

Daniel F. Raider
818 Laurelwood Drive
San Mateo, California 94403

April 21, 2019

Board of Directors
Life Insurance Company of Alabama
Gadsden, Alabama

By Fax to (256) 549-0070 (page 1 of 3)

Ladies and Gentlemen:

My wife and I are long-time shareholders of the Company.

I am increasingly concerned about the Company's failure to deliver adequate value to its shareholders, and I am writing to you as a follow-up to my letters of April 12, 2015 and May 5, 2013 (copies following). In both those letters, I noted that there was no effective market for the Company's stock, and I suggested that shareholders would be well served if the Company were to make a tender offer for its stock. Unfortunately, no action was taken in response to my suggestions.

Since then, matters have deteriorated from the perspective of shareholders. There is still no effective market for the Company's stock, and annual dividends provide a return of only 1% of shareholders' equity. To the extent that a market exists, the total bid price for the Company's stock, both common and Class A, is just \$23 million, a mere 56% of statutory capital and surplus. Moreover, and very disturbingly, total annual dividends of \$413,000 amount to less than 17% of the Company's payments to officers and directors of \$2,493,000. That's right; **annual payments to officers and directors are more than six times the Company's annual dividends to shareholders.** To "add insult to injury", the Company appears to have spent close to \$1 million to remodel its main office at the same time that it was recording an annual loss from operations of more than \$800,000.

The time is long past due for the Company's Board to act decisively for its shareholders – at least, for those shareholders who do not have the good fortune to be officers or directors. I hereby suggest, as respectfully but emphatically as I can, that the Board consider strategic options to deliver value to shareholders. These might include either the sale or tax-free merger of the Company into a large, publicly traded company, or a substantial self-tender for stock at a price considerably above the current bid price of the Company's stock. Even a cash freeze-out of minority shareholders at intrinsic value would be far better than a continuation of the status quo.

I thank you for your consideration and look forward to your response.

Sincerely,

Daniel F. Raider
April 12, 2015

Daniel F. Raider
818 Laurelwood Drive
San Mateo, California 94403

Board of Directors
Life Insurance Company of Alabama
Gadsden, Alabama

By Fax to (256) 549-0070 (page 1 of 2)

Ladies and Gentlemen:

Thank you for the invitation to the upcoming annual stockholders' meeting and the condensed financial statements for the year 2014. I've reviewed the latter, and I have also examined the Company's annual statutory statements as filed with the NAIC.

I'd like to thank you and the Company's employees for another excellent year. Even by the conservative standards of statutory insurance accounting, the Company's profitability and financial strength are outstanding, with net gain from operations equal to 14% of equity, and equity equal to 32% of assets. Also, in addition to its operating profit last year, the Company enjoyed a net realized capital gain of \$3.4 million.

Two years ago, I wrote to you with the observations that there was at that time no effective market in the Company's stock; that the "market price" of the stock, such as it was, appeared to be greatly below its intrinsic value; and that the Company had the financial strength to self-tender for a significant amount of its stock. Under these conditions, I suggested that a self-tender by the Company for its stock could provide both an opportunity for liquidity to shareholders who are inclined to sell their stock, and also enhance the intrinsic per-share value of stock for shareholders who are inclined to retain their stock rather than accept such a tender offer. A copy of my letter of May 6, 2013 is attached for your information and review.

I believe that the conditions which motivated my letter of two years ago are even more compelling today, and I therefore renew my recommendation that the Company make a significant self-tender for its stock. If for some reason the Company is not inclined to do so, I suggest as an alternative the possibility of an extra-ordinary cash dividend.

I thank you for your consideration and look forward to your response.

Sincerely,

Daniel F. Raider

Attachment

May 6, 2013

Daniel F. Raider
818 Laurelwood Drive
San Mateo, California 94403

Board of Directors
Life Insurance Company of Alabama
Gadsden, Alabama

By Fax to (256) 549-0070

Ladies and Gentlemen:

Thank you for the invitation to today's annual stockholders' meeting. I am very sorry that I was unable to attend.

My family and I are long-term shareholders of the Company. (We have a small registered position, but the great bulk of our holdings are in street name.) We are very appreciative of the Company's fine performance over the years.

I am writing to you to encourage you to consider a buy-back of the Company's stock.

As I am sure you know, there is essentially no effective market for the Company's stock. The common stock has not traded on the open market since last summer, and until today, the Class "A" stock had not traded since January 3rd of this year. Moreover, the most recent reported prices appear to represent only a small fraction of the Company's intrinsic net worth. Under these conditions, it appears that the Company could perform a valuable service for shareholders who seek current liquidity, and an even more valuable service for continuing shareholders, by purchasing Company stock at a reasonable premium to the most recently reported trades. Such purchases might be made in the open market, by private agreement, or through a tender offer. Of these possibilities, I suspect that the last is the most promising.

I note that the Company has both the liquidity and the financial strength to conduct a substantial buy-back of its stock. Its conservatively stated statutory equity is now more than 28% of net admitted assets, and its equity has increased from 35% of premium income in 2005 to 76% of premium income in 2012. I also note that the Company's previous buy-back of its stock, with the great benefit of long-term hindsight, was an unqualified success.

Thank you for your consideration of this suggestion.

Sincerely,

Daniel F. Raider