

Daniel F. Raider
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Board of Directors
Life Insurance Company of Alabama
P.O. Box 349
Gadsden, Alabama 35902

Ladies and Gentlemen: *Mr. Daugelette*

To date, I have had no response from Mr. Daugelette to my letter of November 30, 2019*.

In the meantime, LICOA's financial results for 2019 continue to show the "low returns on...investments, poor underwriting results, and seemingly out of control operating expenses" to which I most recently drew your attention last November.

In 2019, on approximately \$40 million of shareholders' equity and notwithstanding a debt-free asset base of more than \$100 million, LICOA **once again reported a loss from operations**. This is abysmal. From the perspective of LICOA's shareholders, the situation is critical.

LICOA's investment income was less than 4% of assets, its underwriting loss was \$5 million, and its operating expenses were \$20 million, more than one-half of its premiums and annuity considerations. For LICOA to earn an after-tax return on equity of even 10%, the following would have to occur: (1) an increase in investment income from \$4 million to \$10 million, (2) an improvement in underwriting results from a loss of \$5 million on premium and annuity income of \$38 million to a profit of \$1 million, (3) a reduction in operating expense from \$20 million to \$14 million, or (4) some combination of the preceding which would result in an additional \$6 million of pretax income.

What substantial and effective strategy is the Board pursuing which has a reasonable chance of producing this dramatic turn-around? As I wrote to Mr. Daugelette last November, "maintaining current course and speed cannot be among the options under reasonable consideration". Unfortunately, on the evidence to date, the Board's inaction amounts to exactly that.

Once again, I urge a sale or merger of the Company or its liquidation.

Sincerely,

Daniel F. Raider
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*Steve Keck wrote to me on December 16th to say that my "concerns...have been discussed by the Board...at length" and that the Board "will address...the future...of the Company in a letter to all shareholders...sometime late February or early March." Alas, that timeframe is now "in the rear-view mirror."