

February 5, 2014

Meeting of Audit Committee of Life Insurance Company of Alabama

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

The meeting was held at the office of Mr. Smith at 10:00 am.

There was discussion concerning the reports previously presented by Roger Boatner, Internal Auditor from Willis, Boatner and Whiteside. A summary of the suggestions has been compiled and the status of the response items was reviewed. Previous discussions have resulted in a new or revised policy/procedure and these items are currently being reviewed by senior management. The company is in the process of developing a Capital Policy that would encompass the recommended Borrowing Policy rather than simply develop a Borrowing Policy. It was further recommended that the company consider developing an IT policy.

Mr. Keck reported that the new procedure for investment accounting was going along well. The time necessary to do this reporting is down considerably and should get better as Katrina gets more comfortable with the tasks. Currently it takes about 1 week of interrupted time to prepare. Mrs. Hulsey has reported that in order for someone to take on some of this work from her they would need to have an accounting background. One consideration is to have someone do the analysis of actual versus expected dividends and this would not require an accounting background.

One question that needs to be addressed with Roger Boatner is in reference to bond ratings. Currently banks have to determine the bond ratings independently, according to Regulation 1. We need to determine if there is a similar requirement for insurance companies and if so, are we in compliance.

**QUARTERLY MEETING OF THE
BOARD OF DIRECTORS**

Monday, February 10, 2014

The quarterly meeting of the Board of Directors of Life Insurance Company of Alabama convened at 10:30 a.m. Monday, February 10, 2014 in Rutledge Library, Life of Alabama Building, 302 Broad Street, Gadsden, Alabama, said meeting having been called by the Chairman, Clarence W. Daugette, III, who presided at the meeting. The invocation was given by M. Lynn Lowe.

ROLL CALL:

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

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

Absent:

Thomas W. Miller
Raymond R. Renfrow, Jr.

Also Present:

Robert W. Echols, Jr., Director Emeritus
Jack Steven Keck, Chief Operating Officer, Sr. Vice Pres. & Secretary

MINUTES:

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

OFFICER REPORTS:

Executive Vice President M. Lynn Lowe briefly noted that the Company had experienced a good investment year and no changes to the portfolio holdings were expected in the near future.

Senior Vice President J. Steven Keck asked Vice President Katrina Hulseley to join the meeting. They reviewed and led the discussion of the annual financial statement for 2013. Full discussion of the summary followed.

Vice President & Agency Director C. W. Bracewell, Jr. was asked to join the meeting to give a marketing report in Mr. Renfrow's absence. Mr. Bracewell reviewed a new program called "Power Text Quote" adapted for use on cell phones. This program will allow an agent to conveniently get a premium quote on Term and Whole Life insurance from their cell phones.

RECOMMENDATIONS BY CHAIRMAN:**DIRECTORS FEE:**

The Chairman recommended that the \$500 fee per meeting of the Board of Directors and \$300 fee for Committee meetings of the Board remain the same. Gerald R. Smith, Jr., moved in favor of the recommendation and upon second by M. Lynn Lowe the motion carried unanimously.

ANNUAL MEETING DATES:

The Chairman recommended that Monday May 5, 2014 at 11:00 a.m. be declared as the date and time of the Annual Meeting of Stockholders to be held in Doughton Auditorium of the Life of Alabama Building. And, that the meeting of the Board of Directors be held in Rutledge Library immediately following adjournment of the stockholders Meeting.

Alburta D. Lowe moved in favor of the recommendation and upon second by Anne D. Renfrow the motion carried unanimously.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS:

The Chairman recommended the following ten Directors presently serving on the Board as candidates for re-election by the Stockholders and listed on the Proxy as follows:

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

Herman Warren Cobb, Jr. moved in favor of the recommendation and upon second by Lucian Newman the motion carried unanimously.

STOCKHOLDER DIVIDEND:

The Chairman recommend payment of a cash dividend in the amount of \$1.05 per share on the Common \$5 par stock and .21 cents per share on the Class A Common \$1 par to be paid May 15, 2014 to stockholders of record at the close of business on Tuesday, April 15, 2014. The total dividend paid will amount to \$216,916.98.

Gerald R. Smith, Jr. moved in favor of the recommendation and upon second by Herman Warren Cobb, Jr. the motion carried unanimously.

DIVIDENDS TO POLICYHOLDERS AND INTEREST ON MONIES RETAINED BY THE COMPANY:

The Chairman noted that the Company pays the contract dividend rate on participating policies and on monies retained by the Company. He recommended renewal of the Resolution detailing this contract information as printed on Page 31 of this corporate minute book. Rosalie Renfrow Causey moved in favor of the recommendation and upon second by Alburta D. Lowe the motion carried unanimously.

REINSURANCE AND RETENTION:

The Chairman recommended that the \$100,000 reinsurance and retention level held by the Company remain the same. Alburta D. Lowe moved in favor of the recommendation and upon second by Herman Warren Cobb, Jr. the motion carried unanimously.

PROFIT SHARING CONTRIBUTION:

The Chairman recommended that the Company make a \$200,000 discretionary contribution to the employees Profit Sharing Plan. Gerald R. Smith, Jr. moved in favor of the recommendation and upon second by Lucian Newman the motion carried unanimously.

CAFETERIA PLAN RESOLUTION:

The Chairman recommended renewal of the attached (Item One) Cafeteria Plan as amended and restated effective January 1, 2014. Rosalie Renfrow Causey moved in favor of the recommendation and upon second by M. Lynn Lowe the motion carried unanimously.

MISSION STATEMENT:

The Chairman noted that the Company did not have a formal adopted Mission Statement and recommended that the attached (Item Two) Mission Statement taken from the original By-Laws of the Corporation be adopted by the Board.

M. Lynn Lowe moved in favor of the recommendation and upon second by Lucian Newman MD the motion carried unanimously.

COMMITTEE REPORTS:**Compensation:**

Herman Warren Cobb, Jr. noted that the Compensation Committee had met twice since the last Board meeting and presented two items in the form of a motion for Board approval. First, the Committee had approved a Christmas bonus for Officers and Employees in the aggregate amount of \$108,009. And, second, the Committee had approved a First Quarter bonus in the aggregate amount of \$88,000 for Officers and Employees.

Gerald R. Smith, Jr. seconded the bonus motion which carried unanimously.

Audit Committee:

Chairman of the Audit Committee Gerald R. Smith, Jr. stated that the Audit Committee had met and discussed several reports previously presented by the Auditors. The committee will make recommendations at the next Board meeting concerning these policies.

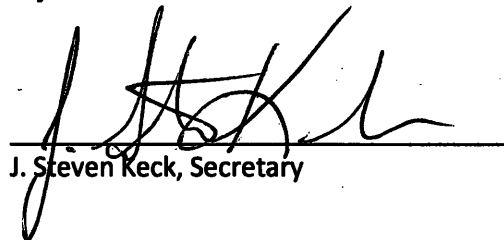
ANNOUNCEMENTS:

The Chairman noted that he is progressing well following rotator cuff surgery and has begun rehab.

The Alabama Department of Insurance has virtually completed their examination and has requested an exit interview for February 27, 2014.

ADJOURNMENT:

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



J. Steven Keck, Secretary

February 10, 2014

Meeting of Investment Committee of Life Insurance Company of Alabama

Members present: M. Lynn Lowe, Chairman, Clarence Daugette, President, Ray Renfrow EVP & Chief Marketing Officer, Mr. Warren Cobb, Steve Keck, Exec. V.P. & Secretary

The meeting was held at the office of Mr. Lowe at 10:00 am.

Reports from Mr. John Inzer and Mr. Reid Lynch from Stern Agee were provided regarding the performance of the equity and bond portfolios. Mr. Lynch indicated that this was a big week for the bond market as the discussions regarding future monetary policies are beginning to heat up. The effect upon bond rates will depend upon the decision the government makes concerning purchases. Mr. Lynch reported that the portfolio allocation is sufficient and that there is no need to rebalance the portfolio among the different sector managers. The overall credit of the portfolio is in line with the investment policy and the investment philosophy maintains the parameters of the policy. He recommends that we stay the course at the moment. He also indicated that they are working to keep the portfolio duration below 10.

There was discussion concerning an Arkansas municipality bond that currently has no rating. The rating was pulled due to some language in the bond issue regarding when state monies would be applied. This language is being changed and although the current bond has no rating it is trading as an investment grade bond. As such it is not considered in default and it was not recommended to sell at this time.

Mr. Inzer reported that the equity portfolio has performed well again emphasizing that generally speaking when bond rates rise this tends to create an increase in the equity market although currently everything seems to be stalled. The company is invested in several sectors with the international sector continuing to being the most volatile. It was noted that at this time there is no intention to change the sector allocations. The equity portfolio, excluding Protective stock, experienced a 2013 change of 25% and an inception to date change of 13%. The Protective stock had tremendous growth in 2013 with a 40% gain. The Utility sector experienced a retraction probably due to the level of debt held by the utilities but they will recover albeit over time, and have actually experienced an increase since the end of the quarter.

After reflecting on the current yields and position of the portfolios the committee accepted the reports of Mr. Inzer and Mr. Lynch.