

February 5, 2016

Meeting of Audit Committee of Life Insurance Company of Alabama

Members present: G. Ray Smith, Chairman, Steve Keck, Exec. V.P. & Secretary

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

Senior Management has reviewed the outstanding items from the internal audit reports and is formulating responses to them. Many of the items require some additional information before a final recommendation will be made. They will continue to review any new and outstanding items and present their decisions to the audit committee.

There being no other business the meeting was adjourned.

**QUARTERLY MEETING OF THE
BOARD OF DIRECTORS**

Monday, February 8, 2016

The 2015 fourth quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 10:30am, Monday, February 8, 2016 in the Rutledge Library, Life of Alabama building, 302 Broad Street, Gadsden, Alabama. The meeting was called to order by the Chairman, Clarence W. Daugette, III who presided over the meeting. The invocation was given by Herman Warren Cobb.

ROLL CALL:

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

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

Also Present: Director Emeritus, Robert W. Echols, Jr.

The Chairman declared a quorum present and the meeting duly qualified for the transaction of business.

MINUTES:

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

FOURTH QUARTER REPORT:

Vice President, Katrina D. Hulsey, CPA joined the meeting and reviewed highlights of the 2015 Year End Financial Statement.

- Net Income for 4th Quarter 2015 - \$475,000
- Net Income Year to Date 2015 - \$2,917,379

A contributing factor to the 2015 income decrease from 2014 was higher than anticipated life and health claims, especially on a few unlimited cancer policyholders.

COMMITTEE REPORTS:**Investment Committee:**

Executive Vice President, M. Lynn Low, reviewed the Company's equity investment portfolio as of December 31, 2015 indicating that the market value of the portfolio was \$4,599,5917 with an overall year yield of -4.8%. The market value of the bond portfolio was \$98,600 with an overall yield of 5.23%. The bond portfolio allocation is 53% Corporate bonds and 40% Municipal bonds.

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

Agency Department:

Executive Vice President, Raymond R. Renfrow, Jr. reported that recruiting was off to a good start at the beginning of the year, and the next TAP Class would be on March 7-10, 2016. Agent Commissions specialist, Wanda Collier, has moved upstairs to assist in Agency operations. Regional Director, John Bascom, is helping service Bud Silvey's agents while he is out of the office. And, the Agency Department is looking forward to the 2016 Founder's Club in Tucson, Arizona on April 6-10, 2016.

Anne D. Renfrow made the motion to accept the Agency report. Upon a second from Herman Warren Cobb, the motion carried unanimously.

Compensation Committee

Herman Warren Cobb, Compensation Committee member reported that they had met and approved in the form of a motion a bonus based on the results of the fourth quarter (\$475,000) for all officers and employees. The total bonus in aggregate amounts to \$78,375. The motion was seconded by Anne D. Renfrow and carried unanimously.

Lucian Newman, MD made a motion to accept the compensation committee report. The motion was seconded by Alburta D. Lowe and passed unanimously by the board.

Audit Committee

Gerald R. Smith, Jr., Chairman of the Audit Committee reported that the committee had met recently and reviewed the outstanding items requiring corrective action previously identified by the internal and external auditors and the state examiners.

There were no new items added to the report. The committee continues to work on outstanding items. Mr. Smith reported that the Executive Committee had met and looked over outstanding items and made recommendations.

Raymond R. Renfrow, Jr. made a motion to accept the audit committee report. The motion was seconded by Anne D. Renfrow and passed unanimously by the board.

Recommendations by the Chairman:

- 1 Fees for Directors – The \$500 for Board Meetings and \$300 for Committee Meetings remain the same.
A Motion was made by M. Lynn Lowe to set the fees as stated. The motion was seconded by Alburta D. Lowe and carried unanimously by the board.
- 2 Set Date for Annual Meeting – That Monday, May 2, 2016 @11 00am in Daugette Auditorium, be declared as date and time of the Annual Meeting of Stockholders. And, that the meeting of the Board of Directors be held in Rutledge Library immediately following adjournment of the Stockholder's meeting.
A motion was made by Rosalie Renfrow Causey to set the date for the 2016 Annual Meeting. The motion was seconded by Raymond R. Renfrow, Jr. and carried unanimously by the board.
- 3 Nominees for Election to the Board of Directors
Clarence W. Daugette, III made a motion to accept the Nominations for the Board of Directors as it is currently set with no new nominations. The motion was seconded by Alburta D. Lowe and carried unanimously by the board.
- 4 Dividends to Stockholders – The payment of a cash dividend totaling approximately 15% of the operating income.
Clarence W. Daugette, III made a motion to accept the Dividend to Stockholders as recommended. The motion was seconded by Alburta D. Lowe and carried unanimously.
- 5 Dividends to Policyholders and Interest on Monies Retained by the Company – The renewal of the resolution detailing dividend payments as printed on page 31 of this corporate minute book.
Motion by Rosalie Renfrow Causey to maintain Dividends to Policyholders as currently stated. A second from Alburta D. Lowe and the motion carried unanimously.
- 6 Reinsurance and Retention – The \$100,000 reinsurance and retention level held by the company remain the same.
Raymond R. Renfrow, Jr. made a motion to accept the Reinsurance and Retention as currently stated. Herman Warren Cobb seconded the motion and it carried unanimously.

7. Ratify Actions of Officers and Committees since last Annual Meeting

Gerald R. Smith, Jr. made a motion to Ratify Actions of Officers and Committee since the last Annual Meeting. Upon a second from Alburta D. Lowe, the motion carried unanimously.

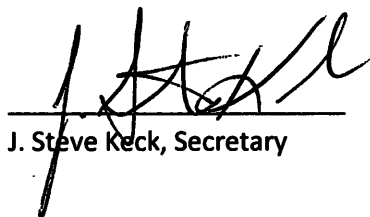
8. Profit Sharing Contributions – The Company make a \$200,000 discretionary contribution to the employees profit sharing plan.

Raymond R. Renfrow, Jr. made a motion to accept; Lucian Newman, MD seconded and the motion carried.

9. Cafeteria Plan Resolution – The Board adopt and approve effective January 1, 2016 the attached Cafeteria Plan agreement.

G. Ray Smith made a motion to accept the resolution as stated. The motion was seconded by Raymond R. Renfrow, Jr. and passed unanimously by the board.

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



J. Steve Keck, Secretary

Life Insurance Company Of Alabama
12/31/2015

Equity	\$4,243,113.00
Cash	\$356,478.00
TOTAL	\$4,599,591.00

Equity Manager Allocation

	Style	% of Portfolio	ytd prf
Princeton Capital	core Large cap	30.38%	-4.70%
W.H. Reaves & Company	utility,energy,telecomm	29.68%	-5.50%
Equity Investment Corp	All Cap Value	29.25%	-4.70%
WCM Investment Management	International Developed	10.69%	0.03%

4th quarter performance	4.00%
Year to Date Performance 12/31/15	-4.80%

Estimated Yield	2.90%
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LICOA 4TH QUARTER REPORT 2015

The Life Insurance Company of Alabama's bond portfolio showed a book value of \$98.6 million as of end of 4th quarter 2015. Book yield was 5.23% with a weighted average life of 11.55. Duration of the portfolio at year end was 7.61. The unrealized gain/loss of the portfolio was -7.6% at approximately \$7.4 million. Principal cash flow 2 years out was 6%.



LIFE INSURANCE COMPANY

of Alabama

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February 1, 2016

MEMO TO: Compensation Committee
Tommy Miller
Warren Cobb

RE: Employee Quarterly Bonus

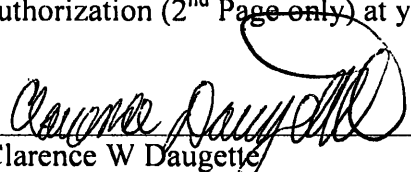
FROM: Clarence Daugette

I am pleased to report that the Company had an outstanding fourth quarter with earnings of \$475,000.

I, therefore, recommend that the following bonus be approved, payable February 2, 2016.

Officers (In Aggregate)	\$61,109
Employees (In Aggregate)	<u>\$17,266</u>
Total Bonus:	<u>\$78,375</u>

Please review this recommendation and if you approve, please fax the enclosed authorization (2nd Page only) at your earliest convenience.


Clarence W Daugette