

# **LIFE INSURANCE COMPANY OF ALABAMA**



## **EMPLOYEE HANDBOOK**

**February 2017**

## ACKNOWLEDGMENT

This is to certify that I have received a copy of the Life Insurance Company of Alabama's Employee Handbook and that I am familiar with its contents. I understand that this Handbook is not intended to be and does not constitute a contract of employment. Instead, I understand that this document is intended to be a set of guidelines for the implementation of Life Insurance Company of Alabama's (the "Company") personnel policies. Further, I understand that the Company may modify any of the provisions of this manual at any time.

I have entered into my employment relationship with the Company voluntarily. I acknowledge that, notwithstanding any of the provisions of this handbook, I am employed on an at-will basis. As an at-will employee, I understand that I am not employed for any specified length of time. I understand that this means that either the Company or I may terminate my employment at any time, with or without cause.

I understand that no representative of the Company, other than its President, has any authority to make any agreement that is contrary to the foregoing statement of understanding. Further, I understand that no representative of the Company, other than the President, has any authority to offer me employment for any specified period of time. Moreover, I understand that any agreement that is contrary to the foregoing statement of understanding must be in writing and signed by the President.

I acknowledge that I have received a copy of the Company's handbook. I understand that it is my responsibility to read and comply with the policies contained in this handbook. Furthermore, I understand that it is my responsibility to consult with my department head or some other Company management representative if I have any questions regarding my employment with the Company that are not answered by the information provided in this handbook.

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Employee's Name (Typed or Printed)

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Employee's Signature

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Date

THIS FORM IS TO BE SIGNED AND RETURNED IMMEDIATELY TO THE HUMAN RESOURCES OFFICE.

**DO NOT DUPLICATE THIS FORM IN ANY WAY.**

## **ABOUT THIS HANDBOOK**

This Employee Handbook is a brief summary of the principal features of Life Insurance Company of Alabama's (the "Company") philosophy, Employee Benefit Plans, and operating policies. It is not intended to provide a comprehensive statement of all of the benefits and policies. Should there be any discrepancy between this general outline and the actual provisions of a Plan or Policy, the latter will apply. It is your responsibility to review the Handbook and to be sure that you understand its provisions.

The words "he," "his," "him," "she," "her," and "hers" are used at various places in the Company's Handbook. The use of any of these words is meant solely for the ease of reading and should not be interpreted as sex bias.

The statements set forth in this handbook are not intended to create, nor are they to be construed to constitute contractual obligations of any kind or a contract of employment between the Company and any of its employees.

The provisions of the Handbook have been developed at the discretion of the Company's Senior Management and it reserves the right to alter, modify, amend, or terminate these policies and benefits at any time at its sole discretion. The provisions contained in this handbook supersede all existing policies and practices. Only Senior Management has the authority to amend or add to the policies contained in this handbook.

As specified on the "Acknowledgement" form attached to the Handbook, irrespective of any statement contained herein or in any other document or statement issued by the Company or any of its representatives, your employment with the Company is voluntarily entered into and is not guaranteed for any length of time. You are free to resign at any time, with or without cause. Likewise, the Company may terminate the relationship at any time, with or without cause.

No employee of the Company, other than the President, has the authority to enter into any contractual agreement and, to be valid; any such agreement must be in writing and signed by the Company's President.

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## **1.0 COMPANY HISTORY**

Life Insurance Company of Alabama was founded in July, 1952 by Colonel Clarence W. Daugette, Jr. Under his excellent leadership as President, it has been sound and progressive. At the end of 1980, the Company had achieved a billion dollars of life insurance in force; a milestone in its history which was accomplished after only twenty-eight years in business.

In April, 1987, Clarence W. Daugette, III, was elected as President to succeed his father, Col. C. W. Daugette, Jr., and continues to direct the Company's operations.

As an employee of Life of Alabama, you can take much pride in being associated with a Company that is one of the leading companies in the industry. "A Southern Company Growing With the South", we do business in the states of: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Kentucky, North Carolina, Oklahoma, South Carolina and Tennessee.

With your help and that of other employees, we will continue in this position of leadership.

## **2.0 PUBLIC RELATIONS AND MARKETING**

Public Relations begin in the Home Office. Everything you do eventually has an effect on our public relations. Proper handling of files, supplies, forms, correspondence, calculations, and our daily routine work enables us to do a better job for the public. Doing a good job for the public is the beginning of good public relations.

In the course of your introduction and orientation period, you will meet all of the people in the Home Office; however, this will represent only a small portion of the people who work for Life Insurance Company of Alabama. A very important part of our organization is our Field Force--Agents, General Agents, Managers, and Home Office Field Representatives. These people, who live and work in the states in which our Company is now licensed, are engaged in selling and servicing the business of our policyholders. On occasions many of these people will visit our Home Office as will our Directors, Stockholders, and Policy owners.

While our Field Force is directly involved in selling the product, the fact is that every employee is engaged in selling. We all must sell the Company's image on a favorable basis to all whom we may come in contact.

Remember, no matter how big an organization may become, the impression a person has of that company is often formed by his contact with one person - that one person might be you.

Another thing about public relations is that much confidential information about applicants, policy owners, and others comes to us. One of our most important duties is to respect these confidences--so important, in fact, that as a new employee you will be asked to sign a pledge indicating your willingness to cooperate in this matter.

### 3.0 CODE OF ETHICS

The Life Insurance Company of Alabama requires public trust for its continued success. Our ability to meet our performance objectives is ultimately dependent upon the strength of our reputation. The Life Insurance Company of Alabama, like other responsible businesses, earns a favorable reputation by conducting its business and carrying out its obligations in accordance with uncompromising professional and ethical standards. In short, the Life Insurance Company of Alabama's reputation is a reflection of our adherence to underlying philosophical and ethical principles. This Code outlines these principles.

Public trust and confidence is often determined by the conduct of the Life Insurance Company of Alabama's directors, officers, managers, supervisors, and employees. Each must manage his personal and business affairs so as to avoid situations that might lead to a conflict or even a suspected conflict between his self-interest and his duty to the Life Insurance Company of Alabama and its customers.

Because the Life Insurance Company of Alabama is judged by the collective performance of its employees, each of us has a responsibility to act in a manner that merits public trust and confidence. Basic principles of personal conduct can be simply stated:

- You must not willfully take any action, either personally or on behalf of the Life Insurance Company of Alabama, that will violate any law or regulation affecting our business.
- You must perform your assigned duties to the best of your ability and in the best interest of the Life Insurance Company of Alabama and its customers.
- You must exercise absolute candor in providing facts and information requested of you by the Life Insurance Company of Alabama's supervisors or other authorized officials. In providing such information, however, you should avoid voicing opinions that cannot be factually substantiated.
- You must not misuse the Life Insurance Company of Alabama's resources or your position with the Life Insurance Company of Alabama to pursue personal interest or in violation of any law or regulation.

The Life Insurance Company of Alabama obligates itself to act in a manner that acknowledges its interdependence with and respect for its social, economic and physical environment. Our activities should earn the confidence and trust of our employees, customers, and the general public.

Basic principles of ethical conduct can be stated simply:

- The Life Insurance Company of Alabama will not cause or tolerate any violation of laws or regulations in the conduct of its business or related activities.

- The Life Insurance Company of Alabama will not conceal information from authorized auditors or regulatory agencies and will disclose on a timely basis information required for judging the soundness of its condition and its merits as a business.
- The Life Insurance Company of Alabama will maintain and uphold standards and procedures that safeguard and legitimate confidentiality of information pertaining to customers and employees.

Violations of the Code of Ethics could result in reprimands, denied promotions, demotions, or dismissal. Anyone seeking an interpretation or needing advice on any section of the Code should contact the Life Insurance Company of Alabama's Human Resources Department.

## **A. ADMINISTRATION OF THE CODE OF ETHICS**

Each director, officer, manager, supervisor and employee will receive a copy of the Code. A copy of the Code and any updates or revisions will be maintained in the Personnel Policy Manual at all times for review by employees. Each director, officer, manager and supervisor will read the Code and will sign an annual certification agreeing to follow its provisions at all times. Additionally, each director, officer, manager and supervisor will annually certify that he is aware of no potential or actual conflict of interest or violation of any standards or he will identify any potential or actual conflict or violation. If during the year any of the information to which a director, officer, manager or supervisor attested changes, he will promptly report the changes to the Human Resource officer. The Human Resource officer, or his designee, will review these written reports of conflicts or potential conflicts of interest and decide if it is necessary to notify the board of directors of the situation.

This code does not attempt to set forth all prohibited actions but supplements other Life Insurance Company of Alabama policies. If situations arise that are not clearly addressed by the Code, employees' questions should be directed to Human Resources for review and resolution.

The Human Resources Committee has ultimate responsibility for establishing and maintaining policies in accordance with this Code. This Code and any revisions will be approved by a majority vote of a quorum of the Committee.

## **B. CONFLICTS OF INTEREST**

### **1. General**

Directors, officers, managers, supervisors and employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which the Life Insurance Company of Alabama wishes to operate. The purpose of these guidelines is to provide general direction. Further clarification on specific issues related to the subject of acceptable standards of operation may be sought from the Human Resources Department.

An actual or potential conflict of interest occurs when a director, officer, manager, supervisor or employee is in a position to influence a decision that may result in a personal gain for that person or that person's relative as a result of this organization's business dealings. For the purpose of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if any director, officer, manager, supervisor or employee has any influence on transactions involving purchases, contracts or leases, it is imperative that he disclose the existence of any actual or potential conflict of interest to his manager or to the Human Resources Officer as soon as possible so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where a director, manager, employee or a relative has a significant ownership in a firm with which this organization does business but also when a director, officer, or employee receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving the organization.

The materials, plans, ideas, records, and other business data of this organization are the property of the Life Insurance Company of Alabama and should never be given to an outside firm or individual except through normal channels and with appropriate authorization. Any improper transfer of material or disclosure of information, even though it is not apparent that a director, manager, supervisor or employee has personally gained by such action, constitutes unacceptable conduct. Any employee who participates in such a practice will be subject to disciplinary action, up to and including discharge.

All conflicts of interest or potential conflicts of interest are to be reported in writing to the Human Resources Officer of the Life Insurance Company of Alabama.

## **2. Outside Activities Of Directors, Officers, and Employees**

Officers, managers, supervisors and employees of the Life Insurance Company of Alabama may not engage in any business activities or employment that (1) interferes with duties to the Life Insurance Company of Alabama; (2) divides loyalties; (3) allows the possibility of conflicts of interest; or (4) causes injury or financial loss to the Life Insurance Company of Alabama.

## **C. RECEIPT OF GIFTS**

### **1. General**

No Life Insurance Company of Alabama director, manager, supervisor, employee, agent or attorney ("official(s)") may solicit, demand, accept or agree to accept for his benefit or for the benefit of another person, anything of value from anyone in return for any business, service, or confidential information of the Life Insurance Company of Alabama. Further, a Life Insurance Company of Alabama director, officer, supervisor, agent or attorney is prohibited from accepting anything of value (other than bona fide salary, wages and fees) from anyone in connection with the business of the Life Insurance

Company of Alabama, either before or after a transaction is discussed or completed. All transactions with the Life Insurance Company of Alabama are covered.

Under some circumstances, however, a director, manager, supervisor or employee may accept something of value from a person doing business with or seeking to do business with the Life Insurance Company of Alabama. Generally, there is no risk to the Life Insurance Company of Alabama if the item is offered based on a family or personal relationship, independent of any business of the Life Insurance Company of Alabama, or the benefit is available to the general public under the same conditions or the item would be paid for by the Life Insurance Company of Alabama as a reasonable business expense if it were not paid for by another party. The following are exceptions to the rule against accepting something of value:

- Accepting meals, gratuities, amenities, or favors based on obvious family or personal relationships. The circumstances should make it clear that the relationship rather than the business of the Life Insurance Company of Alabama is the motivating factor.
- Accepting meals, refreshments, travel arrangements, travel accommodations, or entertainment provided in the course of a business meeting or other occasion with a bona fide business purpose. In this situation, the expense should be one the Life Insurance Company of Alabama would pay as a reasonable business expense if another party were not paying it. This amount should not exceed \$100.
- Accepting advertising or promotional material of reasonable value including pens, pencils, key chains, note pads, calendars and other such items.
- Accepting discounts or rebates on merchandise or services that are available to other customers.
- Accepting gifts of reasonable value (not in excess of \$50.00) that are related to commonly recognized events or occasions such as a wedding, retirement, promotion, new job, Christmas, or bar mitzvah.
- Accepting civic, charitable, educational or religious organizational awards of a reasonable value for recognition of service and accomplishment.

Acceptance of any other benefits or items of value such as travel arrangements and accommodations by directors, officers, managers, supervisors or employees that are not described above or that exceed the limits established above must be pre-approved by the Human Resources Officer or his designee. If pre-approval is not possible, the individual must make complete disclosure as soon as possible following the acceptance of such benefits or items of value. Approval may be given only on the basis of a full written disclosure of all facts submitted by the individual who received the gift. A director, officer, manager, supervisor or employee and members of his family must decline any gift or favor offered under circumstances that indicate or appear to indicate that its purpose is to influence the individual in the performance of his job.

The Life Insurance Company of Alabama expressly prohibits the acceptance by Life Insurance Company of Alabama directors, managers, supervisors and employees of

cash or cash equivalent gifts for any amount. In addition, acceptance of any gift that would be viewed as lavish or expensive by a reasonable person, such as the use of a vacation home, is prohibited. Any gift, even of nominal value, must be refused if it is part of a pattern or a practice, which when viewed as a whole, would be considered lavish or expensive (e.g. a pattern of expensive meals or entertainment).

## **2. Disclosure**

If a director, officer, manager, supervisor or employee is offered or receives something of value from a customer, prospective customer, competitor, supplier, or any other person beyond that authorized in this Code, the individual who received the thing of value must disclose that fact in writing to the Human Resources Officer or his designee. (Note: A report must be made even if the gift is offered and refused.) Disclosure of the acceptance of gifts evidences good faith in acceptance.

The Human Resources Officer or his designee will maintain a file of all disclosures of gifts for a period of five years from the date of receipt and will review the disclosures to determine that what has been accepted is reasonable. Additionally, Auditing will periodically review the file of disclosure to determine that what has been accepted is reasonable and does not threaten the integrity of the Life Insurance Company of Alabama. Should questions arise as to the legality of a gift, benefit or favor, employees should seek the advice of the Human Resources Administrator.

### **D. GIVING GIFTS**

Direct or indirect gifts, offers, or promises of any gift, bribe, kickback, favor, loan, service, or anything else of value to any individual, business entity, organization, governmental unit, public official, political party or other person by an employee on behalf of the Life Insurance Company of Alabama or its subsidiaries in connection with any transaction or business for the purpose of influencing the action of the recipient is expressly prohibited. This standard of conduct is not meant to prohibit normal business practices such as providing entertainment, meals, favors, discounts, tickets to cultural and sporting events, gifts given as a token of friendship or for special occasions as long as the gift is of a nominal and reasonable value under the circumstances and promotes legitimate business development.

### **E. POLITICAL CONTRIBUTIONS**

Questions as to the propriety of any action that may involve the Life Insurance Company of Alabama's support or apparent support for a political candidate or campaign should be discussed with senior management before any actions are taken.

### **F. SOFTWARE LICENSES**

The Life Insurance Company of Alabama licenses the use of copies of computer software from various software companies. The Life Insurance Company of Alabama does not own the copyright to the software or its related documentation and does not have the right to reproduce the software for use on more than one computer, except for a single copy for backup purposes or unless expressly authorized by the license agreement. Any Life Insurance Company of Alabama employee who knowingly makes,

acquires, or uses unauthorized copies of computer software licensed to the Life Insurance Company of Alabama or who places or uses unlicensed software on Life Insurance Company of Alabama premises or equipment shall be subject to termination of employment. The Life Insurance Company of Alabama does not condone and specifically forbids the unauthorized duplication of licensed software.

Life Insurance Company of Alabama Employees having knowledge of any misuse of licensed software or related documentation within the company shall notify the Chief Information and Technology Officer or other appropriate management. According to the United States Copyright Law, unauthorized reproduction of software is a federal offense which can be subject to civil damages of as much as \$150,000 per title copied and criminal penalties (fines up to \$250,000 per title copied) and imprisonment (up to five years per title copied).



## **REPORTING VIOLATIONS OF THE LIFE INSURANCE COMPANY OF ALABAMA'S CODE OF ETHICS, POLICY, LAW OR REGULATION**

### **What To Do If You Believe The Life Insurance Company Of Alabama's Policies Or A Law Has Been Violated**

Any employee or former employee of the Life Insurance Company of Alabama who has a genuine concern or belief that the Company's Code of Ethics, other policies or any federal or state law or regulation governing the Company's operation has been violated should report this concern to the internal auditor, the President, or a member of the Board of Directors.

Reports may be made to the internal contacts listed above by speaking with them in person or by telephone, or by submitting a written report via internal e-mail or U.S. mail. Reports to an outside Director may be submitted by sending e-mail to [internalauditor@licoa.com](mailto:internalauditor@licoa.com), by mailing the report to Internal Auditor, P.O. Box 349, Gadsden, Alabama 35902-0349 or by calling 256-439-3220. Reports may also be made through an anonymous hotline service by telephone (1-877-Rpt-line, 1-877-778-5463) or by the internet ([www.reportit.net](http://www.reportit.net)). Contact information for this service may be found on the Home Office web site and on employee bulletin boards.

While verbal reports will be accepted, in most cases individuals who report violations of the Company's Code of Ethics, other policies, laws or regulations will be asked to make a written report providing as much detail as possible concerning who has engaged in the behavior, when, where, and exactly what was done or said.

### **No Retaliation or Harassment For Reporting Violations of the Company's Code of Ethics**

Employees who report genuine concerns about possible violations of the Company's Code of Ethics, other Company policies or any law or regulation governing the Company's operation will not be at risk of losing their jobs or suffering any form of retaliation as a result. Additionally, no employee will be subject to retaliation or harassment because they file a complaint or participate in any investigation or hearing concerning allegations of fraud or a violation of any other rule, regulation or law governing the Company's operation.

No employee, supervisor, manager or other person, whether employed by the Company or not, shall threaten or suggest that reporting genuine concerns in accordance with this policy will adversely affect that person's employment, work status, evaluation, wages, advancement, assigned duties, shifts, or any other terms or conditions of employment. Similarly, no employee, regardless of job title, shall promise, imply, or grant any preferential treatment in return for another employee's acceptance of conduct that violates this policy.

## **How Reports Will Be Handled**

Reports made under this policy will be promptly investigated. In most cases, the investigators will meet with the person making the report to get a complete and accurate statement concerning the nature of the problem. Once the facts have been gathered, the Company will try to address and eliminate any problems identified through its investigation.

If an investigation of a complaint shows that the complaint or information was intentionally false, the individual who provided the false information will be subject to disciplinary action, up to and including termination. However, no employee will be subject to disciplinary action simply because an investigation shows they were mistaken in their belief that the Company's policies or a relevant law or regulation was violated. In most cases, the employee making a report under this policy will be informed of the results of the investigation and of the remedial action taken.

While all reports made under this policy will be treated as confidentially as possible, the requirement to conduct an impartial investigation means that complete confidentiality cannot be assured.

## **Individual Roles And Responsibilities**

Each of us is responsible for our own conduct and should avoid the types of behaviors that are inconsistent with the Company's Code of Ethics, violate any Company policy, or that is illegal.

Second, if we experience or observe violations of the Company's Code of Ethics or relevant laws or regulations, each of us has a responsibility to report such violations.

If each of us does our part, we can make the Life Insurance Company of Alabama a better and more productive place to work for all employees.

## 4.0 EQUAL EMPLOYMENT OPPORTUNITY

Life Insurance Company of Alabama has a continuing policy to ensure that fair and equal employment opportunities are extended to all persons without regard to race, religion, color, sex, age, national origin, disability, status in the uniformed services of the United States, or on any other basis protected by law.

The Company seeks, in all of its operations, to employ “those individuals” for available positions who are qualified or qualifiable on the basis of merit and ability alone. It is extending its best efforts to identify and develop the broadest possible range of applicant sources and to promote the fair and effective use of such sources in all of its employment activities.

The following is the Company's commitment to Equal Employment Opportunity:

All employees and qualified applicants for employment will be provided equal opportunity regardless of their race, religion, color, national origin, sex, age, physical or mental disability, veteran's status, or on any other basis protected by law. This applies to all phases of the employment process, including:

- Recruitment, advertising or solicitation for employment
- Hiring and placement
- Selection for promotion, transfer, demotion or discipline
- Rates of pay or other forms of compensation and benefits
- Selection for training, education and tuition assistance
- Layoff, recall or termination
- Social and recreational programs

The Company's commitment to fair employment practices is the foundation of its professional and objective management approach. Each manager has the overall responsibility for monitoring all fair employment affairs within his or her facility. However, each department head and manager shares a similar responsibility to practice objective and impartial employment decisions within their departments. Also, any employee who believes he or she has been discriminated against or any employee who observes any discriminatory treatment of another employee should report this to the Human Resources Officer or any other management official immediately.

## 5.0 NO HARASSMENT POLICY

Life Insurance Company of Alabama is committed to maintaining a work environment that is free from discrimination and violence in which employees at all levels can devote their full attention and best efforts to the job. Harassment, violence or threats of violence have no place in the work environment. Life Insurance Company of Alabama does not authorize and will not tolerate any form of harassment, as described below, violence or threats of violence race, sex, national origin, age, disability, religion, or any other characteristic that is protected by law.

This policy applies to management and non-management employees alike, and even to non-employees who harass our employees.

Examples of “harassment” that is covered by this policy include offensive language, jokes, or other physical, verbal, written, or pictorial conduct relating to the employee’s sex, race, religion, national origin, age, disability, or other factor protected by law that would make a reasonable person experiencing such behavior feel uncomfortable or would interfere with the person’s work performance.

The examples below are just that – examples. It is impossible to list every type of behavior that can be considered harassment in violation of this policy. In general, any conduct based on these traits that could interfere with an individual’s work performance or could create an offensive environment will be considered harassment in violation of this policy. ***This is the case even if the offending employee did not mean to be offensive. It is essential that employees be sensitive to the feelings of others.***

### **SEXUAL HARASSMENT**

Sexual harassment (whether opposite-sex or same-sex) is strictly prohibited. Examples of the types of behavior that may be considered sexual harassment in violation of this policy include the following:

- ❑ Sexually offensive jokes or comments
- ❑ “Sexist” comments or behavior (in other words, conduct that demeans other individuals because of their sex, even if not vulgar, lewd, or sexually provocative)
- ❑ Physical assaults or other touching that is sexual in nature
- ❑ Unwelcome sexual advances, propositions, requests for dates or sexual favors.
- ❑ Promising favorable treatment or threatening unfavorable treatment based on the employee’s response to sexual demands
- ❑ Displays of sexually oriented reading materials or pictures, including electronic materials
- ❑ Punishing an employee for complaining about sexual harassment, including but not limited to, any of the above

## **HARASSMENT BASED ON RACE, NATIONAL ORIGIN, AGE, DISABILITY, OR RELIGION**

Harassment based on these other traits deserves special mention and is also strictly prohibited. Examples of the types of behavior that will be considered harassment based on these characteristics include the following:

- ❑ Jokes or negative comments about these characteristics
- ❑ Displays of reading materials or pictures containing negative material about these characteristics, including electronic materials
- ❑ Vandalism or “pranks” based on these characteristics
- ❑ Name-calling based on these characteristics
- ❑ Punishing an employee for complaining of these types of harassment

**Special Note About Religion. It is not a violation of this Policy for employees to discuss religion, or to read or view religious materials, at work during non-working time. However, employees who do so should be sensitive to and respectful of the different beliefs (or lack of belief) of others. Religious practices that interfere with job performance, excessive “preaching” that is unwelcome to others, or adverse treatment of others because of their beliefs, different beliefs, or lack of belief, may be considered “harassment” within the meaning of this Policy.**

## **“HARASSING” USE OF LIFE INSURANCE COMPANY OF ALABAMA’S COMPUTER SYSTEM**

Use of Life Insurance Company of Alabama’s computer system for any harassing purpose (as defined above) will be treated as a violation of **both** this No-Harassment Policy **and** the Electronic Communications Policy. Examples of “dual violations” include the following:

- ❑ Using e-mail or instant messaging to transmit messages, jokes, or other material that is defined as “harassing” in this Policy (***this includes forwarding or even saving such material that has been sent to you by others***)
- ❑ Viewing pornographic or other offensive sites (such as racist websites) on Company computers, including company-issued laptop computers
- ❑ Electronic “pranks” – for example, “mail-bombing” or “spamming” – based on the sex, race, national origin, age, disability, or religion of the victim, or in retaliation for a harassment complaint

**If you receive an unwanted message on Life Insurance Company of Alabama’s computer system, you should delete it immediately. If the problem reoccurs, you should report it to the Human Resources Officer by calling 256-439-3272.**

**This policy obviously applies to activities conducted on workplace computers, but it also applies to transmissions from “outside” computers into Life Insurance Company of Alabama’s computer system, and to transmissions between different “outside” computers if the intended recipient finds the material unwelcome and is**

**an employee, customer, consultant, vendor, or sales agent of the company, or is in some other business relationship with the company.**

## **VIOLENCE AND THREATS OF VIOLENCE**

Violence or threats of violence is also strictly prohibited. Examples of these types of antisocial behavior can include:

1. Any conduct which involves the offensive touching of another employee.
2. Intimidating or threatening gestures or body posture that reflects possible violence or a threat of violence.
3. Verbal threats to “get even” or “go postal” or similar statements that cause an employee to fear possible harm by another person.
4. Retaliation for complaints of violence or threats of violence.

## **REPORTING HARASSMENT, VIOLENCE OR THREATS OF VIOLENCE**

Life Insurance Company of Alabama cannot resolve matters that it does not know about. Every employee has a duty to immediately report harassment, violence or threats of violence so Life Insurance Company of Alabama can try to resolve the situation. You should report harassment when

- ❑ ***You believe that you have been or are being harassed***
- ❑ ***You believe that someone else has been or is being harassed***

This is true whether the alleged harasser is an employee, a supervisor or manager, or even a non-employee, such as a customer, consultant, sales agent, or vendor with whom Life Insurance Company of Alabama does business.

***To report harassment, you must contact the Human Resources Department at 256-439-3272 or call the Life Insurance Company of Alabama’s Harassment Hotline at (1-877-Rpt-line, 1-877-778-5463) or by the internet (www.reportit.net).*** Contact information for this service may be found on the Home Office web site and on employee bulletin boards. These individuals have been trained to respond appropriately to reports of harassment.

Once your report has been received, Life Insurance Company of Alabama will

- ❑ Conduct a prompt and thorough investigation
- ❑ Discuss the results with the complaining employee and, where appropriate, the action to be taken
- ❑ Keep the investigation and results as confidential as possible
- ❑ If the complaint is verified, take appropriate corrective action, up through and including termination

No employee will be punished for bringing a good faith report of harassment to the company’s attention or for cooperating in an investigation.

## **OUR COMMITMENT TO AN EFFECTIVE NO-HARASSMENT POLICY**

**Finally, if you feel that life insurance company of Alabama has not met its obligations under this policy, or if you are not satisfied with the way in which your report of harassment was handled, you should contact Clarence W. Dauge, III or the chairman of the board. An effective no-harassment policy depends on all of us, working together, to address this very important subject.**

## **6.0 OPEN DOOR POLICY**

In any organization that includes people working with each other, problems occasionally arise. In our spirit of open communication, Life Insurance Company of Alabama believes in an "open door" policy. Life Insurance Company of Alabama is union free, and we are permitted to talk with one another to get answers to questions, to communicate, and to resolve problems without the interference of a paid third party. You are encouraged to talk with your department head or manager should any question or difficulty arise relating to any aspect of your job. Your department head should either be able to help you with the problem or refer you to someone who can provide the answer to your question. If your department head fails or is unable to provide a satisfactory response, you should contact the Human Resources Officer. If the Human Resources Officer does not provide a satisfactory response, you should contact the President.

By following this process, we should be able to resolve small problems before they become large problems. For that reason, you should always feel free to discuss your problems and questions with members of management.



## **7.0 LIFE INSURANCE COMPANY OF ALABAMA'S POLICY CONCERNING UNIONS**

Life Insurance Company of Alabama believes that the work conditions, wages, and benefits it offers to employees are competitive with those offered by other employers in this area and in our industry. If employees have concerns about work conditions or compensation, they are strongly encouraged to utilize our open door policy to discuss these concerns openly and directly with management.

Our experience has shown that when employees deal openly and directly with department heads, the work environment can be excellent, communications can be clear, and attitudes can be positive. We believe that this organization amply demonstrates its commitment to employees by responding effectively to employee concerns.

As an employer, we prefer to deal with our employees directly rather than through a third party. For this reason, we will resist union organization, within applicable legal limits, and protect the right of employees to speak for themselves. This does not mean that from time to time we do not have problems. We recognize that no organization is free from day-to-day problems. However, we have always been able to work problems out among ourselves without the intervention of outsiders. We believe that our policies and practices, which are intended to help resolve problems, are better than petty bickering among ourselves. Our experience has demonstrated that third party representation complicates our communications and introduces issues that are important to unions and not to employees. We prefer to maintain an environment in which employees are free to raise questions, express opinions, and to express concerns as individuals and to have them resolved on an individual basis.

It is all of us working together to make this a viable, healthy organization that provides us with our jobs and our future growth. We encourage you to bring your problems to your department head or any other manager you feel can help you. In turn, we promise to listen and give the best possible response that we can.

In a day's work, there are many pressures. It is our goal to keep each Company facility free from artificially created tensions that can be developed by outsiders, such as a union. We feel that a union would be of no advantage to any of us. We accept our responsibility to provide the best working conditions, pay, and benefits that we can justify and recognize that each of you is an individual, and we encourage you to use your right to speak for yourself.

You may be approached by union representatives who will encourage you to join their union. If this happens, we ask that you take the time to look at the motives of the person interested in promoting a union, make every effort to obtain the whole truth, and carefully consider such related issues as regular deductions from paychecks for representation fees, the potential for outside interference with supervisory relations and the commitment to comply with directions from third parties.

If you become aware of such union activity, please feel free to consult with a senior officer who will answer any questions you may have.

## **8.0 IMMIGRATION LAW COMPLIANCE**

Life Insurance Company of Alabama complies with all applicable Immigration statutes and regulations and is committed to employing only United States citizens and aliens who are authorized to work in the United States.

As a condition of employment, each new employee must properly complete, sign, and date the employee section of the Immigration and Naturalization Service Form I-9.

## **9.0 EMPLOYMENT POLICIES**

### **A. PERSONAL STATUS OF EMPLOYEES**

Employees should notify their department heads or the Payroll Department of any changes in address or personal status. Information about an employee's address, telephone number and family status is important in the event of an emergency and in connection with such things as social security, withholding taxes, and group insurance.

The Payroll Department should be notified immediately in case of:

1. Change of address or telephone number;
2. Marriage, divorce or separation;
3. Legal change in name;
4. Beneficiary change; or
5. Change in tax exemptions.

### **B. EMPLOYEE STATUS DEFINITIONS**

Employees will be classified in one of the following categories. This classification will determine the benefits to which the employee is entitled as described in subsequent paragraphs.

#### **1. Regular, Full-Time Hourly Employees and Non-Exempt Salaried Employees**

A full-time hourly employee is one who is regularly scheduled to, and does, regularly work at least twenty (20) hours per week, and who is paid on the basis of the number of hours worked during a workweek. Full-time employees who regularly work fewer than thirty-six (36) hours per week will be eligible for only a prorated portion of benefits. For example, a regular employee who works 20 hours per week would receive 20/36 of the benefits accrued by a person who regularly works 36 hours or more per week.

#### **2. Full-Time Salaried-Exempt Employees**

A salaried-exempt employee is one who is paid a pre-arranged salary that is intended to compensate the employee for all hours worked, without regard for the actual number of hours worked or the quantity of work performed during the work week. No comp time is earned for extra hours worked.

#### **3. Regular Part-Time Hourly Employees**

A regular part-time employee is one who is regularly scheduled to, and does, work fewer than twenty (20) hours per week, and who is paid on the basis of the number of hours worked during a workweek. Part-time employees are not eligible for certain benefits described in this handbook.

#### **4. Temporary Employees**

A temporary employee is one who is hired as a relief worker, summer help, vacation and sick relief, or for a special job that is to be performed in a specified time period.

#### **C. PROBATIONARY PERIOD**

A probationary period of ninety (90) days is observed for all new regular, full-time employees, during which they will not be entitled to most employee benefits.

At the end of the probationary, each regular, full-time employee's work record will be reviewed by the appropriate department head. If an employee's work during the probationary period has been satisfactory, meeting our Company's standards, he will be considered regular and will be eligible for benefits, as described in this Handbook. After the probationary period, employees are subject to an annual performance review, conducted on the employee's anniversary date.

After becoming a regular, full-time employee, you may be eligible for our Group Life and Hospitalization Plans effective the first day of the month following your 90-day anniversary. If you do not elect to take this coverage at this time, and later decide that you do want the coverage, you will be subject to the underwriting rules of our group insurance carrier at your own expense.

When a regularly scheduled holiday falls within your three months' training period, you will be paid for a regular workday.

Successful completion of a training period does not change the at-will nature of employment.

#### **D. SENIORITY**

The Company believes that it is important to recognize the length of time an employee has worked for the Company (seniority) for the purpose of calculating certain employment benefits and as a factor for consideration when making decisions relating to promotions, transfers, reductions in force, layoffs, and recalls.

The term "seniority" means an employee's continuous, uninterrupted period of regular, full-time and/or part-time employment beginning with his most recent date of hire. In the event that more than one employee has the same date of hire, the resulting tie in seniority will be broken by considering the person with the lowest number formed by the last four digits in his or her social security number to be the most senior.

An employee will have no seniority until he or she has successfully completed his or her ninety (90) day probationary period. After the probationary period has been completed, an employee's seniority date will be the most recent hire date.

If you are employed on a part-time or temporary basis and at a later date become a regular employee, your service date for calculating seniority and service award recognition will be prorated based on the number of part-time hours worked. If you are laid off because no work was available and are rehired within three (3) months without

having worked for another organization, your service date will be the same as before your layoff.

Approved leaves of absence will not constitute a break in continuous service for the purpose of calculating seniority.

#### **E. TERMINATION OF SENIORITY/EMPLOYMENT**

The following events will result in termination of employment and a break in service for seniority purposes:

- Voluntary quit or termination of employment;
- Any involuntary termination of employment;
- Failure to perform any work for the Company for a period of nine (9) consecutive months or for a period equal to the employee's total length of service, whichever is less;
- Failure to return to work following the expiration of an approved leave of absence;
- No recall from layoff for a period equal to the employee's length of service or three (3) months, whichever is less;
- Failure to return from layoff within five (5) consecutive work days after notice of recall;
- Retirement or settlement for total disability.

#### **F. TRANSFERS/PROMOTIONS**

Whenever practicable, promotions are made from within the Company based on qualifications, job knowledge, past performance, attendance record, and in some cases, appropriate testing or certification requirements and seniority. Employees who are interested and qualify for an open job should contact their department head. Management reserves the right to hire from outside to fill job vacancies.

#### **G. EMPLOYMENT OF RELATIVES**

A member of an employee's immediate family will be considered for employment by the Company, provided the applicant possesses all the qualifications for employment. An immediate family member may not be hired, however, if such employment would:

1. Create either a direct or indirect supervisor/subordinate relationship with a family member; or
2. Create either an actual conflict of interest or the appearance of a conflict of interest.

These criteria will be considered when assigning, transferring, or promoting an employee. For purposes of this policy, "immediate family" includes: spouse, brother, sister, parents, children, stepchildren, father-in-law, mother-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, or any other member of the employee's household.

If employees marry or become members of the same household, the above criteria will be considered. Should one of the situations occur, the Company will attempt to find a suitable position within the Company to which one of the affected employees may transfer. If accommodations of this nature are not feasible, the employees will be permitted to determine which of them will resign.

## **H. CONFIDENTIALITY**

All relationships between the Company and its customers are confidential. No customer information should be disclosed except as authorized by the customer or as required by statute or a court of competent jurisdiction. All employees should use care not to discuss corporate business in any place or manner that would risk a violation of such confidentiality or in any way that would impair the Company's competitive position. Financial information about the Company or any of its subsidiaries is not to be given to persons outside the Company unless it has been reported to the shareholders or otherwise made available to the public. Information provided by the customers in the normal course of business that is not available to the general public is confidential and must be held inviolate. Such information must never be used for personal investment decisions.

## **I. ACCESS TO PERSONNEL FILES**

Personnel files are the property of the Company, and access to the information they contain is restricted. Generally, only department heads and managers of the Company who have a legitimate reason to review information in a file are allowed to do so. With reasonable advance notice, an employee may review material in his or her file, but only in the Human Resources office and only in the presence of the individual appointed by the Human Resources Office to maintain the file.

## **J. STANDARDS OF DRESS & HYGIENE**

### **1. Dress**

Personal appearance and cleanliness are important factors in creating the caring and professional environment the Company desires for its facilities. A well-groomed employee immediately makes a good impression, both for the Company and for the employee. Therefore, employees are required to maintain a professional appearance during working hours by: (1) wearing clothing that is appropriate for the job; (2) maintaining a clean and neat appearance; and (3) wearing conservative, properly fitted apparel.

**Employees dressed inappropriately will be directed to return home and dress appropriately and will be considered tardy under the Company's Attendance Policy. Subsequent violations may result in discipline up to and including discharge.**

Acceptable apparel includes:

#### **Men**

- Clean, conservative shirt

#### **Women**

- Skirts and blouses or daytime

- Clean trousers
- Conservative necktie may be required
- Shoes – polished and maintained in good repair
- Socks
- Sideburns, moustaches and beards must be neatly trimmed
- dresses
- Slacks and coordinated blouse, sweater, or blazer
- Hosiery
- Flats or low-heeled dress shoes

Accessories should also be of a conservative nature. Necklines, hemlines, and fit of clothing must be discreet. Fads, trendy styles, and "after five" clothing should be avoided.

To clarify any misconceptions on what attire is in "good business taste," the following guidelines are offered:

- Hair should be clean, combed and neatly trimmed or arranged. Unkempt hair is unacceptable, regardless of length.
- Hemlines should be no higher than 2 inches above the knee.
- No shorts/city shorts/short split skirts.
- No sundresses.
- Polo Shirts are acceptable (No T-shirts at any time).
- Hosiery, if worn, must be conservative.
- Men must wear socks.
- Appropriate undergarments should always be worn.
- Jewelry should be conservative and business-like and worn in moderation.
- Jeans, of any color, may be worn only on Casual Friday.

If you have any questions about the dress standards, please consult with your department head or Human Resources Office for guidance.

## **2. Hygiene**

Good personal hygiene standards are required. Your fellow employees, as well as our customers, have a right to expect general cleanliness from you, as you do from them.

Each employee is expected to bathe or shower daily and to use an appropriate deodorant.

Proper dental care, as well, is essential for a good appearance. We recommend you visit your dentist regularly and a daily cleaning and oral hygiene are recommended for maintaining good health and appearance.

An excessive amount of perfume or cologne is offensive to most people; it also affects many people with allergies, so please use discretion.

#### **K. HOURS OF WORK**

We work on a 4-1/2 day week, (36 hours) as follows: 8:15 a.m. to 4:45 p.m., Monday through Thursday, and 8:15 a.m. to 12:15 p.m., Friday (when the office closes for the weekend).

Our work schedule allows an unpaid 30-minute lunch period Monday - Thursday. We are given a paid 15-minute rest period in the morning and a 15-minute rest period in the afternoon. This rest time is not accumulative or transferable to other periods of time off. For instance, if your work schedule does not allow a morning break, the time would not transfer to unpaid lunch period or used in lieu of being late for work or leaving work early in the afternoon.

You will be required to keep your time on a timesheet provided by the Payroll Department. We ask that you post your time on a daily basis, giving an accurate account of the time you are away from your job.

For all departments, the workweek for payroll purposes begins at 8:15 a.m. on Monday and ends at 8:14 a.m. the following Monday.

#### **L. TIME SHEETS**

It is the policy of the Company to comply with all state and federal laws that require records to be maintained regarding the hours worked by employees, classified as nonexempt. To ensure that accurate records are kept of the hours worked and of the accrued paid time off, the Company utilizes timesheets, which are provided by the Payroll Department. Your department head will show you how to complete your timesheet.

Employees may start working no more than seven (7) minutes before their scheduled starting time and may not work more than seven (7) minutes after the scheduled end of their workday, unless their department head approves in advance such a change in the work schedule.

All employees who are paid on the basis of the number of hours they worked during a work week are required to record the time they start working at the beginning of each work day and record the time they stop working at the end of each work day.

If you leave Company grounds for personal reasons, including meal breaks, you must record the time you leave and the time you return to work on your timesheet.

Employees should report to work in the attire required for their job. If, for any reason, an employee must dress for work after coming on the Company premises, he or she should dress before clocking in on the timesheet.

All timesheets must be left at work. No employee is permitted to make any entry on another employee's timesheet. Anyone who intentionally enters time on another



employee's timesheet or anyone who permits another employee to make entries on his or her timesheet will be discharged.

#### **M. LEAVE FORMS**

Exempt employees are not required to maintain records regarding hours worked. Leave Forms are provided for exempt employees to request time away from the office. It is mandatory that the leave form be filled out and approved by the Responsible Officer in your department. Leave Forms are to be forwarded to the Payroll Department by the Responsible Officer and will be the official record for recording vacation, personal time and sick leave.

#### **N. PAY PROCEDURES**

Payday is on the fifteenth (15<sup>th</sup>) and last day of the month. Your pay will be available to you on the fifteenth (15<sup>th</sup>) and last day of the month. When such days fall on Saturdays, Sundays or holidays, your pay will be available on the preceding workday.

All employees are encouraged to have their pay directly deposited into a personal checking, savings or money market account. By arranging direct deposit of your pay, you ensure that your pay is safely deposited each payday and that your money is accessible to you, even when you are out of town. All newly hired employees will automatically be placed on direct deposit. You may elect to have your paycheck directly deposited into one bank account or multiple accounts. To change your direct deposit, or to add accounts, simply request a direct deposit form from the Payroll Department, complete the form and return it to the Payroll Department.

#### **O. WORK WEEK COMPENSATION**

Compensation of non-exempt employees is based on a 36-hour workweek.

#### **P. OVERTIME PREMIUM**

Employees are expected to work a reasonable amount of overtime when requested. Nonexempt employees who actually work over thirty-six (36) hours in a workweek will be paid overtime equal to one and one-half (1½) times their regular hourly rate for all hours worked beyond thirty-six (36).

Overtime is very costly to the Company and should not occur on a regular basis. Therefore, no overtime may be worked without the prior approval by the responsible officer in your department. For any day in which overtime is worked, an employee must have the department head initial his or her timesheet. Working overtime without prior approval will subject an employee to disciplinary action in accordance with the Company's progressive disciplinary action policy.

#### **Q. SALARY ADMINISTRATION**

It is the policy of the Company to pay wages and salaries that are competitive with rates being paid for like jobs by other employers in the community. However, all wage and

salary policy decisions must take into consideration the Company's overall economic and competitive position.

## **R. REST AND MEAL BREAKS**

### **1. Rest Breaks**

- (a) When the workload allows, department heads may schedule two rest breaks per eight (8) hour work period for each employee. These breaks are paid time provided by the Company for the well-being and enjoyment of its employees.
- (b) Rest breaks are to be scheduled by department heads when they will least interfere with the operation of the work area and service to our customers.
- (c) Scheduled rest breaks should not exceed fifteen (15) minutes in duration. Employees who exceed the allotted time for a rest break shall be considered tardy, resulting in the assessment of one-fourth of an absence occurrence, in accordance with the Attendance Policy described in Section W below.
- (d) Rest breaks should be taken in designated non-work areas. No food is permitted in work areas during rest breaks.
- (e) Employees on rest breaks are not to visit or interfere with fellow employees who are continuing to work.

### **2. Meal Breaks**

- (a) Employees may be provided one meal break during each eight (8) hour shift of duty. This break is normally provided during the middle of the shift, but break assignments may vary and must be coordinated to allow for the proper service of our customers.
- (b) Meal breaks are normally thirty (30) minutes in duration and are unpaid time unless the employee is required to perform work during his or her meal break and does not get thirty (30) uninterrupted minutes for this break. Employees are expected to take only the time scheduled for lunch.
- (c) Non-exempt employees who leave Company property for meals shall record on their timesheet the time they leave work and the time they return to work.
- (d) Employees who exceed the allotted time for a meal break shall be considered tardy, resulting in the assessment of one-fourth of an absence occurrence, in accordance with the Attendance Policy described in Section T below.

## **S. LEAVING COMPANY PROPERTY DURING WORK HOURS**

It is recognized that, at times, an employee must leave Company property during working hours to conduct personal business. Managers and Department Heads, however, are responsible for knowing the whereabouts of all employees and for maintaining proper staffing at all times. Therefore, when it is necessary to leave the property at any time during working hours, an employee must: 1) obtain permission from his or her department head or the person in charge of his area at the time, before leaving Company property; 2) record on his or her timesheet the time left and the time returned to work; 3) check back in with the department head at the time of return; and 4) personal time will be charged for leaving during working hours.

## **T. ATTENDANCE**

### **1. Policy**

Absenteeism and tardiness are serious matters. Fellow employees and the Company depend on each employee to work as scheduled. Any occasion of absence or tardiness results in shifting the responsibility of work to other employees. Thus, absenteeism and tardiness policies must be established and followed. As a result of excessive absenteeism and/or tardiness, disciplinary action may be required and will normally be based on frequency of occurrences in accordance with the following.

An occurrence system has been designed to keep track of the number of occurrences of absence, tardiness and early departure. The system is based on a 12-month calendar year, but occurrences are valid for one year from date of occurrence.

### **2. Practice**

#### **(a) Absence**

Absence is defined as being absent from work at least two (2) hours on any scheduled workday, even though the employee has called in, unless the reason for absence meets the criteria of an approved absence where no occurrences will be charged.

#### **(b) Tardiness**

Tardiness is defined as reporting to work or returning from a meal break after the scheduled starting time. One quarter (1/4) occurrence will be charged to an employee who reports to work within seven (7) minutes after the shift begins.

#### **(c) Partial Day Absence**

Employees who report to work or return from a meal break later than seven (7) minutes, but less than two (2) hours, after scheduled starting time will be charged with one half (1/2) of an occurrence. If an employee reports for work two (2) hours or more after shift start time, one (1) full occurrence will be charged.

<b>EXAMPLE</b>	
<b>Tardiness</b> – Late up to 7 minutes .....	¼ Occurrence
<b>Partial Day Absence</b> – 7 minutes to 2 hrs .....	½ Occurrence
<b>Absence</b> – After 2 hours .....	Considered absence and 1 occurrence charged

**(d) Early Quit**

Early quit is defined as leaving work with permission during the last quarter of the shift. No occurrence will be charged for an early quit, provided the employee has received written approval from the department head and the purpose of leaving early is deemed a personal or family emergency/medical reason, or such time off has been properly scheduled in advance, in accordance with the Company's Personal Hours policy. Leaving work earlier than the last quarter of the assigned shift will result in one half (1/2) occurrence provided the employee has worked at least half of the scheduled shift. If the employee has worked less than half the scheduled shift, it will be considered as one (1) occurrence.

<b>EXAMPLE</b>	
<b><u>Monday – Thursday:</u></b>	
Clock out within 2 hrs of shift end With written approval	No Occurrence
Clock out more than 2 hrs before Shift ends with approval and have Worked at least 4 hrs.....	½ Occurrence
Clock out more than 2 hrs before Shift ends with approval and have Worked less than 4 hours.....	1 Occurrence
<b><u>Friday:</u></b>	
Clock out within 1 hr of shift end With written approval .....	No Occurrence
Clock out more than 1 hr before Shift ends with approval and have Worked at least 3 hrs.....	½ Occurrence
Clock out more than 1 hr before Shift ends with approval and have Worked less than 2 hours.....	1 Occurrence

**(e) Reporting Absence**

Employees who are absent and do not call the designated office personnel (department head) within 15 minutes after the shift begins will be charged an additional one half (1/2) occurrence unless within 24 hours of reporting to work

the employee provides a medical excuse which shows that the employee was medically incapacitated and that it was not possible to notify the Company.

**(f) Overtime**

Failure to report for, or reporting late for, or leaving early from regularly scheduled mandatory or voluntary overtime will be treated the same as other occurrences of absence or tardiness.

**Excused Absences - No Occurrence Charged**

- Paid periods of bereavement leave (funeral pay).
- Jury duty (must provide document in advance from clerk of court).
- Subpoenaed as witness or otherwise ordered by a court to appear in a case in which the associate is not a party or charged person. (Must provide document in advance from clerk of court.)
- Compensable time off due to worker's compensation injury incurred at Life Insurance Company of Alabama.
- Approved vacation and/or holiday time.
- Required military leave (Reserves, National Guard).
- Properly approved leaves of absence.
- Medical/Personal Emergency Days.

**(g) Disciplinary Action**

Absence records will be maintained for twelve (12) month periods beginning January 1 and ending December 31 of each year. Occurrences will be valid for a twelve (12) month rolling period from date of occurrence.

Corrective discipline will normally be administered according to the following:

- Four (4) occurrences ..... Written warning
- Six (6) occurrences..... Written warning
- Eight (8) occurrences..... Written warning with 3 days suspension
- Ten (10) occurrences..... Termination

- Any employee who fails to contact the Company and is absent three (3) consecutive days shall be deemed to have abandoned their job and will be terminated. The employee's record will show voluntary quit without giving proper notice.
- Regardless of any other provisions contained herein, any employee who receives four (4) written warnings for absenteeism during any 12-month period shall be terminated. (This is not a calendar 12-month period; it is 12 months from date of first warning.)
- Failure to enforce the listed discipline as outlined above will not result in the extension of additional occurrences prior to the next step of the disciplinary process. Steps may be skipped or multiple steps may be covered at one time.

## **U. INCLEMENT WEATHER**

Inclement weather is defined as any natural hazard condition (water, ice, snow, etc.) that is of such force or extent as to prevent one or more Company employee(s) from getting to work on time. Because inclement weather may affect some employees quite differently from others, each employee must make the decision as to whether inclement weather should affect her or his attendance at work.

The general rule to be followed is unless the Company's President issues a statement to the contrary, the office will be considered as open for business during the normal office hours (8:15 a.m. to 4:45 p.m. Monday through Thursday, 8:15 - 12:15 Friday) regardless of weather conditions. All employees are expected to make every reasonable effort to come to work regularly and on time.

Any employee who is unable to report to work when the office is open because of inclement weather must contact his or her department head in accordance with the reporting requirements of the Attendance Policy of this handbook. If the Company is open for business and an employee is unable to report for work because of the weather, the absence will not count as an occurrence under the Attendance Policy. But in order to receive pay for the time off, the employee must use accrued vacation or personal leave.

If any employee is scheduled to be off and there is an unscheduled office closing, e.g., snow days, closing early. The employee will be charged with scheduled time off. (Vacation, Personal Time, Sick Leave)

## **V. PERFORMANCE REVIEWS**

A formal written performance review will be given to each employee during a conference with his department head at the end of the first ninety (90) days of employment and at least annually thereafter. Additionally, performance reviews may be completed as needed, based upon exceptional performance, good or bad.

## **W. EMPLOYEE CONDUCT AND WORK RULES**

Life Insurance Company of Alabama expects a high level of professionalism and integrity at all times. Employees are to follow rules of conduct and behavior that are designed to protect the interests and safety of all employees, the Company and its customers, and to ensure orderly operations of the Company. Individuals are responsible for maintaining a good work record. If an employee violates the Company's policies, procedures or work standards, corrective discipline may be necessary. When a problem arises, it is the supervisor's responsibility to administer corrective action and individual counseling to help the employee get back on track, where appropriate.

Life Insurance Company of Alabama reserves the right to deal with each situation in the most appropriate manner. Each behavioral or performance problem must be evaluated within the context of the specific facts and circumstances involved, and the appropriate discipline, up to and including discharge, will be administered based upon that evaluation.

Where appropriate, Life Insurance Company of Alabama believes in progressive discipline that is designed to give an employee the opportunity to correct inappropriate conduct. If the Company determines that progressive discipline is appropriate under the circumstances, such discipline may include verbal warning, written warning, suspension and/or termination. However, these guidelines do not mandate a particular sequencing of discipline steps and do not mandate that each type or class of violation must have a separate progressive track. Instead, the type of event(s) being considered, the employee's disciplinary history and other relevant facts and circumstances should be considered to determine the appropriate discipline for each situation.

The following list of offenses is intended to provide examples of the types of behavior that may result in the administration of progressive disciplinary action, but it is not an exclusive catalogue of all offenses that may result in such disciplinary action:

1. Willful, improper charges on an employee's timecard;
2. Loud, boisterous, or inappropriate behavior;
3. Violation of any Company policy or procedure;
4. Failure to follow the instructions of a duly appointed supervisor;
5. Substandard job performance;
6. Causing a disruption in the work place;
7. Unauthorized use of telephones, mail systems, computer systems, or other Company-owned equipment; or use of personal cell phones, texting;
8. Failure to report to work or call in sick.

In the event of a problem that is a serious violation of the Company rules, or if an employee is accused of an act that threatens the safety or well being of the employee, a co-worker, a visitor, the employee may be suspended immediately. An investigation of

such a matter may involve all supervisory personnel directly involved, the Human Resources Officer, any other appropriate Operations Manager, and, if necessary, a member of Life Insurance Company of Alabama Senior Management. All aspects of each case will be evaluated prior to a final determination regarding appropriate discipline.

The following list of offenses is intended to provide examples of the types of behavior that may result in immediate discharge, but it is not an all-inclusive catalogue of all offenses that may result in such disciplinary action:

1. Committing an act that threatens the safety or well-being of the employee, a co-worker, visitor or client;
2. Discourteous treatment of customers or fellow employees;
3. Possession of explosives or weapons on Company or Customer property, time or business;
4. Fighting, inciting a fight, threatening, intimidating, or coercing other individuals while on Company property, time or business;
5. Gambling on Company property, time or business;
6. Gross inattention to duty during working hours;
7. Theft, destruction, hiding, or intentional damage of Company property, or property of others while on Company time or business;
8. Possession, consumption, sale, manufacture, or distribution of illegal drugs (as defined in the Company's substance abuse policy), or abuse of intoxicants or alcohol, on Company property, time or business;
9. Reporting to work under the influence of alcohol, drugs or other substances in violation of the Company's Substance Abuse Policy.
10. Falsification or defacing of business records including expense reports and timecards;
11. Intentionally reducing, restricting, hindering, interfering with, or limiting work or attempting to influence others to do so;
12. Sexual or other unlawful harassment;
13. Insubordination or refusal to obey instructions of supervisors or other management personnel after being warned that such instructions are proper and that failure to obey could result in termination;
14. Misuse, disclosure, or unauthorized removal or falsification of Company property, records or confidential information in violation of Company policy, or other forms of dishonesty;



15. Written or verbal willful falsification of Company records, including, but not limited to, employment applications, timesheets or time cards, financial records, etc;
16. Gross violation of Company safety rules or common safety practices;
17. Working another job while absent or on leave of absence;
18. Refusal to submit to a drug test required under the Company's Substance Abuse Policy.

These rules are not intended to be all-inclusive, and the Company reserves the right to amend or modify them as it sees fit.

Life Insurance Company of Alabama wants every employee to be successful. When an employee is terminated, the entire Life Insurance Company of Alabama team loses. Because employment termination is a very serious decision, the approval of the appropriate management representative and a member of Life Insurance Company of Alabama Senior Management should be obtained prior to a termination.

If you receive corrective action and/or have your employment terminated and believe such corrective action was unfair or inappropriate, you are encouraged to use Life Insurance Company of Alabama's Open Door Policy and/or grievance procedure.

## **W. GRIEVANCES**

It is the policy of Life Insurance Company of Alabama to give careful consideration to the causes of problems and dissatisfactions that can arise in connection with an employee's job. Life Insurance Company of Alabama has developed the following dispute resolution procedure as one way to assist in the resolution of such problems. This procedure provides employees an opportunity to present their position and for management to carefully consider possible solutions to their problems. Utilization of these procedures is voluntary and employees may use them without penalty or fear of reprisal.

If you feel that you have a work-related issue that needs resolution, you should first attempt to discuss it with your immediate supervisor in an effort to resolve the matter informally.

If the problem is not resolved satisfactorily, you should put your complaint in writing, sign it and submit it to the Human Resources Officer. The Human Resources Officer will review the facts and circumstances involved in the complaint and make a decision.

If you are not satisfied with the Human Resources Officer's decision, you may submit a written statement of your complaint to Senior Management for review. The decision of Senior Management will be final.

This dispute resolution procedure is purely voluntary and does not limit your access to legal procedures. Each dispute must be evaluated and resolved within the context of the specific facts and circumstances involved.

## **X. RESIGNATION**

Supervisory and managerial employees are requested to give written notice of four (4) weeks. All other employees are requested to give written notice of two (2) weeks. Failure to give adequate written notice may result in ineligibility for re-employment and accrued vacation, personal hours and sick leave will not be paid. Employees who are absent from work for three (3) consecutive days without giving proper notice to the Company will be considered as having voluntarily resigned.

Senior officers will not receive payment for accrued leave time upon resignation.

## **10.0 MISCELLANEOUS POLICIES**

### **A. PERSONAL FINANCES AND INDEBTEDNESS**

The failure of employees to pay legal financial obligations to creditors who provide goods or services on the strength of a promise to pay for these purchases is a very serious concern to the Company. The law provides certain kinds of relief from extreme financial pressure for persons, who for various reasons such as illness or loss of employment, are unable to pay their debts. The law further provides that a person's employment will not be affected if he/she seeks relief from financial hardships by proceeding in bankruptcy. The Company fully complies with this legal requirement and no employee will be terminated or discriminated against solely because that employee is or has been a debtor in bankruptcy, has suffered financial insolvency while a bankruptcy proceeding is pending, or has not paid a debt covered by the bankruptcy proceeding.

The law also provides that a person's employment may not be affected by his/her failure to pay any one obligation or a resulting lien on his/her salary. The Company likewise fully complies with this legal requirement; however, successive garnishments by the court, three or more in any twelve-month period for separate indebtedness, are excessive and will be grounds for the employee's discharge.

Any employee who is having financial difficulty should discuss the matter with his/her department head or the Human Resources Office.

### **B. CUSTOMER RELATIONS**

It is the policy of the Company to provide its customers with the best possible service. Employees are expected to treat customers in a courteous, respectful manner at all times.

Employees should always remember that the customer comes first, is the primary source of the organization's income and is, therefore, the ultimate source of each employee's job and income. Customers should always be treated with the same courtesy and respectful manner that each employee would want if the roles were reversed.

Employees with customer contact are expected to promote the Company's best interest and to build customer good will.

Employees should be prepared to listen carefully to customer inquiries and complaints and then deal with them in a responsive, professional manner.

Employees should be particularly careful to exercise courtesy and thoughtfulness in using the telephone. A positive telephone contact with a customer can enhance good will while a negative experience can destroy a valuable relationship.

### **C. USE OF COMMUNICATION SYSTEMS**

The Company provides or contracts for the communication services and equipment, such as telephones, mail systems, fax machines, etc., necessary for the conduct of its

business. Such communication services and equipment should not be used for personal purposes except in emergencies or when extenuating circumstances warrant it.

Employees' personal use of the Company's communication services and equipment should be restricted because such usage can impede the normal flow of business, incur unnecessary Company expense, and reduce productivity. When personal usage of Company communication facilities is unavoidable, employees must properly log any user charges and reimburse them to the Company. All phone calls are subject to being monitored or recorded.

Employees should caution relatives and friends that personal calls reduce productivity and can hamper the timely flow of business calls.

The use of personal cell phones during normal working hours is discouraged. Your immediate supervisor must approve any cell phone use.

#### **D. USE OF ELECTRONIC COMMUNICATION/SYSTEMS**

The Company respects the individual privacy of its employees, but must also protect its interests in the electronic systems it provides employees to facilitate Company business and business-related communications. This policy is to inform employees of the Company's guidelines and restrictions on the use of these Company systems.

This policy governs employee use of the Company's electronic systems, which include computers, facsimile devices, voice mail, internal and external electronic mail (also called e-mail), as well as Internet access and information, programs or other uses of the Company's network computers and related equipment, including individual personal or laptop computers assigned to employees.

### **GUIDELINES**

#### **1. General**

The Company provides its electronic systems to employees for use in performing their duties on behalf of the Company. The Company's electronic systems are for business use only. No electronic communication or other data or information created, sent, received, or stored on any of the Company's electronic systems is to be considered as the personal, confidential, or private message or information of any employee, regardless of content. The Company reserves the right to access, intercept, monitor, review, record, store, delete and disclose any and all communications and other information (whether business-related or personal) created, sent, received, or stored on the Company's electronic systems. The Company may exercise this right at any time, with or without notice.

While the Company does not intend to routinely monitor the content of employee personal communications or other non-business information on the Company's systems, employees have no right or expectation of privacy concerning such communications and information. You also should be aware that communications and other information on computers may be preserved indefinitely on one or more computers and/or backup tapes even after they are believed to have been deleted by an employee.

## **2. Content of Communications**

All electronic communications must include the name of the person sending them, and anonymous electronic communications are strictly prohibited. Communications containing sexually explicit images, messages, jokes or cartoons, and communications containing ethnic slurs, racial epithets, or anything that may be considered to harass or disparage others based on race, national origin, sex, sexual orientation, age, disability, or religious beliefs are strictly prohibited.

## **3. Personal Use**

Use of any of the Company's electronic systems for outside business endeavors or for solicitations concerning commercial, religious, charitable, political or other causes that are not work-related is strictly prohibited.

## **4. Unauthorized Access or Use**

No employee shall access, or attempt to access, any non-business related information on a computer assigned to another employee without the express authorization of that employee or the system administrator. Nor shall any employee access, or attempt to access, any electronic communication not specifically addressed to him or her without the express authorization of the Company. Any employee who receives an electronic communication that clearly was not intended for her or him shall promptly return such misdirected communication to the sender. No employee who receives a misdirected electronic communication shall use or disclose the communication to anyone other than the sender except where it appears that the communication violates Company policy, such as this policy's prohibition on harassment, in which event the employee receiving it shall retain the communication and promptly inform management, without further use or disclosure other than as may be directed by management.

## **5. Passwords**

Users may use confidential, individual login passwords for login access to Company networks, personal e-mail boxes or voice mailboxes only. All files and information stored on the Company's personal, laptop or network computers must be stored without passwords unless specifically authorized in writing by the system administrator. Login passwords used to gain access to the Company's electronic systems are for the protection of the Company, not the employee. Authorized representatives of the Company have access to, and may use at the Company's discretion and without notice, any and all login passwords used to access its electronic systems. The use of a password belonging to another employee is strictly prohibited. Login passwords should be changed frequently to avoid unauthorized access. Even though a private login password is used, E-mail or voice mail messages are not confidential, and employees should not transmit anything that should not be read or heard by a third party.

## **6. Encryption**

The use of encryption software not provided directly by the Company on any of the Company's electronic systems is strictly prohibited. The Company will assign employees to whom the Company provides encryption software their encryption keys. The use of any other encryption key is strictly prohibited. The Company reserves the

right to decrypt, without notice; any encrypted communication made or received using any of the Company's electronic systems.

## **7. Accessing External Computer Systems**

Employees whose jobs require accessing external computer systems will be given express authorization by the Company and will be authorized to use appropriate access software. Accessing external computer systems using any of the Company's electronic systems without such express authorization is strictly prohibited. Using software not provided by the Company to access external computer via the Company's electronic systems is also strictly prohibited unless specifically authorized in writing by the system administrator. Use of the Company's electronic systems for accessing external computer systems is restricted to authorized business use only. Use of the Company's equipment for non-business purposes, including but not limited to "surfing the web", is strictly prohibited.

## **8. Downloading and Copying Computer Files**

Downloading or copying copyrighted computer files to any of the Company's electronic systems without the express permission of the copyright holder is illegal and strictly prohibited. Downloading or copying executable programs of any kind to any of the Company's electronic systems without express permission of the system administrator is strictly prohibited.

## **9. Company Confidential Information**

Information identified as confidential should not be forwarded via electronic systems either outside of the Company or to employees within the Company unless those who receive such information are authorized by the Company to receive such information, and unless reasonable precautions are taken to protect and ensure confidentiality. (See *Item 10, Attorney-Client Privileged Communications, for specific guidelines on confidential client information.*) Extreme care must be exercised whenever it is necessary to use internal e-mail for communicating the Company's confidential information to individuals who are authorized to receive it. Any internal e-mail message containing such confidential information must bear the legend "Company CONFIDENTIAL" in the subject heading. In addition, the sender of such confidential information must make certain that each addressee is actually authorized to receive the information. Internal e-mail having the legend "Company CONFIDENTIAL" in the subject heading must not be opened in the presence of anyone who might not be authorized to view it. No such confidential information should be left visible on your computer screen while you are away from your computer or while any person not authorized to view it is present.

## **10. Attorney-Client Privileged Communications**

Communications with the Company's customers or attorneys that are privileged and confidential may not be sent using internet e-mail except when measures are taken to protect the privileged of the communications by the use of reliable encryption software. Other reliable, reasonably secure communications, such as a direct file transfer from the Company's electronic systems to a customer- authorized electronic system, may also be used to protect privileged communications.

## **11. Corrective Action**

Any employee who violates this policy shall be subject to corrective action up to and including discharge. Any person becoming aware of a violation of this policy must consult with the system administrator.

### **E. SOCIAL MEDIA**

In general, Life Insurance Company of Alabama views Internet social networking sites such as Facebook, MySpace, Twitter, YouTube and Linked In, as well as personal web sites, podcasts, wikis and blogs (individually and collectively “social media”) positively and respects the rights of employees to use them as a medium of self-expression. However, because social media can also be abused by some individuals who enter information on it or by those who access and read it, with a result that Life Insurance Company of Alabama or its employees could be viewed in a negative light or be subject to other adverse consequences, the following guidelines apply to any Company employee who engages in social media:

1. Employees must be respectful in all social media communications. Employees should not use obscenities, profanity, or vulgar language, nor may they engage in threatening behavior online or make defamatory statements.
2. Employees may not comment through social media in any manner that conveys an impression that he or she is acting as a representative or spokesperson for the Company. Any exception to this requirement must be in writing from an appropriate member of management.
3. Employees must not use social media to disparage the products or services of Life Insurance Company of Alabama.
4. Employees must not use social media to disclose any confidential or proprietary information of Life Insurance Company of Alabama, its employees, customers, suppliers or affiliates, including but not limited to confidential personnel information or financial information of the Company. *Note:* This does not include any information whose disclosure is considered protected by any statute or law.
5. Employees must not use social media to harass, threaten or intimidate other employees. Behaviors that are prohibited include, but are not limited to, comments that are derogatory as to race, sex, religion, color, age, disability or any other protected status, or any sexually suggestive, humiliating, or demeaning comments. In addition, threats or bullying comments (such as threats to stalk, haze or physically injure another employee) are prohibited as well.
6. Employees must not use social media to discuss engaging in conduct that is prohibited by Company policies, including but not limited to the improper or illegal use of drugs or alcohol, or any harassing, discriminatory or retaliatory behavior that might violate the Company’s policy against harassment and discrimination.

7. Employees must not post pictures or videos of supervisors, managers or other employees, or of our customers, suppliers or affiliates, on a web site or other social media venue without first obtaining written permission from the person or entity whose picture or video is being used.
8. Employees should be aware that pictures, videos and comments posted on social media sites are often available for viewing by third parties and could be considered detrimental to the Company or our employees. Therefore, in addition to the other requirements of this policy, employees must review their privacy settings on the various social media sites they use, and make any adjustment to those settings or edit the content of those sites in order to be in full compliance with this policy.
9. Employees must comply with any applicable federal or state trademark, copyright, trade secret or other intellectual property laws. The use of Life Insurance Company of Alabama's name, logo or any copyrighted material of our Company is not allowed without prior written permission of your supervisor or another appropriate member of management.
10. Employees must not access or use any of the social media sites during working time at the Company.

Any employee who violates this policy may be subject to disciplinary action, up to and including immediate termination of employment.

## **F. POLITICAL ACTIVITIES**

The Company encourages voluntary participation in activities of the political party of choice, elections, and other matters of civic importance. The following guidelines govern employee involvement in political activities:

1. Political activity in support of any candidate or party is solely a matter of personal choice.
2. The employee must not give the impression that he speaks or acts for the Company in any political activity. Any activity must clearly be on the employee's own as an individual.
3. Political interest and activities must not interfere with the employee's own work or the work of other staff members.

## **G. VISITORS**

As a general rule, employees should not have visitors during working hours. Anyone entering our offices for the purpose of visiting with an employee should obtain permission at the Reception Area. If necessary, then the employee may ask permission from the department head or manager and visit briefly with the visitor in the reception area, or in their work/break area. If they are given permission to have them in their work/break area then the employee will need to go to Reception and escort them. They will also need to escort them back to the Reception area when they leave. This is suggested in order to keep visitors from wandering in and out of the office area, reducing



confusion and distraction to employees attempting to do their work. Persons needing to visit Company officials will continue to contact the officer or their secretary directly.

## **H. EMPLOYEE PARKING**

Our Company does not provide private parking facilities for employees. You will find free parking lots, provided by the City of Gadsden, within a block of the home office. One lot is located between 3rd and 4th Streets and the other on 4th and Chestnut Streets. If you park on city streets with restricted time limits, you are subject to receiving a parking violation ticket given by the City traffic patrol. Our Company does not pay these traffic violation tickets for employees. If you do park out front, we ask that you please leave the Handicap Parking place and 2 spaces free in front of the main entrance for customers to transact business with the company.

## **I. EATING AND DRINKING**

The Company has designated areas for eating and drinking. These areas are the only areas where employees are permitted to eat and drink. Eating and drinking while performing job duties is generally prohibited.

## **J. USE OF EQUIPMENT AND VEHICLES**

Equipment and vehicles essential to accomplishing job duties are expensive and may be difficult to replace. When using Company property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

Please notify your department head or manager if any equipment, machines, tools, or vehicles appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others. Your department head or manager can answer any questions about an employee's responsibility for maintenance and care of equipment or vehicles used on the job.

The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic and parking violations, can result in disciplinary action, including discharge.

## **K. SUMMARY OF ALCOHOL AND DRUG TESTING POLICY**

### **1. Statement Of Policy**

As a Company, we are concerned about the adverse effects that drugs and alcohol can have upon our employees' safety and health. The abuse of alcohol and drugs leads to increased accidents and medical claims and can lead to the destruction of an employee's health and adversely affect his or her family life. Therefore, Life Insurance Company of Alabama has established a goal of providing a drug and alcohol-free workplace and has established an Alcohol and Drug Testing Policy to aid in achieving this goal. Under this policy, all officers and employees of the Company in Alabama, including hourly, salaried, exempt, nonexempt, and temporary employees, are subject to alcohol and drug testing.

## **2. Specific Prohibitions**

Under Life Insurance Company of Alabama's Alcohol and Drug Testing Policy, the possession, use, transfer, manufacture or sale of alcohol or controlled substances without a valid prescription on Company property or on Company time is strictly prohibited and will result in disciplinary action, up to and including termination. Reporting for a post employment offer drug and alcohol screen test or duty or working while under the influence of alcohol or controlled substances is strictly prohibited. This prohibition includes reporting under the influence of prescription drugs, unless the employee is using a prescription drug in accordance with all directions and precautions of a valid, legal prescription.

## **3. Consequences Of Violating Life Insurance Company Of Alabama's Alcohol And Drug Testing Policy**

Applicants to whom an offer of employment has been extended and whose drug screen test reveals the presence of alcohol or controlled substances without a valid prescription will be denied employment and encouraged to seek help.

It is the Company's policy to help those employees with substance abuse problems who seek help on their own. However, **remaining drug and alcohol-free is a condition of employment.** Therefore, employees who are identified through this testing program as violating the Company's Alcohol and Drug Testing Policy will be disciplined, up to and including being discharged. **Moreover, if an employee tests positive for a substance prohibited by the Company's policy after a work related accident or injury, the employee may not be eligible to recover workers' compensation benefits. Further, an employee who is discharged for violating this policy may not be eligible for unemployment compensation benefit.**

## **4. Counseling And Rehabilitation - Voluntary Referral**

The Company encourages all employees who suffer from substance abuse to voluntarily request counseling or rehabilitation before their substance abuse leads to disciplinary or other work-related problems. A request for referral to counseling or rehabilitation may be made by contacting any Company official.

No employee who is not already under a last chance agreement as a result of a previous request for counseling or who has not otherwise voluntarily entered a drug rehabilitation or employee assistance program as allowed by the Company's policy will have his job security jeopardized by such a good faith request. However, any employee whose drug or alcohol use is discovered through the testing procedures described by this policy shall not be eligible for referral and may be disciplined, up to and including discharge.

## **5. Drugs Tested**

The Company will test for the following drugs: alcohol, marijuana (cannabinoids), cocaine, opiates (opium), amphetamines, and phencyclidine (PCP), methadone, methaqualone, barbiturates, benzodiazepines, propoxyphene or a metabolite of any of these substances listed in this paragraph. Drugs tested will also include otherwise legal medications which are not used in accordance with all directions and precautions of a valid, legal prescription.

## 6. Testing Of Applicants

All applicants, to whom an offer of employment has been extended, will be subject to a drug and alcohol-screening test. Where permitted by local and state law, all offers of employment are contingent on the successful completion of the drug and alcohol-screening test. The Company will deny employment to applicants who refuse to submit to a drug-alcohol-screening test and those whose test reveals the presence of alcohol or controlled substances that are not being used in accordance with all directions and precautions of a valid, legal prescription.

## 7. Testing Of Employees

All employees may be tested under any of the following circumstances:

- Random testing.
- When involved in certain accidents or incidents.
- When the Company has reasonable cause and suspicion that an employee is at work in violation of the Company's Alcohol and Drug Testing Policy.
- After an employee has been referred for counseling or rehabilitation under this policy.

## 8. Refusal To Take A Drug Or Alcohol Test

Failure or refusal by an employee to cooperate with the program, to sign any required document, or to submit to a test required under the Company's policy when requested may be grounds for termination of employment. **Moreover, if an employee refuses to submit to a drug and alcohol test after an on-the-job injury, the employee may not be eligible to recover workers' compensation benefits.**

## 9. Reporting Use Of Prescription Or Nonprescription Drugs

In the event an employee or applicant is using legal prescription or nonprescription medications that may potentially trigger a positive test result, the employee or applicant may confidentially report this to the Company's Medical Review Officer (MRO) either before or after being tested. Additionally, any employee who is taking a prescription or over-the-counter medication that could impair his/her ability to perform the job to which he/she is assigned without placing the employee or others at risk of harm must report this medication usage to his/her supervisor or a company officer. Medical personnel will determine whether an employee can safely perform his/or duties after considering the medication taken and the nature of the work for which the person is employed or being considered. Failure to comply with these reporting requirements may result in discipline up to and including discharge.

## **10. Contesting Or Explaining A Test Result**

An employee or applicant who receives a positive confirmed test result may contest or explain the result to the Company's MRO, but must do so within five (5) working days after receiving written notification of the test result. If an employee's or applicant's explanation or challenge is unsatisfactory to the MRO, the MRO will report the positive test to the Company. Within five (5) days of the positive test being reported to the Company, the employee or applicant may contest the positive test in writing to the Company. If the employee's or applicant's explanation or challenge of the positive report is unacceptable to the Company, it will provide the employee or applicant a written explanation of why the challenge or explanation is unsatisfactory within ten (10) working days of the receipt of the challenge or explanation from the employee or applicant.

If an employee or applicant tests positive and cannot be contacted within ten (10) working days after the Company's MRO has exhausted reasonable efforts to communicate the confirmed result, the results will be considered verified.

## **11. Confidentiality**

All information concerning medical examinations, drug or alcohol testing results, or rehabilitation and treatment of an individual employee will be treated as confidential information.

## **12. Official Alcohol And Drug Testing Policy**

This document is only a summary of the Company's official Alcohol and Drug Testing Policy. The official copy is available to all employees and applicants for their review and should be consulted with respect to any specific questions. Neither this Summary, nor the Company's official Policy is intended to affect the Company's right to manage its workplace, discipline its employees, guarantee employment, or guarantee terms or conditions of employment. No contract for employment, either expressed or implied, is created.

## **L. RETURN OF PROPERTY**

Employees are responsible for all property, materials, or written information issued to them or in their possession or control. All property must be returned by employees on or before their last day of work. Where permitted by applicable laws, the employer may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. The employer may also take all action deemed appropriate to recover or protect its property.

## **M. SOLICITATION AND DISTRIBUTION OF LITERATURE ON COMPANY PROPERTY**

To prevent disruptions in the operation of our facilities, and to minimize interference with or inconvenience to all of us, the following rules apply to solicitation and distribution of literature on Company property:

**Outsiders:** Persons not employed by the Company may not solicit or distribute literature on Company property for any purpose at any time.

**Company Employees:** Employees should not solicit for any purpose during working time. Employees may not distribute literature for any purpose during working time or in work areas. "Working time" includes working time of both the employee doing the solicitation or distribution and the employee to whom it is directed. "Working time" does not include rest periods or meal times. "Work areas" of the Company do not include break rooms or rest rooms. If you have any questions as to the meaning of "working time" or "working area," please ask your department head or the Human Resources Officer for clarification.

**Recognized Charities Exception:** The Company recognizes that periodically recognized charities, such as United Way, might request permission to solicit employee support for community service groups. In order to promote civic pride and responsibility, the Company may allow limited access for such recognized charities.

In addition, the posting of written solicitations on Company bulletin boards is restricted. These bulletin boards display important information, and employees should consult them frequently for:

- Employee Announcements
- Internal Memoranda
- Job Openings
- Organization Announcements
- Notices required by state and federal law

If an employee has a message of interest to the work place, he or she may submit it to the Human Resources Officer for approval. All approved messages will be posted by the Human Resources office.

## **N. JOB RESPONSIBILITIES**

The Company expects all employees:

1. To give a productive day's work;
2. To arrive at their departments and begin work on time;

3. To demonstrate a considerate, friendly, and constructive attitude toward fellow employees; and
4. To adhere to the policies adopted by the Company.

**O. DESTRUCTION OF OFFICE RECORDS**

Under no circumstances should office records be destroyed by any employee. When office records have become obsolete, or when it is desired that they be removed from the office in which they are made, a request for disposition thereof should be made by the department head and sent to a senior officer.

**P. MAIL**

There are three (3) mail deliveries and pick-ups each day:

9:30 a.m. (approx.)                      1:00 p.m.                      3:00 p.m.

If you have outgoing mail after these times, take it to the desk in the Mail Room. All mail should be deposited as soon as ready and as early in the day as possible.

**Q. FRAGRANCES:**

Due to allergies and fire safety precautions, no candles will be burned in the building.

## 11.0 SAFETY AND LOSS PREVENTION PLAN

### A. SAFETY

To provide a safe and healthful work environment for customers and employees, Life Insurance Company of Alabama has established a work place safety program. This program is a top priority of the organization. The success of the safety program depends on the alertness and personal commitment of all.

Some of the best safety improvement ideas come from employees. Those with ideas, concerns, or suggestions for improved safety in the work place are encouraged to raise them with their department head or with another manager. Reports and concerns about work place safety issues may be made anonymously if the employee wishes. All reports can be made without fear of reprisal.

Each employee is expected to obey safety rules and exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report, or where appropriate remedy such situations, may be subject to disciplinary action, up to and including discharge.

The safety rules we expect you to follow are:

1. Possessing, consuming, offering for sale or trade, or being under the influence of alcoholic beverages or illegal drugs while on Company property is strictly prohibited.
2. Intimidating, fighting, or threatening other employees or supervisors or possessing, using, or threatening to use weapons or any instrument as a weapon is strictly prohibited.
3. Horseplay of any kind will not be tolerated. Horseplay can include running inside the Company and distraction of fellow employees from their assigned tasks.
4. Smoking is not permitted.
5. "Danger", "Caution" warning tags and signs must be strictly observed.
6. Unsafe conditions or situations that raise the potential for accidents must be reported to the department head immediately.
7. All illness or injuries arising out of the work situation must be reported to the department head immediately.
8. Every employee has a personal responsibility to keep his or her working area and public areas clean and orderly and to dispose of all litter and refuse in proper containers.

9. Access to fire extinguishers, hoses, alarms, exits, and emergency equipment must be kept clear and free of obstruction at all times.
- 10 Every employee is expected to know the location and how to use the fire equipment in his or her area.
11. The use of or damage to any fire equipment must be reported immediately to the supervisor for servicing.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify the appropriate supervisor. Such reports are necessary to comply with laws and initiate insurance and workers' compensation benefits procedures.

## **B. ACCIDENT/INCIDENT REPORTS**

**ANY** accident or incident resulting in personal injury or property damage should be reported immediately to the department head or the Human Resources Office. In the event of an accident/incident, the following guidelines should be followed:

1. All employees shall report any accident/incident to their department head or the Human Resources Office immediately.
2. Attend to the immediate needs of any injured customer, employee or visitor until a department head or the Human Resources Officer has evaluated the situation and given other directions. If the injured person is a customer or visitor, offer to contact the injured person's physician or an ambulance if necessary. Do Not acknowledge liability. A victim should seek medical treatment in his/her own name, any settlement of medical bills or property damage will be between that person and our insurance carrier. The Company will not make any direct payment to that person.
3. Ask all witnesses (employees, guests, others) to wait in the area to speak with the department head or an Officer, who will ask each witness to complete a Witness Statement form describing the incident in full detail.
4. Complete any accident/incident report form provided by your department head or the Human Resources Office in full within three days of the incident or injury.
5. Refer any inquiries made by any parties after the fact to the Human Resources Office.

## **C. SECURITY INSPECTIONS**

The Company wishes to maintain a work environment that is free of drugs in violation of Company policy, alcohol, tobacco, firearms, explosives, or other improper materials. To this end, the Company prohibits the control, possession, transfer, sale, use or manufacture of such materials on its premises. The Company requires the cooperation of all employees in administering this policy.



Desks, lockers, and other storage devices may be provided for the convenience of employees, but remain the sole property of the Company. Accordingly, these storage devices, as well as any articles found within them, can be inspected by an authorized agent or representative of the Company at any time, with or without prior notice.

Where there is reason to believe that a specific employee or group of employees may be in possession of drugs in violation of Company policy, alcohol, tobacco, firearms, explosives, or other materials, substances or articles that are prohibited under the Company's policies, the employee or employees may be required as a condition of employment, to submit to a reasonable search of their clothing, personal lockers, purses, lunch boxes or other containers, desks or personal vehicles while on Company property. Searches should not be conducted unless approved by the Department Manager and a Senior Officer. Any search must be supervised by the Department Manager when practicable, a Senior Officer should also be present during searches.

Employee compliance with Company policies is a condition of employment. Failure to cooperate under the terms of this policy will result in immediate suspension without pay, pending further investigation, and disciplinary action up to and including discharge.

#### **D. HOUSEKEEPING AND OFFICE APPEARANCE**

It is the policy of the Company that work areas are to be kept clean and orderly at all times.

All employees are responsible for maintaining their work areas in a clean and orderly fashion at all times. To fulfill this responsibility, each employee should at a minimum do the following:

1. At the end of the workday, clean and store all equipment and properly secure any items, papers or information of value.
2. Consume any food or beverage only in designated areas so that work areas are kept free of food and related litter.
3. Place coats, boots, umbrellas, and other items of clothing in designated areas so that workstations are not unnecessarily cluttered.

#### **E. COMPANY SECURITY**

It is the Company's policy to make reasonable effort to provide security for its property, its employees, and authorized visitors to its premises. Knowledge of and compliance with the organization's security procedures is required of every employee.

The Company is aware of the need to maintain security for the building; therefore, designated personnel will unlock the doors in the morning and insure that they are locked in the evenings. The front doors are unlocked each morning at 7:45 and are locked each evening at 5:00, Monday through Thursday, and 12:30 on Friday. If for any reason you have to be at your work place after the doors are locked, you will need to coordinate with the designated person, so that he or she may arrange to let you out. The door to be used in this case is the door to the Computer Department. There is a sign in and sign out roster.

**F. NO SMOKING POLICY**

In the interest of providing a safe and healthy environment for our employees, customers and visitors, there will be no smoking of tobacco products in company buildings at any time. The decision to provide or not to provide designated smoking areas outside the buildings where smoke does not filter into doorways, windows, or air-intake systems will be at the discretion of management. Supervisors will discuss the issue of smoking breaks with their staff. Together they will develop effective solutions that do not interfere with the productivity of the staff.

**G. SUGGESTION AWARDS**

Many of the procedures you follow on your job were originated by employees and we encourage constructive suggestions. If you see a way to save the Company money, or a better way to do a particular job, we encourage you to present your suggestion to Management. Forms are available from your department head.

## 12.0 BENEFITS

Life Insurance Company of Alabama tries to offer its employees appropriate benefit packages to the fullest extent of its abilities. These benefits are costly to the Company and represent a significant portion of each employee's total compensation. Some benefits are paid in full by the Company and some are subsidized. That is, the Company pays part and you pay part. For subsidized benefits, the cost to you is small because the benefit is offered as a part of a group plan and the Company pays a large portion of the cost. The Human Resources Officer or his or her designee will be happy to answer any questions that you have regarding these benefits. You may obtain booklets explaining many of the benefits from the Human Resources Office.

It is the policy of the Company to provide its employees with various benefits. Information and summary communications intended to explain these benefit plans are furnished to all plan participants on a timely and continuing basis. The Company reserves the right to modify, amend, or terminate its benefits as they apply to all current, former, and retired employees.

### A. HOLIDAYS

Our Company observes and allows time off with pay for the following holidays:

New Year's Day

Memorial Day

Good Friday

July 4

Labor Day

Thanksgiving Day and the day following

Christmas - December 24, 25, and 26, regardless of the day of the week on which they fall.

New Years Eve – 12:15 if on Monday - Thursday

If one of these holidays falls on a Sunday, it will be observed the following Monday; if it falls on Saturday, it will be observed on the preceding Friday.

If a holiday falls within your approved vacation period, you shall be entitled to an additional day off at the beginning or the end of the vacation period. Or, at the Company's discretion, you will receive pay in lieu of that day.

1. Temporary employees and employees on leaves of absence are not eligible to receive holiday pay. Part-time employees are eligible to receive holiday pay only for holidays on which they would normally be scheduled to work, and only for their regularly scheduled number of hours.
2. To receive holiday pay an eligible employee must be at work or on an authorized absence on the workdays immediately preceding and immediately following the day on which the holiday is observed.

**B. VACATIONS**

1. Paid vacation days for regular employees are accumulated according to length of service, as follows:
  - (a) For the first two calendar years of employment: Employees earn (6) hours per month up to a maximum of (72) hours to be taken as earned, except that vacation cannot be taken prior to the six (6) month anniversary. For new employees no vacation hours will be earned during the first 90 days of employment. Employees will begin earning vacation hours on the first day of the month following the 90-day probation period.

Employees earn vacation on a monthly basis. For example, only one quarter of the annual vacation that an employee is eligible to earn will be earned as of March 31. Beginning the third calendar year employees may use unearned vacation that may be accrued during current year.

Employees will be paid for all earned but unused vacation upon termination, provided termination is voluntary and that at least two weeks' working notice is given for nonexempt employees and four weeks notice for exempt employees. Likewise, the value of vacation taken, but unearned, will be deducted from the final pay.

<u>Calendar Year</u>	<u>Number of Hours</u>
1-5	6 hrs per month up to 72 hrs.
6-11	9 hrs per month up to 108 hrs.
12-21	12 hrs per month up to 144 hrs.
22-31	14 hrs per month up to 168 hrs.
32 and over	15 hrs per month up to 180 hrs.

2. Employees beginning service on or before the 15<sup>th</sup> day of the month will receive credit for a full calendar month for vacation purposes. Employees beginning service on the 16<sup>th</sup> of the month or later will not accrue any vacation leave for this portion of the month.
3. Vacation must be taken in (4) hour increments. Vacation time taken on Fridays will be limited to one Friday for (36) hours earned. An additional Friday may be taken at the discretion of your department head.
4. Where accrued vacation time is available, it may be used, at the department head's discretion, for personal business, for illness in the family, and children's doctor appointments even though advance notice of vacation is not given.
5. Selection of vacation periods by employees will be based on departmental seniority. Employees are to give their request for vacation

to their department head as early in the year as possible. Seniority will apply only to the first segment of split vacations.

6. Every effort will be made to arrange vacation to suit individual employee requests. However, departmental operation requirements and department head approval will govern in all cases.
7. Employees who have completed two calendar years of service must take at least one full week (36 consecutive work hours) of vacation every calendar year.
8. Vacation time will not be charged for a holiday that occurs during an employee's vacation. Vacation time will be charged for unscheduled office closings, e.g., snow days, that occur during an employee's vacation.
9. With the exception of the first two calendar years of employment, unused vacation hours may not be accumulated from calendar year to calendar year unless deemed necessary by the Responsible Officer for your department. Up to (36) hours may be carried over if approved by the Company's Human Resources Officer. Any carry over hours allowed must be used in the first quarter of the subsequent year.
10. Payment of accrued vacation at termination of employment, including employees who are retiring: \*
  - (a) A terminating employee with less than one (1) year of service receives no pay in lieu of vacation.
  - (b) Employees who terminate without giving proper notice receive no pay in lieu of vacation.
  - (c) A terminating employee cannot take vacation after turning in their resignation unless approved by the department head.
  - (d) Employees who have taken more than the number of days earned will have their final paycheck adjusted by the appropriate amount.
- \* For purpose of insurance and continuing accrual of vacation, employment ceases on the last active working day, even though an employee may be paid for accrued vacation.
11. The Company discourages taking time off without pay, so therefore, there will be no time taken without pay until an employee has used up all of their accrued vacation and personal time and even then, it must be only at the discretion of their department head.

## **C. SICK LEAVE**

### **General Statement**

Regular attendance and a good attendance record are essential to progress and continuance with the Company.

The Company wishes to do everything possible to assist an employee during any personal illness. The Company recognizes that the health of its employees and their capacity to work efficiently are inseparable and that the loss of income due to unpredictable illness or accident is a hazard against which employees find it difficult to adequately prepare.

### **Purpose**

To provide income protection and define a policy for payment of salary during periods of absence due to illness, or non-work connected accident.

### **Policy**

Sick leave ensures full pay for employee illness or injury. Sick leave is primarily for the use due to the illness of the employee; however, it may be used to care for an immediate family member with supervisor's permission. It is accrued at the rate of eight (8) hours per month, for employees who work at least 50% of their scheduled days within the month. Sick leave is charged in no less than one-hour increments.

1. Medical certification of the need for sick leave is required for any absence due to illness that extends beyond three workdays. Failure to provide medical certification of the need for leave will result in a denial of paid leave until such certification is provided. Additionally, medical certification may be required at a department head's discretion if a pattern of apparent abuse of sick leave develops.
2. Employees with less than 12 months' employment may have their employment terminated after being absent without pay for 36 consecutive working hours. An employee so terminated may be considered for re-employment when he or she is able to return to work.
3. Work-related injuries or illness will be compensable in accordance with the Workers' Compensation Policy.
4. All benefits continue to accrue while an employee is on paid sick leave.
5. Sick time will not be charged for a holiday that occurs during a sick leave. Sick days will be charged for unscheduled office closings, e.g. snow days, that occur while an employee is out sick.
6. Employees hired prior to 1/1/2017 may accumulate up to 999 hours and will be compensated for any unused sick leave upon their termination of employment, employees hired after 12/31/2016 may accumulate up to

250 hours and will not be compensated for any unused sick leave upon their termination of employment.

#### **D. GROUP INSURANCE PROGRAMS**

Group benefits are available for regular employees after 90 days of employment.

1. Health Insurance\*
2. Term Life Insurance\*

\*The Company pays a portion of the premium.

Summary plan descriptions for each of these benefits will be provided to all regular employees.

#### **E. SHORT-TERM DISABILITY (STD)**

##### **Purpose**

To protect employees against loss of income if unable to work because of an illness or accident that extends for a period of time.

Short-term disability provides a sick or disabled employee with an income of 65% of his or her base salary to help bridge the time between use of all accrued sick leave, vacation, personal time or emergency leave days and eligibility for Long-Term disability benefits. This benefit ceases on the 181<sup>st</sup> calendar day of continuous absence.

Short-Term disability benefits are available after three years of service for all full-time employees at the rate of 65% of his or her base salary. The order of priority for use of time due to illness or short-term disability is: (1) use of all earned sick leave; (2) use of available vacation and use of available personal time (3) unpaid medical leave when not eligible for disability benefits; or (4) short-term disability benefits if eligible.

##### **Policy**

1. STD hours should be coded on the timesheet as STD. A timesheet is REQUIRED for every pay period/week an employee is out on STD.
2. The STD benefit will be based on the employee's normal monthly salary (excluding overtime, bonuses, etc.) at the time the medical leave was granted.
3. Disability is defined as follows:
  - (a) the employee is unable to perform the duties of the job because of illness or accident;
  - (b) the employee is under the direct care of a licensed physician;

- (c) the employee is not working elsewhere for a salary or other income; and
  - (d) the disability is approved by the Company (the Company reserves the right to request an additional medical opinion at the Company's expense).
4. A doctor's statement and STD form are required prior to going to STD leave. Specified in the doctors' statement should be the reason for the disability, the date the disability begins and the anticipated date the disability will end. If the disability is for an unspecified period of time, additional physician's statements are required, generally every thirty (30) days. Employees may be required to be medically examined in order to establish eligibility for the benefits as defined in the policy.
  5. It is the department head's responsibility to notify the Human Resources Office when an employee goes on STD. A doctor's statement and STD form are REQUIRED before STD benefits are paid. The employee is responsible for completing the STD form and for obtaining complete doctor's statements.
    - *PAY CHECKS MAY BE REDUCED OR WITHHELD PENDING RECEIPT OF THIS DOCUMENTATION.*
  6. If an employee returns to work after receiving STD benefits and becomes disabled again, the second disability will be considered a new disability only if: The disabilities are separated by a return to active work for a continuous period of 6 months or longer.
  7. A disability will be considered a continuation of a prior disability in determining the maximum benefit period if all of the following conditions are met. The disabilities:
    - (a) are separated by less than 6 months of continuous active work; and
    - (b) are due to the same or related cause;
  8. The responsible officer for your department must approve employees returning to work on a restricted schedule (e.g. part-time basis) after a disability. Employees will be paid for hours worked at their normal rate of pay and the difference in hours will be paid at 65% according to the Short-Term Disability qualifications.
  9. Absences covered by this STD policy may also be covered by the Company's Family and Medical Leave Act ("FMLA") policy. If STD benefits end before an employee is able to return to work, additional unpaid leave may be available under the FMLA policy or the Company's Personal Leave of Absence policy. (See Leave of Absence Policy.)
  10. While an employee is on STD leave benefits do not accrue; i.e. vacation, personal hours, sick leave or holidays.



11. If an employee is entitled to Workers' Compensation (or similar benefits), benefits from any other plan on account of a disability, or benefits from another plan or a policy of insurance paid for either totally or partially by Company, the amount of the STD benefit will be reduced by the amount of such benefits.

**F. LONG-TERM DISABILITY**

For Employees unable to return to work due to disability, the Company provides a long-term disability insurance policy that pays 60% of the employees' salary while on disability in accordance with the terms of the Long- Term Disability Policy.

**G. PERSONAL HOURS**

1. In addition to vacation and regularly scheduled holidays, regular employees will accumulate personal hours according to length of service, as follows:
  - (a) First two calendar years of employment: Employees earn one (1) hour per month up to a maximum of ten (10) hours per year to be taken as earned. No personal hours are earned during the first 90 days of employment.
  - (b) Employees earn personal hours on a monthly basis. For example, only one quarter of the personal hours that an employee is eligible to earn during a year will be earned as of March 31. Employees will be paid for all earned but unused personal hours upon termination, provided that proper notice is given and that termination is voluntary. Likewise, the value of personal hours taken, but unearned, will be deducted from the final pay.

<u>Calendar Year</u>	<u>Number of Hours</u>
Through 3 calendar yrs. of service	1 hrs. per month up to 10
Calendar years 4 through 11	2 hrs. per month up to 24
Calendar years 12 through 20	2.67 hrs. per month up to 32
Calendar years 21 and over	3.33 hrs. per month up to 40

2. Employees beginning service on or before the 15<sup>th</sup> day of the month will receive credit for a full calendar month for personal time. Employees beginning service on the 16<sup>th</sup> of the month or later will not accrue any personal time for this portion of the month.
3. Personal hours are intended to permit freedom in arranging time off. For example, time off during office hours for shopping, hair appointments, care for a family member, etc.
4. Your department head should be given at least a day's notice of your choice of personal hours, if possible.
5. Unused personal hours are not to be carried over from calendar year to calendar year.

6. Payment of accrued personal hours at termination of employment, including employees who are retiring:
  - (a) A terminating employee with less than one (1) year of service receives no pay in lieu of personal hours.
  - (b) Employees who terminate without giving proper notice receive no pay in lieu of personal hours.
  - (c) A terminating employee cannot take personal time during the last two (2) weeks of employment, unless approved by the department head and proper notice was given.
  - (d) Employees who have taken more than the number of hours earned will have their final paycheck adjusted by the appropriate amount.

For purpose of insurance and continuing accrual of personal hours, employment ceases on the last active working day, even though an employee may be paid for accrued vacation.

7. The Company discourages taking time off without pay, so therefore, there will be no time taken without pay until an employee has used up all of his or her accrued personal hours and vacation, and even then, only at the discretion of their department head.
8. For purposes of administering this policy, personal hours will not be computed in less than 15-minute increments. Example: If you are out for 20 minutes, you will be charged for 30 minutes. If you are out for 40 minutes, you will be charged 45 minutes.
9. Personal time will not be charged for a holiday that occurs during personal time off. Personal time will be charged for unscheduled office closings, e.g. snow days, that occur while a employee is taking personal time.

## **H. ABSENCE FOR ROUTINE HEALTH CARE**

The Company will allow eight hours each year to be taken in one-quarter hour increments for routine visits to doctors, clinics and dentists to regular employees who work at least 36 hours a week. These visits would include, but not be limited to, a annual physical, teeth cleaning, pap smears, mammogram, eye exam for vision testing and optometrist for eye glasses. Hours taken for this purpose will be indicated as such on your timesheet and you will be required to bring a statement from the provider in order for these hours to be properly documented. Unless proper documentation is attached to your timesheet or leave form, the time will be charged to sick or personal hours. This time is given to encourage each employee to practice preventive medicine. Unused hours will not be carried over year-end.

## **I. PERSONAL LEAVE OF ABSENCE**

The Company realizes that there may be times when emergency personal situations may result in your need and desire to have time away from work for personal reasons.

To be eligible for personal leave, you must have worked for the Company for at least six continuous months prior to requesting a leave of absence under this policy. An emergency personal leave may be granted for a minimum period of one (1) week and a maximum of two (2) months, or a period equal to the employee's term of employment, whichever is less, within a rolling twelve month period from the date the request for personal leave is submitted.

If you wish to take an emergency personal leave of absence, you should make your request known to your department head. If the need for personal leave is foreseeable, you will be required to complete a "Request for Personal Leave" form at least thirty days prior to the date the requested personal leave is to begin. If the need for personal leave is not foreseeable, you must notify your department head or Human Resources Officer as soon as practicable under the circumstances. Each personal leave request will be carefully evaluated by your department head and the Human Resources Officer. If a personal leave of absence is approved, you will be required to use any earned, unused vacation during the approved personal leave of absence.

Personal leave will not be granted for vacation purposes or to attend to routine personal business that could be handled during normal, non-working hours. Instead, personal leave is intended to allow employees with emergency personal situations that are not covered by other leaves of absence policies to take time off to deal with those situations.

Employees on approved personal leave of absence will not receive pay for time lost or any holiday pay other than earned, unused vacation days. In addition, employees who are on an approved personal leave of absence will not earn any additional vacation, holiday, or sick leave while on leave of absence.

If an employee fails to return to his scheduled work shift after his personal leave of absence, the Company will assume that he has voluntarily terminated his employment effective on the first scheduled workday that is missed following the expiration of the personal leave of absence.

When an employee returns from an approved personal leave of absence, the Company will make every effort to reinstate him or her in the same or similar job classification he or she held prior to personal leave. If such reinstatement is not possible, the Company will attempt to place the employee into a comparable job for which he or she is qualified to perform, if one exists. If the same or a comparable job is not available, the employee will be granted a preference in recall.

## **J. FAMILY AND MEDICAL LEAVE OF ABSENCE**

### **1. General**

We recognize that there are times when an employee may need to be absent from work due to qualifying events under the Family and Medical Leave Act (FMLA). Accordingly, we will provide Eligible Employees up to a combined total of twelve (12) weeks of unpaid FMLA leave per Leave Year for the following reasons:

- **Pregnancy Leave:** For incapacity due to pregnancy, prenatal medical care or the birth of the employee's child;

- **Parental Leave:** To care for the employee's child after birth, or for the placement with the employee of a child for adoption or foster care;
- **Family Care Leave:** To care for a spouse, child, or parent with a serious health condition;
- **Personal Medical Leave:** For a serious health condition that makes the employee unable to work;
- **Military Exigency Leave:** Because of a Qualifying Exigency resulting on active duty or from the call-up of an eligible service member (e.g., a Reservist, National Guard Member or retired military member called to service by the federal government) who is the employee's spouse, parent, or child of any age; and
- **Military Care Leave:** To care for an employee's spouse, parent, child (of any age) or next of kin who requires care due to an Injury or Illness incurred while on active duty. **NOTE:** A leave of up to 26 weeks of leave in a single twelve-month period may be taken to care for the injured/ill service member.

## 2. Key Policy Definitions

- "Eligible Employees" under this policy are those who have been employed by our Company for at least twelve months (need not be consecutive months and under certain circumstances hours missed from work due to military call-up will also be counted) and have performed at least 1,250 hours of service in the twelve month period immediately preceding the date leave is to begin. Employees who work in small locations with fewer than 50 employees within 75 miles are not eligible for leave. However, employees should contact Human Resources to discuss other types of leave that might be available for the reasons listed in this policy.
- "Leave Year" for the purposes of this policy shall be a rolling 12 month period measured backward from the date an employee uses any FMLA leave.
- A "Spouse" means a husband or wife as recognized under state law for the purposes of marriage in the State where the employee resides.
- A "Child, Son or Daughter" for the purposes of Parental or Family Leave is defined as a biological, adopted, foster child, step-child, legal ward or a child for whom the employee stood in loco parentis to, who is (1) under eighteen years of age or, (2) eighteen years of age or older and unable to care for him/herself because of physical or mental disability. A "Child, Son or Daughter" for the purposes of Military Exigency or Military Care leave can be of any age.
- A "Parent" means a biological, adoptive, step or foster parent or any other individual who stood in loco parentis to the employee when the employee was a son or daughter.
- "Next of Kin" for the purposes of Military Care leave is a blood relative other than a spouse, parent or child in the following order: brothers and sisters, grandparents, aunts and uncles, and first cousins. If a military service member designates in writing another blood relative as his/her caregiver, that individual shall be the only next of kin. In appropriate circumstances, employees may be required to provide documentation of next of kin status.
- A "Serious Health Condition" is an illness, injury, impairment or physical or mental condition that involves either inpatient care or continuing treatment by

a Health Care Provider. Ordinarily, unless complications arise, cosmetic treatments and minor conditions such as the cold, flu, ear aches, upset stomach, minor ulcers, headaches (other than migraines), and routine dental problems are examples of conditions that are not serious health conditions under this policy.

- A “Health Care Provider” is a medical doctor or doctor of osteopathy, physician’s assistant, podiatrists, dentists, clinical psychologist, optometrists, nurse practitioner, nurse-midwife, clinical social worker or Christian Science practitioner licensed by the First Church of Christ. Under limited circumstances, a chiropractor or other provider recognized by our group health plan for the purposes of certifying a claim for benefits may also be considered a HCP.
- “Qualifying Exigencies” for Military Exigency leave include:
  - Short-notice call-ups/deployments of seven days or less (**NOTE**: leave for this exigency is available for up to seven days beginning the date of call-up notice);
  - Attending official ceremonies, programs or military events;
  - Special childcare needs created by a military call-up including making alternative child-care arrangements, handling urgent and non-routine childcare situations, arranging for school transfers or attending school or daycare meetings;
  - Making financial and legal arrangements;
  - Attending counseling sessions for the military service member, the employee, or the military service member’s son or daughter who is under 18 years of age or 18 or older but is incapable of self care because of a mental or physical disability;
  - Rest and Recuperation (**NOTE**: five days of leave is available for this exigency per R&R event);
  - Post-deployment activities such as arrival ceremonies, reintegration briefings and other official ceremonies sponsored by the military (Note: leave for these events is available during a period of 90-days following the termination of active duty status). This type of leave may also be taken to address circumstances arising from the death of a covered military member while on active duty; and,
  - Other exigencies that arise that are agreed to by both the Company and employee.
- A “Serious Injury/Illness” incurred by a service member in the line of active duty is any injury or illness that renders the service member unfit to perform the duties of his/her office, grade, rank or rating.

### **3. Notice and Leave Request Process**

Foreseeable Need for Leave: If the need for leave is foreseeable because of an expected birth/adoption or planned medical treatment, employees must give at least thirty (30) days notice. If 30-days notice is not practicable notice must be given as soon as possible. Employees are expected to complete and return a leave request form prior to the beginning of leave. ***Failure to provide appropriate notice and/or complete and return the necessary paperwork will result in the delay or denial of leave.***

Unforeseeable Need for Leave: If the need for leave is unforeseeable, notice must be provided as soon as practicable and possible under the facts of the particular case.

Normal call-in procedures under Company policy apply to all absences from work including those for which leave under this policy may be requested. Employees are expected to complete and return the necessary leave request form as soon as possible to obtain the leave. ***Failure to provide appropriate notice and/or complete and return the necessary paperwork on a timely basis will result in the delay or denial of leave.***

Leave Request Process: To request leave under this policy, employees must obtain and complete a leave request form from their department head or human resources and return the completed form to the department head or human resources. If the need for leave is unforeseeable and employees will be absent more than 5 days, employees should contact Human Resources by telephone and request that a leave form be mailed to their home. If the need for leave will be fewer than 5 days, employees must complete and return the leave request form upon returning to work. The standards established for giving notice of the need for leave as well as normal call-in procedures must be followed.

#### **4. Leave Increments**

Parental Leave: Leave to care for the employee's child after birth or for the placement of a child must be taken in a single block and cannot be taken on an intermittent or reduced schedule basis. Parental Leave must be completed within twelve (12) months of the birth or placement of the child; however, employees may use Parental Leave before the placement of an adopted or foster child to consult with attorneys, appear in court, attend counseling sessions, etc.

Pregnancy, Family Care, Personal Medical, Military Exigency and Military Care Leave: Leave taken for these reasons may be taken in a block or blocks of time. In addition, if a Health Care Provider deems it necessary or if the nature of a Qualifying Exigency requires, leave for these reasons may be taken on an intermittent or reduced schedule basis.

#### **5. Paid Leave Utilization During FMLA Leave**

Employees taking Parental, Family Care, Military Exigency and/or Military Care, Personal Medical or Pregnancy leave must utilize available vacation, personal hours and short term disability days during this leave. Employees receiving disability or workers compensation benefits during a Personal Medical or Pregnancy Leave will not be required to utilize vacation or personal hours. However, employees may elect to utilize vacation or personal hours to supplement disability or workers compensation benefits.

#### **6. Certification and Fitness for Duty Requirements**

Employees requesting Pregnancy, Family Care, Personal Medical or Military Care leave must provide certification from a health care provider to qualify for leave. Such certification must be provided within fifteen days of the request for leave unless it is not practicable under the circumstances despite the employee's diligent efforts. Failure to timely provide certification may result in leave being delayed, denied or revoked. In the Company's discretion, employees may also be required to obtain a second and third certification from another health care provider at Company expense (except for Military Care leave). Re-certification of the continuance of a serious health condition or an injury/illness of a military service member will also be required at appropriate intervals.

Employees requesting a Military Exigency leave may also be required to provide appropriate active duty orders and subsequent information concerning the particular Qualifying Exigencies involved.

Employees requesting Personal Medical leave may also be required to provide a fitness for duty certification from their Health Care Provider prior to returning to work.

## **7. Scheduling Leave and Temporary Transfers**

Where possible, employees should attempt to schedule leave so as not to unduly disrupt operations. Employees requesting leave on an intermittent or reduced schedule basis that is foreseeable based on planned medical treatment may be temporarily transferred to another job with equivalent pay and benefits that better accommodates recurring periods of leave.

## **8. Health Insurance**

The Company will maintain an employee's health insurance coverage during leave on the same basis as if he/she were still working. Employees must continue to make timely payments of their share of the premiums for such coverage. Failure to pay premiums within thirty (30) days of when they are due may result in a lapse of coverage. In this event, the Company will notify the employee fifteen (15) days before the date coverage will lapse that coverage will terminate unless payments are promptly made. Alternatively, at the Company's option, the Company may pay the employee's share of the premiums during the leave and recover the costs of this insurance upon the employee's return to work. Coverage that lapses due to non-payment of premiums will be reinstated immediately upon return to work without a waiting period. Under most circumstances, if an employee does not return to work at the end of leave, the Company may require the employee to reimburse the Company for the health insurance premiums paid during the leave.

## **9. Return to Work**

Employees returning to work at the end of leave will be placed in their original job or an equivalent job with equivalent pay and benefits. Employees will not lose any benefits that accrued before leave was taken. Employees may not, however, be entitled to discretionary raises, promotions, bonus payments or other benefits that become available during the period of leave.

## **10. Spouse Aggregation**

In the case where an employee and his/her spouse are both employed by the Company, the total number of weeks to which both are entitled in the aggregate because of the birth or placement of a child or to care for a parent with a serious health condition will be limited to twelve (12) weeks per Leave Year. Similarly, a husband and wife employed by the Company will be limited to a combined total of 26-weeks of leave to care for a military service member, but such combined leave may be reduced by other leave taken in the leave year. This type of leave aggregation does not apply to leave needed because of a pregnancy, an employee's own serious health condition, to care for a spouse or child with a serious health condition or because of a Qualifying Exigency.

## 11. General Provisions

Failure to Return: Employees failing to return to work or failing to make a request for an extension of their leave prior to the expiration of the leave will be deemed to have voluntarily terminated their employment.

Alternative Employment: No employee, while on leave of absence, shall work or be gainfully employed either for himself/herself or others unless express, written permission to perform such outside work has been granted by the Company. Any employee on a leave of absence who is found to be working elsewhere without permission will be automatically terminated.

False Reason for Leave: Termination will occur if an employee gives a false reason for a leave.

### K. ON-THE-JOB INJURY LEAVE

Employees who are injured or who become ill as a result of performing their work for the Company are covered under the State of Alabama's workers' compensation laws. Any leave of absence that is medically necessary as a result of an on-the-job injury or illness will be granted and will be designated as FMLA and workers' compensation leave, if the employee is eligible for FMLA leave. However, employees will, nonetheless, remain subject to all the limitations and requirements set forth in this Handbook, including the Employee Conduct and Work Rules, Seniority and Attendance provisions. **IF YOU SHOULD BE INJURED ON THE JOB, NO MATTER HOW SLIGHT IT MAY SEEM, REPORT THE INJURY TO YOUR DEPARTMENT HEAD IMMEDIATELY.**

### L. BEREAVEMENT LEAVE

Life Insurance Company of Alabama recognizes the emotional and financial burden caused by the death of a member of an employee's family. To help relieve this burden as much as possible, each regular and probationary employee who experiences a death in the immediate family will be excused from work for the day of the funeral. Pay will be provided for work missed on this day. If necessary, two additional days of paid bereavement leave may be granted by the responsible officer for the employee's department, if circumstances require travel or the employee's attention for settling estate matters.

For the purpose of this policy, immediate family is defined as: **the employee's spouse, children, parent, foster parent, father-in-law, mother-in-law, sister, brother, brother-in-law, sister-in-law, and grandparents.**

If a regular employee wishes to take additional time off following the death of an immediate family member or to attend the funeral of any other person, time off may be granted at the discretion of the responsible officer for the employee's department. Such time off will be unpaid, unless the employee wishes to use accrued vacation pay to cover the absence. Probationary employees are not eligible for this additional bereavement leave.



Bereavement pay will not count as hours worked for purposes of computing overtime eligibility or for the calculation of any bonus.

Employees should contact their immediate supervisor as soon as possible if they will not be able to work due to a death in the immediate family. In addition, the employee is required to inform the Human Resources Department of the name of the deceased and the funeral home that is responsible for the funeral arrangements. The Human Resources Department will verify the death in the immediate family and bereavement pay will be approved.

#### **M. JURY DUTY LEAVE**

Employees assigned to jury duty must show the notice to their department head and a copy of the notice must be placed in the employee's personnel file. Employees will continue to receive their regular pay while serving on jury duty.

Employees are expected to return to work on those days when they are excused from serving or when they are released from court and can work two (2) hours or more of their regular shift that day.

#### **N. UNIFORMED SERVICES LEAVE**

It is the Company's policy and commitment to comply with the requirements of federal and state law to support and accommodate full-time and part-time employees who volunteer or who are called to fulfill obligations in the uniformed services. Uniformed services include: regular or reserve components of the Army, Navy, Marine Corps, Air Force or Coast Guard; Army or Air Force National Guard; Commissioned Corps of the Public Health Service; or any other category of persons designated by the President in time of war or national emergency.

#### **Employees Must Give Notice Of Uniformed Services Obligation**

Employees who have a uniformed services obligation that requires them to be away from work must give as much advance notice of that obligation as possible. This notice may be verbal or written, however, when possible, employees are requested to provide written notice of their uniformed services obligation.

#### **Employment Status During Uniformed Service**

##### Active Duty Status

Full-time and part-time employees who are called to serve or who volunteer to serve on active duty status may be placed on uniformed services leave for up to nine (9) months.

An employee will be discharged if he/she is unable to return to work after being on leave for nine (9) months. However, if such an employee timely reports for work or applies for reemployment after serving on active duty may have reemployment rights, seniority continuation and seniority-based benefit protection, as provided by federal law.

### Weekend Drills

Employees will be granted time off for required weekend drills, but will not be placed on a leave of absence for such service.

### Summer Camp, Cruises, Or Other Extended Service Obligations

Employees will be placed on uniformed services leave to allow them to attend summer camp, cruises, or to fulfill uniformed services obligations other than weekend drill that are expected to last for nine (9) months or less. If an employee is unable to return from uniformed services leave after nine months, he/she will be terminated, but may have reemployment rights, seniority continuation and seniority-based benefit protection as provided by federal law.

### Pay During Uniformed Services Leave

All leaves of absence for uniformed service will be unpaid leave.

### Use of Accrued Vacation Benefits

Employees who are on uniformed services leave may request, but are not required, to be paid for accrued but unused vacation pay to cover the days the employee is on uniformed services leave. If requested, vacation pay will not be reduced by the amount of pay the employee receives for uniformed service.

### Benefits During Uniformed Services Leaves

1. Health Insurance – Employees who are on duty in uniformed service for less than 31 days may maintain the same health insurance coverage they had before entering uniformed service by paying the same portion of the premium, if any, they paid prior to entering uniformed service.

Employees who are on duty for 31 days or more may elect to continue employer-sponsored health care for themselves and their families for up to 24 months under the provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA) or may elect to continuation coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under either continuation policy, employees may be required to pay up to 102 percent of the full premium.

Employees who are on duty for 31 days or more should be given a USERRA notice and a COBRA notice.

Upon an employee's return from uniformed service, the Company will reinstate health insurance coverage without a waiting period or exclusion for preexisting conditions, unless one or both of these limitations would have applied to the employee if uniformed service leave had not been taken. Waiting periods and exclusion provisions for preexisting illness or injury may be applied to illnesses and injuries determined by the Secretary of Veterans Affairs to have been incurred in, or aggravated during the associate's uniformed service.

2. Retirement Plans/401-k – Employees who are reemployed after uniformed service will be treated as not having a service break for the purpose of determining the accrual of retirement benefits or participation rights. Employees may be required to pay the employee cost, if any, of any funded benefit to the extent that other employees on leave of absence would be required to pay. Also, if an employee is required to make contributions to a retirement plan to be entitled to accrued benefits under the plan, the employee may be given up to five (5) years to make such contributions. The retirement plan/401-k administrator should be contacted in order to ensure compliance with the requirements of ERISA and USERRA.

3. Other Benefits – Employees will not accrue additional vacation or other benefits while on uniformed services leave and will not be eligible for holiday pay for holidays that occur during their leave periods. However, employees who are reemployed after uniformed services leave will be reinstated with the same accrued but unused benefits they had at the time their uniformed service leaves began. Further, employees who are reemployed after uniformed services leave will not be charged with a service break for the purpose of determining benefit accrual rates and other benefit issues after reemployment. For all other benefits, employees who are on uniformed services leave will be treated in the same way as employees who take other unpaid leaves of absences.

### **Reemployment After Uniformed Service**

Full-time and part-time employees who are called to serve or who volunteer for uniformed service will be entitled to reemployment rights provided for by federal law, if they gave appropriate notice of military service their right to reemployment, their cumulative active duty service does not exceed five (5) years (except in limited situations), they are appropriately discharged from uniformed service, they submit a timely application for reemployment, the Company's circumstances have not so changed as to make reemployment impossible or unreasonable, and reemployment of the employee would not impose an undue hardship on the Company.

### **Employees' Obligations To Report or Apply For Reemployment**

#### **Return To Work After Uniformed Services Leave of 1 to 30 Days**

To be entitled to reemployment under this policy, if an employee serves less than thirty-one (31) days, including an absence for an examination to determine fitness for duty, he/she must report for work at the Company on the first day of the first regularly scheduled workweek following satisfactory completion of uniformed service, a reasonable period for safe transportation of the person from the place of that service to the person's residence and the expiration of eight hours after the person returns to his residence, or "as soon as possible" after the expiration of the travel period, if reporting earlier is impossible or unreasonable through no fault of the employee.

#### **Return To Work After Uniformed Services Leave of 31 to 180 Days**

To be entitled to reemployment under this policy, if a returning employee serves for more than 30 days but less than 181 days, he/she may be required to provide documentation that: (1) the application for reemployment is timely; (2) the leave has not exceeded the 5-year limit; and (3) the separation from military service was not disqualifying and must

submit an application for reemployment not later than 14 days following satisfactory completion of service, or not later than the next full calendar day when submission of such application becomes possible, if the failure to make application during the 14 day period is through no fault of the returning employee.

### Return To Work After Uniformed Services Leave of 181 Days Or More

To be entitled to reemployment under this policy, a returning employee who serves more than 180 days, may be required to provide documentation that: (1) the application for reemployment is timely; (2) the leave has not exceeded the 5-year limit; and (3) the separation from military service was not disqualifying and must submit application for reemployment not later than 90 days after completion of uniformed service.

### Extension Of Time For Reporting And/Or Filing An Application For Reemployment

If an employee is hospitalized for or is convalescing from an injury or illness acquired during uniformed service and is unable to report to work or apply for reemployment as described above because of that circumstance, the time limit for reporting for work or filing an application for reemployment may be extended for up to two (2) years.

## **Job Assignment After Uniformed Services Leave**

### Service of 90 days or less

A returning employee who is entitled to reemployment under this policy whose uniformed service was for 90 days or less will be returned to the job he/she would have held but for uniformed service, if he/she is qualified to perform the duties of that job. If the employee is not qualified to perform the duties of that job after reasonable efforts by the Company to qualify the employee, the employee will be assigned to the job he/she held immediately before beginning uniformed service.

### Service of more than 90 days

A returning employee who is entitled to reemployment under this policy whose uniformed service was for more than 90 days will be reemployed in the job in which the person would have been employed but for his/her uniformed service, or a job of like seniority, status and pay, if the employee is qualified to perform the duties of the job to which he/she was initially assigned. If the employee is not qualified to perform the duties of the second job after reasonable efforts by Company to qualify the employee, the employee will be returned to the job in which he/she was employed immediately before beginning uniformed service, or a position of like seniority, status and pay, if the person is qualified to perform the duties of one of those jobs.

If an employee is not qualified to be employed in the job he/she would have been employed but for uniformed service, or in the job he/she held immediately before beginning uniformed service for any reason other than a disability incurred in or aggravated during uniformed service, and cannot become qualified with reasonable efforts by Company, he/she will be assigned with full seniority to any other position the

person is qualified to perform that is the nearest approximation first to the job he/she would have performed but for uniformed service and then in the nearest approximation to the job in which he/she was employed immediately before beginning uniformed service.

### Disabled Veterans

A returning employee who is entitled to reemployment under this policy who has a disability incurred in or aggravated during uniformed service will be returned to the job in which the person would have been employed but for uniformed service, if the person is qualified to perform the duties of that job. If, however, the employee is not qualified to perform the duties of that job after reasonable efforts by Company to accommodate the disability, the employee will be returned to any other job that is equivalent in seniority, status and pay, the duties of which the person is qualified to perform or would become qualified to perform with reasonable efforts by Company. If the employee cannot be employed in such a position after reasonable accommodation, he/she will be reemployed in a position that is the nearest approximation to that job.

If the employee cannot be qualified to perform any of the jobs described above, he/she will be reemployed in a job that is the nearest approximation to either of those jobs that such person is qualified to perform.

### Two Or More Individuals Entitled To The Same Position

Where two or more returning employees are entitled to reemployment in the same job, the person who left the position first has the first right to reemployment in that job.

## **O. WORKER'S COMPENSATION INSURANCE**

Employees are covered by Worker's Compensation, which covers medical expenses resulting from on-the-job injuries and provides financial compensation during the period the employee is unable to work as a result of the injuries.

## **P. MAXIMUM PERIOD OF ABSENCE**

The Company understands that employees may face situations that require them to be away from work for extended periods of time. For this reason, the Company's benefit package includes several different types of leaves of absence. However, the Company cannot operate effectively without the services of its employees for an unlimited period of time. Therefore, the Company has established this Maximum Period of Absence policy to define the maximum time an employee may be away from work during any twelve-month period.

Usually, the maximum time an employee may be off work on any single leave of absence or any combination of leaves of absence during any twelve-month period will be limited to a period totaling nine (9) months. However, as noted in the Medical Leave policy, this maximum leave period may be extended where appropriate to provide a reasonable accommodation for a physical or mental disability that is covered by the Americans With Disabilities Act. This policy does not apply to employees who are on Jury Duty leave.

**Q. CHRISTMAS CLUB**

At the completion of your three (3) months probationary period, you may voluntarily enroll in the Christmas Club the following November. The amount you wish to invest in the Club is withheld from your pay each month through payroll deduction. In November of each year, you will receive your Christmas Club check, plus current interest rate paid by the Company for the Club year, if the Company elects to pay interest during that particular club year. If you withdraw your account before completion of the full club year, you will be ineligible to participate in the Club for the remainder of the current Club year.

**R. SPECIAL COURSES IN LIFE INSURANCE**

After you have been with the Company for awhile, you might like to learn more about the life insurance business and that's where the Life Office Management Institute courses come into the picture. This is an organization of life companies throughout the United States and Canada. The Institute has been set up by LOMA to promote, through organized courses and examinations, the basic insurance knowledge of home office employees. These courses are planned to give you a general specialized background in life insurance. If you are interested in these courses, you can contact your department head who will explain the requirements and benefits from participating in this program. The Company feels that education in your job is very important and has established an incentive program to encourage our employees to further their education. The home office education coordinator will be available to discuss this with you in detail.

**S. SERVICE AWARDS**

The Company honors loyal, faithful and continuous service by presenting its regular employees with service awards. Service awards are given after two (2) years and five (5) years continuous service and then after each additional five (5) years of continuous service. The presentation of the awards is made by the President of the Company at the annual Christmas party.

For purpose of service awards, your service date will be calculated in accordance with the seniority provisions in Section 9.0, D.

**T. BONUS**

If the Company pays a bonus, in addition to your regular pay, to qualify you must be a regular employee during the entire period that the bonus covers.

**U. SECTION 125 CAFETERIA PLAN**

Life of Alabama's flexible benefit plan allows participants to pay less federal and state income tax and Social Security taxes (FICA) and thus increase their take home pay. Regular full-time employees and regular part-time employees who work at least an average of 20 hours per week are eligible to participate. The plan has three components:

Health care premiums: Any employee who enrolls in our health care plan is automatically a participant and the employee's share of premium payments is made from pre-tax income;

Medical Reimbursement Account: Employees may set aside pre-tax earnings for use in paying health-related expenses not paid for by a health insurance plan; e.g. deductibles and co-payments; dental, hearing and vision expenses;

Dependent Care Account: Employees may set aside pre-tax earnings for use in paying eligible dependent care expenses.

Enrollment and changes in Section 125 Cafeteria participation are limited to date of employment, open enrollment time once a year (November/December to be effective January 1,) or within 30 days of a family status change. For more details, contact the Human Resources Office to see the summary plan description.

## **V. EMPLOYEES' 401K SAVINGS AND PROFIT SHARING PLAN**

Profit Sharing Section: This section of the plan provides employees a way to accumulate capital for retirement years and to share in company profits. The company pays the total cost of the profits sharing section.

Employees are 100 percent vested after their sixth calendar year in which any employee has worked 1,000 or more hours.

Employees share in the Company's contribution based on their annual base salary in relation to the base salary of all participants. In addition to any contributions made by the Company, employees share in trust earnings and forfeitures. Market adjustments can further enhance the value of a participant's account.

401k Savings Section: This plan allows employees to save up to the IRS limits of their eligible compensation in pre-tax dollars. Once an employee meets the eligibility requirements, he or she may enroll in the 401k savings provision. Each year the Company will announce the level of its matching contribution. All employee contributions and earnings therein are 100% vested immediately. For more details, contact the Human Resources Office to review the summary plan description.