

February 14, 2017

Meeting of Audit Committee of Life Insurance Company of Alabama

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

The meeting was held at the office of Mr. Smith at 10:30 am.

There was discussion of the status of the current open items. The majority of the open items are in reference to investments. The committee was updated on the continued work on the investment review by Strategic Asset Alliance. They were also updated about the re-engagement of Hanover Stone Solutions to assist with the ERM project. The remaining open items had to do with some travel expense procedures and the use of the company name. These items will be addressed by the next audit meeting.

There being no other business the meeting was adjourned.

**QUARTERLY MEETING OF THE
BOARD OF DIRECTORS**

Tuesday, February 21, 2017

The 2016 fourth quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 10:30am, Tuesday, February 21, 2017 in the Rutledge Library, Life of Alabama building, 302 Broad Street, Gadsden, Alabama. The meeting was called to order by the Chairman, Clarence W. Daugeette, 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	Thomas W. Miller
Herman Warren Cobb	Lucian Newman, MD
Clarence W. Daugeette, III	Anne Daugeette Renfrow
Alburta Daugeette Lowe	Raymond R. Renfrow, Jr.
M. Lynn Lowe	Gerald Ray Smith, Jr.

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 Raymond R. Renfrow, Jr. the motion carried unanimously.

PRESIDENT'S REPORT:

The Chairman called upon Vice President Hoyt Casey to update the Board on the progress of the computer software update. Mr. Casey projected a summer 2017 completion date.

Investment Consultant, Alton Cogert, from Strategic Asset Alliance called in to update the Board on the 2016 4th Quarter Investment Portfolio.

FOURTH QUARTER REPORT:

Vice President, Katrina D. Hulsey, CPA joined the meeting and reviewed highlights of the 2016 Year End Financial Statement.

- Net Income Year to Date 2016 - \$2,199,784
(This amount included the establishment of a liability for unused sick leave)

COMMITTEE REPORTS:**Investment Committee:**

Chief Investment Office Rosalie Renfrow Causey reviewed the Company's equity investment portfolio as of December 31, 2016 indicating that the market value of the portfolio was \$5,170,129 with an overall year yield of 13.21%. The market value of the bond portfolio was \$101,228,000 with an overall yield of 5.11%.

Mrs. Causey 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 Alburta D. Lowe, and passed unanimously by the Board.

M. Lynn Lowe made a motion to accept the Investment Committee report. The motion was seconded by G. Ray Smith, the motion passed unanimously.

Agency Department:

Executive Vice President, Raymond R. Renfrow, Jr. reported that recruiting went well last year with 160 new agents signed. He also mentioned that sales were increased by 12% from the previous year.

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

Recommendations by the Chairman:

1. Fees for Directors – The \$1,000 for Board Meetings and \$500 for Committee Meetings
(New Fee to start May 8, 207)

A Motion was made by Anne D. Renfrow to set the fees as stated. The motion was seconded by Thomas W. Miller and carried unanimously by the board.

- 2 **Set Date for Annual Meeting – That Monday, May 8, 2017 @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 Alburta D Lowe to set the date for the 2017 Annual Meeting The motion was seconded by Anne D Renfrow 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 As of February 14, 2017, Lucian Newman, MD will automatically move to Director Emeritus upon his 80th Birthday
- 4 **Dividends to Stockholders – The payment of a cash dividend equal to the amount paid in 2016, approximately 17% of the operating income**
Clarence W Daugette, III made a motion to accept the Dividend to Stockholders as recommended The motion was seconded by Thomas W. Miller 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 \$215,000 discretionary contribution to the employees profit sharing plan**
G Ray Smith made a motion to accept, Herman Warren Cobb seconded and the motion carried
- 9 **Cafeteria Plan Resolution – The Board adopt and approve effective January 1, 2017 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

Compensation Committee

Compensation Committee Chair Thomas W. Miller member reported that they had met and approved in the form of a motion a bonus based on the results of the fourth quarter (\$907,000) for all officers and employees. The total bonus in aggregate amounts to \$149,655. The motion was seconded by Anne D. Renfrow and carried unanimously.

The Compensation Committee also approved in the form a motion a Christmas bonus to all officers and employees in an aggregate amount of \$165,038. The motion was seconded by Alburta D. Lowe and passed unanimously.

Upon the retirement of Print Shop Manager Ken Dempsey, Vice President Jeff Casey was placed in charge of the Print Department. It was determined by the Executive Committee to increase his pay by \$300/month. The Compensation Committee makes a recommendation to change Jeff Casey's pay to reflect the increase. Thomas W. Miller made a motion to accept recommendation of the committee. Upon a second by Alburta D. Lowe, the motion carried unanimously.

The Compensation Committee makes a one-time Bonus recommendation of \$2,000 to Zach Lindsey, for completion of his MBA in Customer Service. Thomas W. Miller made a motion to accept recommendation of the committee. Upon a second by Alburta D. Lowe, the motion 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.

The Audit Committee is working with Internal Auditors to update the Travel Policy. Investment Consultant, Alton Cogert, is working to update the Investment Policy too.

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.

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



J. Steve Keck, Secretary

**RESOLUTION OF THE BOARD OF DIRECTORS OF
Life Insurance Co. of Alabama**

WHEREAS, the Board of Directors of Life Insurance Co. of Alabama deems it to be in the best interest of its employees and officers to amend and restate its Cafeteria Plan under Section 125 of the Internal Revenue Code of 1986, as amended, be it

RESOLVED, that the Board of Directors hereby adopts and approves this Cafeteria Plan as amended and restated to become effective as of 01/01/2017 pursuant to the Adoption Agreement and Cafeteria Plan which are attached hereto;

RESOLVED FURTHER, that the President of the Life Insurance Co. of Alabama shall have the authority to:

- a. execute this Adoption Agreement and Amended Cafeteria Plan, and other documents and agreements as may be necessary to implement the Plan;
- b. appoint a plan administrator for such plan, and change such administrator from time to time with the advice and consent of the Board of Directors;
- c. contract with Voluntary Benefits Administrators, Inc. to provide assistance to the plan administrator in establishing and maintaining such plan; and

RESOLVED FURTHER, that the Secretary of the Board is directed to enter a copy of this Adoption Agreement and this Cafeteria Plan, as amended, into the records of this Institution, and into the minutes of this meeting.

CERTIFICATION

The foregoing is a true copy of a resolution duly adopted by the Board of Directors at a meeting on February 21, 2017 and entered in the minutes of such meeting in the Institution's minutes book.

Dated: 2/21/2017

J. J. [Signature], Secretary

ACTIONS TAKEN AND RESOLUTIONS ADOPTED BY

Life Insurance Co. of Alabama

Each undersigned, being authorized by Life Insurance Co. of Alabama (the "Employer") to adopt amendments to one or more welfare benefit plans maintained by the Employer, does hereby adopt the following Resolution and Amendment;

WHEREAS, the Employer previously adopted a Code Section 125 Cafeteria Plan (the "Plan");

WHEREAS, the Employer desires to amend the Plan to include the additional election change events permitted under IRS Notice 2014-55, as set forth in the attached Amendment;

WHEREAS, each undersigned warrants and represents that each has the necessary authority to act on behalf of the Employer to adopt such amendments;

NOW, THEREFORE, BE IT RESOLVED that each undersigned has reviewed the attached Amendment and hereby approve the adoption of the amendment as set forth therein;

BE IT FURTHER RESOLVED, that the officers of the Employer are authorized and directed to take any and all action as may be necessary to effectuate this Resolution.

CWD By Crawford W. Dargatzis Date 2/21/2017
By _____ Date _____
By _____ Date _____

**AMENDMENT TO THE
FLEXIBLE BENEFIT PLAN**


This Amendment to the Plan is adopted by the Employer, effective as of the date set forth herein.

NOW, THEREFORE, the Plan is amended as follows effective for the first Plan Year commencing on or after January 1, 2014, the Plan is amended as follows:

Notwithstanding anything to the contrary herein, the Plan is hereby amended as follows:

- A. The Plan Administrator may permit employees who experience a reduction in hours below 30 hours of service per week without loss of eligibility for major medical coverage to revoke major medical coverage for the employee, spouse, and/or dependent(s) on a prospective basis to the extent consistent with IRS Notice 2014-55 if the:
1. Employee was in an employment status where he was reasonably expected to work at least 30 hours per week *and* there is a change in his employment status so that he will reasonably be expected to average less than 30 hours of service per week after the change, even if that reduction does not result in the employee ceasing to be eligible under the major medical plan; and
 2. revocation of the election of coverage under the major medical plan corresponds to intended enrollment of the employee, spouse, and dependents (as applicable), in another plan that provides minimum essential coverage effective no later than the first day of the second month after the month that include the date this coverage is revoked.
- B. The Plan Administrator may permit employees to revoke major medical coverage for the employee, spouse, and/or dependent(s) on a prospective basis to the extent consistent with IRS Notice 2014-55 if the.
1. Employee is eligible for a Special Enrollment Period to enroll in a Qualified Health Plan through a Marketplace pursuant to guidance issued by the Department of Health and Human Services and any other applicable guidance, or the employee seeks to enroll in a Qualified Health Plan through a Marketplace during the Marketplace's annual open enrollment period; and
 2. The revocation of the election under the major medical plan corresponds to the intended enrollment of the employee, spouse, and dependents for whom coverage is revoked in a Qualified Health Plan through a Marketplace for new coverage that is effective beginning no later than the day immediately following the last day of major medical plan coverage.

Life Insurance Co. of Alabama

CWD By: 
Title: PRESIDENT

May 4, 2017

Meeting of Audit Committee of Life Insurance Company of Alabama

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

The meeting was held at the office of Mr. Smith at 1:30 pm.

There was discussion regarding the recently completed external audit. The report was reviewed by Bill Ferguson from the audit firm Thomas, Howell and Ferguson. He informed us that due to audit rules he would be rolling off as lead partner and that Chris Howell would be taking over. The audit went very smoothly and there was little in the way of recommendations. The two recommendations, regarding investments and separation of duties were discussed and ideas are being formulated to handle these items.

There was discussion of the status of the current open internal audit items. The majority of the open items are still in reference to investments. The travel expense procedures have been updated as well as a procedure regarding the verification of changes in pay.

There being no other business the meeting was adjourned.