

**QUARTERLY MEETING OF THE
BOARD OF DIRECTORS**

Tuesday, February 18, 2020

The 2018 fourth quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 10:30am, Tuesday, February 18, 2020 in the Florence T. Daugette Board Room, 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	M. Lynn Lowe
Herman Warren Cobb	Clarence W. Daugette, III
Anne Daugette Renfrow	Alburta Daugette Lowe
Raymond R. Renfrow, Jr.	Gerald Ray Smith, 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 Daugette 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 informed the Board that after the implementation of the new administrative system the company has been working diligently to get up to speed and work out any kinks that arose. He also updated the Board on the progress of the building renovations. Apart from a few areas all renovation within the occupied spaces has been completed and the project has moved on to the remaining, unoccupied buildings.

The Chairman updated the Board on the status of the lawsuit with Trondheim et al. All information requested has been provided, to the best of our ability and there is nothing new to report at this time.

FOURTH QUARTER REPORT:

Vice President, Katrina D. Hulse, CPA joined the meeting and reviewed highlights of the 2019 Year End Financial Statement. The appraisals were completed on the renovated buildings and this led to the admittance of more of the value of the buildings than had been reported in previous periods, thus increasing surplus. Cash flow needs and investment policy requirements led to an increase in cash and cash equivalents on the statement. This, along with a less risky portfolio, led to some decrease in investment income compared to prior years. There are no bonds on the bond watch list.

- Net Income from Operations Year to Date 2019 - \$(94,740)
- Net Income Year to Date 2019 - \$119,214

COMMITTEE REPORTS:

Investment Committee:

Rosalie Renfrow Causey introduced Kelly Sullivan, from NEAM. Kelly informed the board of the status of the portfolio as of yearend. The book yield is 4.08%, duration is 7.14 years and the average credit quality of A and market value in excess of \$115 million. Much of the activity was focused on selling lower yielding, shorter duration tax exempt municipals and taking advantage of the interest rate back-up and extending the duration of the overall portfolio. She also addressed the portfolio performance in relation to the benchmark. The portfolio returned 0.57% relative to the benchmarks 0.90% return. The portfolio's underweighting in 15+ year maturities was more than offset by the underweight in Corporates and overweight in Taxable Municipals. The Fed is expected to be on hold for rate hikes in 2020 but stand at the ready to act as necessary. There were no investment policy compliance issues to report.

Ms. Sullivan discussed the results of the EBAA (Enterprise Based Asset Allocation) and Risk Asset Portfolio recommendations. Based upon an the strong capital position of the Company and the relationship between RBC (Risk Based Capital) and CAL (Company Action Level) it was suggested that the Company consider increasing the allocation of investment in risk assets to enhance return and income, while maintaining ERM (Enterprise Risk Management) metrics consistent with target levels. The goal is to optimize the portfolio by maximizing the return for a given level of risk. The recommended change in the portfolio included an investment risk asset funds. The anticipated change would result in a reduction in our RBC/CAL ratio from approximately 900% to 700%, a more than sufficient ratio and greater than industry averages, as well as an approximately \$1 million increase in pre-tax returns.

Ms. Sullivan also addressed corporate liquidity needs. She informed the board about membership and the workings of the Federal Home Loan Bank and how they would be a low cost source of liquidity, as opposed to a line of credit.

Mrs. Causey then introduced Alton Cogart, the consultant who has been an integral part of the transition process to NEAM. He had additional comments regarding the performance of the portfolio

and how it has outperformed, since inception, the benchmark portfolio by a slight amount. He also provided some stress analysis of the current portfolio and the proposed EBAA changes versus some historical negative performances.

The Investment Committee recommends the following:

- a. Approval of the transactions taken by the Company regarding bonds and stock sold, redeemed or otherwise disposed of during the quarter.
- b. Approval of the portfolio changes as recommended by the EBAA.
- c. Approval for the company to join the Atlanta Federal Home Loan Bank to add liquidity.

Alburta Lowe moved in the form of a motion the acceptance of the recommendations of the committee and the committee reports. The motion was seconded by G. Ray Smith and passed unanimously by the Board.

Agency Department:

Executive Vice President, Raymond R. Renfrow, Jr. reported that sales were relatively flat. Once again over 25% of the sales were life policies, which has long been a goal of the company. Recruiting was, and remains, a focus of the department. He informed the Board that there is an upcoming Regional Director meeting that will discuss ideas and plans for the year.

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

Compensation Committee

Compensation Committee member, Herman Warren Cobb, reported that they did not meet during the quarter.

Audit Committee

Gerald R. Smith, Jr., Chairman of the Audit Committee reported that the committee had met recently and in light of recent financial results, the committee reviewed the historical cash expenses to identify areas of potential concern and reductions. It was recommended that the committee review the expenses at least twice a year to review performance and identify any new issues.

Although a recent audit report was not available, the audit schedule was reviewed. The majority of the processes have been moved to semi-annual with the main quarterly items being those that would become cumbersome if allowed to accumulate. It was recommended that the reports be

prepared within 60 days of the end of the period, with an expectation of 2 reports per year that will most likely be available for the meetings held in the 2nd and 4th quarter.

Mr. Smith further commented that he wanted to go on record commending the employee's for turning things around after the struggles experienced with the implementation of the new administrative system.

Herman Warren Cobb 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 – Maintain them at \$1,000 for Board Meetings and \$500 for Committee Meetings

A Motion was made by Herman Warren Cobb to set the fees as stated. The motion was seconded by Gerald R. Smith, Jr. and carried unanimously by the board.

2. Set Date for Annual Meeting – That Tuesday, May 4, 2020 @11:00am at the Home Office in the Daugeette 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 the Florence T. Daugeette Board Room immediately following adjournment of the Stockholder's meeting.

A motion was made by Rosalie Renfrow Causey to set the date for the 2019 Annual Meeting. The motion was seconded by Herman Warren Cobb and carried unanimously by the board.

3. Nominees for Election to the Board of Directors

Clarence W. Daugeette, III made a motion to accept the following Nominations for the Board of Directors:

Rosalie Renfrow Causey
Herman Warren Cobb
Anne Daugeette Renfrow
Raymond R. Renfrow, Jr.

M. Lynn Lowe
Clarence W. Daugeette, III
Alburta Daugeette Lowe
Gerald Ray Smith, Jr.

The motion was seconded by Alburta D. Lowe and carried unanimously by the board.

4. Dividends to Stockholders – The payment of a cash dividend equal to the dollar amount paid in 2019. The dividend will be paid on May 15, 2020 to all stockholders of record at the close of business on Monday, April 15, 2020.

Gerald Ray Smith, Jr. made a motion to accept the Dividend to Stockholders as recommended. The motion was seconded by M. Lynn 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.

A motion was made by Rosalie Renfrow Causey, to maintain Dividends to Policyholders as currently stated. A second from Anne D. Renfrow and the motion carried unanimously.

6. Reinsurance and Retention – The \$100,000 reinsurance and retention level held by the company remain the same.

Herman Warren Cobb made a motion to accept the Reinsurance and Retention as currently stated. Raymond R. Renfrow, Jr. seconded the motion and it carried unanimously.

7. Profit Sharing Contributions – In light of the 2019 financial results the Company will NOT make a discretionary contribution to the employees' profit-sharing plan.

Herman Warren Cobb made a motion to accept; Gerald R. Smith, Jr. seconded, and the motion carried unanimously.

8. Cafeteria Plan Resolution – The Board adopt and approve effective January 1, 2020 the attached Cafeteria Plan agreement.

Gerald Ray Smith made a motion to accept the resolution as stated. The motion was seconded by Rosalie Renfrow Causey and passed unanimously by the board.

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

J. Steven Keck, Secretary