

CAMARA & SIBLEY LLP

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JOE SIBLEY - SIBLEY@CAMARASIBLEY.COM - EXT. 3002

June 28, 2019

Sent via Certified Mail, Return Receipt Requested

LIFE INSURANCE COMPANY OF ALABAMA
c/o M. Lynn Lowe, Registered Agent
302 Broad Street
Gadsden, AL 35901

Sent via facsimile to (256)-399-0667

Sent via email to skeck@licoa.com

Re: Notice Of Request To Conduct Inspection Of Records Pursuant To AL CODE § 10A-2-16.02.

To Whom It May Concern:

My firm represents Trondheim Capital Partners LP (“*Trondheim*”) and MTP 401K Plan (“*MTP*” and, together with Trondheim, the “*Shareholders*”). As you know, Trondheim maintains an ownership interest in Life Insurance Company of Alabama (“*LICOA*”) of (1) 25,000 of the LINS A class shares; and (2) 5 shares of the of the LINS class shares. MTP maintains an ownership in LICOA of (1) 6,700 of the LINS A class shares; and (2) 5 shares of the of the LINS class shares.

By this demand letter, the Shareholders – who have been record owners more than 180 days prior to this request – are hereby providing you notice that, pursuant to AL CODE § 10A-2-16.02(b), they intend to conduct an inspection of LICOA's books, papers, records of account, minutes, and record of shareholders. The purposes for the inspection demand fit into two categories, which we will refer to as Inspection Categories I and II.

As part of Inspection Category I (“*Category I*”), the Shareholders specifically demand the following records:

- (a) **A complete record or list of the holders of the outstanding shares of both classes of LICOA common stock, certified by LICOA or its transfer agent or registrar, showing the name, address, and account number of each such holder and the number of shares registered in the name of each such holder.**

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- (b) **All information in or that comes into the possession or control of LICOA or its proxy solicitor, transfer agent, or registrar, or that can reasonably be obtained from brokers, dealers, banks, clearing agencies, or voting trustees or their nominees, concerning the names, addresses, and number of shares of both classes of LICOA common stock held by the participating brokers and banks named in the individual nominee names of Cede & Co. and other similar nominees, including omnibus proxies and respondent bank proxies and listings from LICOA's most recent meeting of shareholders and Cede & Co. depository participant listings.**
- (c) **All information in the possession or control of (or that comes into the possession or control of) LICOA or its proxy solicitor, transfer agent, or registrar, or that can reasonably be obtained from brokers, dealers, banks, clearing agencies, or voting trustees or their nominees, relating to the non-objecting beneficial owners of shares of both classes of LICOA common stock.**
- (d) **Copies of any stockholder agreements, voting trusts, or similar agreements for LICOA that are currently in effect.**
- (e) **All interim balance sheets and profit and loss statements of LICOA for the period from January 1, 2019 to the date of this letter.**
- (f) **All appraisals or reviews by LICOA relating to the value of real property owned by the Company, giving the most recent appraisal or review for each property that is currently owned.**
- (g) **All risk management reports prepared by or for LICOA for the period from January 1, 2019 to the date of this letter.**
- (h) **A summary of the material terms of any transactions by LICOA with any related parties (including employees, directors, or officers or entities controlled by them) or affiliates.**
- (i) **All documents evidencing any settlement agreements entered into by LICOA with any of its shareholders or with any of its employees, directors, or officers.**
- (j) **A complete set of actions by written consent and minutes (final versions or the most recent drafts to the extent that final versions are not available) of meetings of the LICOA's Board of Directors (the "*Board*") and all committees thereof, and of LICOA's shareholders, for the period from January 1, 2000 to the date of this letter.**

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- (k) **Copies of all materials provided to the Board and all committees thereof in connection with the actions by written consent and meetings identified in the previous paragraph.**
- (l) **A schedule showing compensation (including the components thereof) and any expense reimbursements paid by LICOA to each of its directors and officers, as well as any family members of such directors and officers, for the period from January 1, 2000 to the date of this letter.**
- (m) **All employment contracts and severance or termination agreements that are currently applicable to any officer or director of LICOA or to any family member of any officer or director.**
- (n) **Copies of all code of conduct, corporate opportunity, code of ethics, corporate governance, related party, expense reimbursement, insider stock trading, and any similar policies of LICOA.**
- (o) **A summary of any succession plans relating to the management of LICOA currently in effect, and any minutes of any meetings whereby such succession plans were discussed or adopted.**
- (p) **All information regarding any inquiries made by parties interested in acquiring, merging, or engaging in any business combination with LICOA, together with any memos, correspondence, records, or analyses prepared by or for LICOA that are related to the same.**
- (q) **Any materials or records made by or prepared for LICOA regarding planning for the future of the company, including but not limited to those regarding business planning, future business projections, share repurchases, reverse splits of any of LICOA's share classes of common stock, merger and acquisition transactions, or a sale of the company.**
- (r) **The following current and forward-looking financial information with respect to LICOA and any of its subsidiaries for the most recent periods available: (1) business plans; (2) budgets and projections (with supporting schedules and summaries); and (3) capital expenditure plans; and all documents discussing or supporting such plans.**
- (s) **A schedule of the amounts spent by LICOA on capital expenditures for the years 2017, 2018, and from January 1, 2019 to the date of this letter showing each expenditure, its purpose, the vendor, and the amount spent.**

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- (t) **Any records or analyses prepared by or for LICOA related to capital budgeting or to calculations of the return on investment for the capital expenditures described in the previous paragraph.**
- (u) **All information in or that comes into LICOA's possession or control, or that can reasonably be obtained from related parties, employees, officers, or directors, relating to purchases of shares of any of LICOA's classes of common stock, by any related parties, officers, directors, or employees of LICOA.**
- (v) **Copies of any LICOA policies, internal memos, or correspondence (including correspondence with third parties) regarding the purchase of shares of any of LICOA's classes of common stock by any related parties, officers, directors, or employees of LICOA.**

The purposes of the inspection by Shareholders of the LICOA records demanded in Category I are as follows:

- *Independently assessing and verifying the value of the Shareholders' shares;*
- *Independently verifying and assessing whether the issues relating to nepotism and to compensation and expenses identified in the State of Alabama Department of Insurance examination report of LICOA (attached, in pertinent part, as **Exhibit A** to this Letter) are still ongoing or have been cured;*
- *Determining whether LICOA's business is being properly conducted;*
- *Determining whether LICOA's officers and/or directors have engaged in tortious conduct such as shareholder oppression, nepotism, waste, usurpation of corporate opportunities, or other breaches of fiduciary duty;*
- *Determining whether LICOA, its officers, and/or directors have engaged in securities fraud; and*
- *Communicating with other LICOA shareholders regarding matters of corporate governance.*

As part of Inspection Category II ("**Category II**"), and to the extent not already called for by Category I, the Shareholders specifically demand the following records:

- (a) **Five years of year-end audited financial statements.**
- (b) **Five years of internal financial statements with granular operating cost categories.**

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- (c) **Q1 2019 YTD financial statements with comparable period from previous year.**
- (d) **Five years of year-end regulatory financial statements filed with the NAIC, Alabama Department of Insurance and/or other regulatory agencies.**
- (e) **Copies of any regulatory examinations conducted by the NAIC, Alabama Department of Insurance and/or other regulatory agencies for the past five years.**
- (f) **Copies of all U.S. income tax returns for the past five years.**
- (g) **Copy of any current business plans or multi-year projections.**
- (h) **Detailed schedule of operating expenses for each year (if not provided in financial statements).**
- (i) **Detailed schedule of other income (or other income/expense) for each year.**
- (j) **Aged accounts receivable list.**
- (k) **Aged accounts payable list.**
- (l) **Depreciation schedules and Fixed Asset List.**
- (m) **Schedule of officer's compensation including bonuses, expense allowances, benefits and other perks during the past five years.**
- (n) **Schedule of shareholder and/or member dividends or distributions paid during the last five years.**
- (o) **Management Letter from outside auditors for last two years.**
- (p) **Any filings or correspondence with regulatory agencies not already requested elsewhere herein.**
- (q) **Information about off balance sheet assets and liabilities (pension plans, pending litigation and other contingent liabilities).**
- (r) **Copies of all actuarial reports prepared for LICOA during the past five years.**
- (s) **Copies of any ratings agency reports, such as AM Best or Fitch, issued about LICOA.**

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- (t) **Information about any reinsurance agreements between LICOA and other insurance companies.**
- (u) **Copies of the articles of incorporation.**
- (v) **Copies of all original shareholder agreements and amendments.**
- (w) **Copies of any independent appraisal reports prepared during the past five years (real estate, equipment, business).**
- (x) **Copies of any formal purchase offers, Letters of Interest, Letters of Intent, draft stock sale agreements, buy/sell agreements or correspondence that documents any indications of interest to acquire LICOA for the past five years.**
- (y) **Copies of all existing loan agreements and/or other significant financing vehicles.**
- (z) **Provide a list of all significant operating facilities and non-operating investments.**
- (aa) **Any additional assets that may be considered temporary or not directly related to the LICOA's normal operations (non-operating assets) including dollar amount.**
- (bb) **Copies of any current budgets or projections and strategic or marketing plans.**
- (cc) **Provide copies of recent marketing materials, sales brochures, catalogs, or other descriptive sales materials.**
- (dd) **Information about sales and distribution channels, agency agreements etc.**
- (ee) **Unit volume and revenue analysis for existing products, product lines, services, or service lines for the last five years.**
- (ff) **Any lists of known direct competitors.**
- (gg) **Any chart or listing of all major operating entities of LICOA, whether divisions, subsidiaries or departments and location including sales breakout by location.**

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- (hh) Any available industry or trade association studies; surveys showing trends in the industry, comparative financial and/or operating performance.**
- (ii) Contracts relative to leases, suppliers, customers and franchise or distributor agreements.**
- (jj) Organization chart and professional bios for all key executives.**
- (kk) Corporate organization chart.**
- (ll) A brief description of all subsidiaries and/or financial interests in other companies including relevant financial data.**
- (mm) List of any "related" companies (common ownership, common shareholders, etc.) and description of the relationship(s).**
- (nn) Year-end financials for the subsidiaries if not in audited statements or in consolidating financial statements.**

Attached as Exhibit B to this letter is correspondence from the Shareholders' retained expert valuation consultant who has specifically requested these documents. The purposes of the inspection by Shareholders of the LICOA records demanded in Category II are as follows:

- *Assessing and verifying the value of the Shareholders' shares in a status quo scenario;*
- *Assessing the value of the Shareholders' shares in a scenario where the company cuts costs;*
- *Assessing the value of the Shareholders' shares in a scenario where the company sells to an acquirer;*
- *Assessing the value of the Shareholders' shares in a scenario where the company suffers a loss because of an interest rate increase or a credit market shock;*
- *Determining whether Shareholders should seek representation on the Board;*
- *Determining whether Shareholders should make one or more shareholder proposals on a platform that compares the status quo of LICOA with a sale of the company or with cost-cutting to improve performance; and*
- *Sharing with other LICOA shareholders the range of possible values realized depending on the path that the company chooses.*

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Additionally, to the extent not included in Categories I and II, the Shareholders request all of the other information to which they are entitled as of right pursuant to AL CODE § 10A-2-16.02(a):

1. LICOA's articles or restated articles of incorporation and all amendments to them currently in effect;
2. LICOA's bylaws or restated bylaws and all amendments to them currently in effect;
3. Resolutions adopted by LICOA's board of directors creating one or more classes or series of shares, and fixing their relative rights, preferences, and limitations, if shares issued pursuant to those resolutions are outstanding;
4. The minutes of all LICOA shareholders' meetings, and records of all actions taken by shareholders without a meeting, for the past three years;
5. All written communications to shareholders generally within the past three years;
6. A list of the names and business addresses of LICOA's current directors and officers; and
7. LICOA's most recent annual report delivered to the Secretary of State under Section 10A-2-16.22, or public record information filed with the Department of Revenue in lieu thereof.

While the statute only requires that we provide LICOA with five business days prior to our inspection, out of courtesy, we will afford you with fourteen (14) calendar days from the date of this Letter to provide us with a time and date for the inspection during regular business hours at a reasonable location within the state of Alabama. In the case of accounting records, if the records are maintained outside Alabama and copying within Alabama is impracticable, then you may specify a reasonable location outside of Alabama.

In addition to their own general partners and trustees, the Shareholders designate and authorize Camara & Sibley LLP and its attorneys and other employees, and any other persons designated by any of the foregoing, acting alone or in any combination, to conduct the inspection and copying requested by this letter.

In the absence of prompt notice to the contrary, the Shareholders will assume that the LICOA agrees that this demand complies in all respects with the requirements of AL CODE § 10A-2-16.02. The Shareholders reserve the right to withdraw or modify this request at any time. If LICOA does not respond to this letter or fails to permit inspection and copying of the demanded materials as required by AL CODE § 10A-2-16.02, the Shareholders will seek appropriate relief to the fullest extent permitted under law.

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Please contact me with any further questions.

Respectfully,

/s/ Joe Sibley

Joe Sibley