Mr. Smith made a motion to accept the changes to the Travel and Expense policy and the newly proposed Salary Adjustment procedure. After a second by M. Lynn Lowe the motion carried unanimously.

A motion was made by Alburta Lowe to accept all committee reports. The motion was seconded by Herman Warren Cobb and passed unanimously.

ADJOURNMENT:

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



J. Steven Keck, Secretary