

**QUARTERLY MEETING OF THE  
BOARD OF DIRECTORS**

Monday, May 18, 2020

The 2020 firsts quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 11:00am, Monday, May 18, 2020 in the auditorium of the Life of Alabama building, 302 Broad Street, Gadsden, Alabama to allow for sufficient social distancing. 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	M. Lynn Lowe
Herman Warren Cobb	Clarence W. Daugeette, III
Anne Daugeette Renfrow	Alburta Daugeette 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 Daugeette Lowe moved that the minutes not be read and upon second by Rosalie Renfrow Causey, the motion carried unanimously.

**PRESIDENT'S REPORT:**

The Chairman requested that Mr. Mike Haney, corporate counsel, update the Board about the status of the lawsuit. Mr. Haney informed the Board that the case has been filed and it is pending a motion to dismiss. He indicated that there had been negotiations regarding the purchase of the plaintiff's shares but that those negotiations had stalled. The plaintiff has filed a motion to include additional plaintiffs with no change to the charges. He further informed the Board that the independent board members had investigated the derivative claim and were satisfied by the actions taken by the company.

In the form of a motion, the Chairman of the Board made a recommendation to adopt a resolution, a copy of which was included in the meeting packet, to authorize the banking relationship

with Federal Home Loan Bank of Atlanta. Upon a second by Herman Warren Cobb the motion passed unanimously.

#### **ELECTION OF COMMITTEES:**

In the form of a motion, the Chairman of the Board made a recommendation to keep the committee memberships as they are currently. Upon a second by Anne D. Renfrow, the motion was passed unanimously by the board.

#### **COMMITTEE REPORTS:**

##### **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 to review the most recent internal audit report. He reported that the report is relatively clean and that Mr. Keck will research the few issues regarding the registered agent for the company in a couple of states. The committee also reviewed the expenses, as recommended, and found that the reduction measures implemented at the first of the year are beginning to be realized. There was also discussion regarding the external audit and no major concerns were raised. It was noted that with the conversion to a new administrative system that existing procedures/processes need to be reviewed and possibly changed to accommodate the new system.

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

##### **Investment Committee:**

Chief Financial Officer Rosalie Renfrow Causey introduced Kelly Sullivan from NEAM. She informed the board that the portfolio quality continues to maintain an A status with a duration of 7.38 and a book yield of 4.25% (before tax). She noted that the economy is in flux and that the historic level of unemployment is not likely to return to pre-COVID levels for 12 months or more. At this time many states are starting to re-open which may help the economy but don't expect a big impact on GDP due to the slow opening. There are still quite a few negative results that have to work their way through the economy.

It was noted that liquidity has somewhat been restored and that spreads have settled down some although still greater than pre-coved levels. She indicated that it is felt that the portfolio is

positioned well to weather the current storm. There are no compliance issues, however, it is advised that the benchmark portfolio be revised to reflect the current strategy.

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. The motion was seconded by Raymond R. Renfrow, Jr. and passed unanimously by the Board.

H. Warren Cobb made a motion to approve the Investment report. Upon a second from Anne D. Renfrow, the motion carried unanimously.

#### **QUARTERLY FINANCIAL REPORT:**

Vice President, Katrina D. Hulseley, CPA joined the meeting and reviewed highlights of the Quarterly Statement.

- Net Income for 1st Quarter 2020 – Net Income of \$220,178, which is a \$600K swing from this time last year.

Mrs. Hulseley informed the board that some of the decrease in surplus was due to an increase in non-admitted assets, due to the building renovation, and an increase in AVR. Once the renovation is complete and the buildings are appraised much of the surplus decrease should be recovered.

Mrs. Hulseley informed the board that there was 1 bond on the watch list, Noble Energy. She also informed the board that there is approximately \$6 million in unrealized gains in the portfolio.

#### **MARKETING REPORT:**

Executive Vice President Raymond R. Renfrow, Jr. reported that production is down and due to COVID-19 it is expected to decrease even more. He speculated that it could be down by 30% or more compared to expectations.

#### **NEW BUSINESS:**

J. Steven Keck reported that he had performed the required annual asset adequacy testing. The company passed all tests, and there were no scenarios of concern. He also presented copies of the external auditors report for any board members review.

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

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J. Steven Keck, Secretary