

November 10, 2015

Meeting of Audit Committee of Life Insurance Company of Alabama

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

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

There was discussion concerning the most recent report presented by Roger Boatner, Internal Auditor from Willis, Boatner and Whiteside. It was noted that this was the cleanest report that has been seen in a while with no new items to add to the outstanding items list. They also noted that they would be reviewing the check receipt process during their next visit. It was also discussed that in the future a meeting will be held with senior management to discuss plans regarding any items pointed out by the audit report. The decisions would then be presented to the audit committee.

The committee also had a call with William Ferguson, partner with Thomas, Howell and Ferguson, the Company's external auditors. The discussion centered on the upcoming audit and logistical plans. It is expected that they will complete the audit prior to the annual stockholders meeting

There being no other business the meeting was adjourned.

**QUARTERLY MEETING OF THE
BOARD OF DIRECTORS**

Monday, November 16, 2015

The 2015 third quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 11a.m., Monday November 16, 2015 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 M. Lynn Lowe.

ROLL CALL:

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

- | | |
|---------------------------|-------------------------|
| Rosalie Renfrow Causey | Lucian Newman, MD |
| Herman Warren Cobb | Thomas W. Miller |
| Clarence W. Daugette, III | Anne Daugette Renfrow |
| Alburta D. 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 Herman Warren Cobb the motion carried unanimously.

PRESIDENT'S REPORT:

LICOA's third quarter was our best performing quarter of the year. And, we look forward to a profitable 4th quarter.

QUARTERLY FINANCIAL REPORT:

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

- Year-to-Date Net Income - \$2,542,600

COMMITTEE REPORTS:**Investment Committee:**

A motion was made by Anne D. Renfrow to accept the transactions made by the investment advisors during the quarter. The motion was seconded by Alburta D. Lowe and passed by the board.

Executive Vice President M. Lynn Lowe reported that the Company's equity investment portfolio as of September 30, 2015 had a market value of \$4,413,747.94 with a year-to-date loss of -8.70%. As of September 30, 2015 the bond portfolio was approximately \$92.3 million with an overall yield of 5.51%. The portfolio carries an average life of 10.71 with a duration number of 7.31.

Alburta D. Lowe made a motion to approve the Investment report. Upon a second from Thomas W. Miller, the motion carried unanimously.

Compensation Committee

Thomas W. Miller, Chairman of the Compensation Committee reported that they had met and approved in the form of a motion a bonus based on the results of the third quarter for all officers and employees. The total bonus in aggregate amounts to \$214,500. The motion was seconded by Lucian Newman, MD and carried unanimously.

In the form of a motion, Thomas W. Miller approved a 20% increase to total Christmas Bonus. 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 most recent Audit Report from Willis Boatner Pugh Certified Public Accountants.

A dual control system for incoming checks was implemented during the third quarter of 2015. The Internal Auditors and Audit Committee are reviewing the results and will make any necessary adjustments.

The Audit Committee had a conference call with external auditors, Thomas Howell Ferguson P.A., and discussed having the 2015 Audit materials ready before the Annual Meeting in May.

Agency Department:

Executive Vice President, Raymond R. Renfrow, Jr. reported that the third quarter of 2015 was the Best Quarter of the year... Premium was up from the previous two quarters. Mr. Renfrow attributed the third quarter growth to the efforts of Agency Director Michael Causey and Marketing Director Ken Lewis. The Agency Department's #1 priority is "Recruiting", and their efforts are paying off with over 80 new agents appointed this year.

Mr. Renfrow shared that Regional Director, William Silvey, suffered a stroke, and has been unable to work for two months. If he is unable to return to work in January 2016, his region will be reassigned to Regional Director John Bascom.

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

NEW BUSINESS:


President, Clarence W. Daugette, updated the Board on the Reverse Stock Split. The Executive Committee has met with the State Department of Insurance on the matter, and at this time, they are reviewing the case.

The Kress Building is undergoing major roof repair.

The Executive Committee is in the process of getting bids to tear down the Badcock building to create a private employee parking lot. The committee report findings at the next quarterly Board meeting.

ADJOURNMENT:


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



J. Steve Keck, Secretary

Life Insurance Company Of Alabama

9/30/2015




Equity	\$4,078,916.76
Cash	\$334,831.18
TOTAL	\$4,413,747.94

Equity Manager Allocation

		Style	% of Portfolio
Princeton Capital	\$1,320,541.95	core Large cap	29.90%
W.H. Reaves & Company	\$1,337,115.62	utility,energy,telecomm	30.30%
Equity Investment Corp	\$1,294,810.30	All Cap Value	29.30%
WCM Investment Management	\$461,280.07	International Developed	10.50%

Year to Date Performance 9/30/15 -8.70%

Estimated Yield 2.80%



Fixed Income:

A review of Life Insurance Company of Alabama's total fixed income portfolio as of end of third quarter 2015 indicated the following: Market Value of \$88.68 million; Book Value of \$92.37 million. The Bond Portfolio had an average S&P Rating of BBB and an average life of approximately 10.7 years. Duration was 7.31, and bonds show an unrealized loss of \$3.6 million for 3rd quarter end. The overall Book Yield on the portfolio is 5.51%. Principal cash flow out 2 years level rates is 8%. The Bond Portfolio is invested in 90% Corporate bonds, 6% Tax-Free Municipal Debt, with the remaining 4% invested in Government Agencies and Government Agency bullets. The portfolio allocation from Tax Free Municipals to Corporate bonds began in 2015 as a tax planning strategy. This commitment to corporate holdings versus agencies was initiated over 10 years ago and is still maintained. Ongoing purchases are approved selectively based on investment policy guidelines. Investment policy guidelines are approved and monitored by the Investment Committee, and passed by the Board of directors quarterly.

STIFEL

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October 27, 2015

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 third quarter with earnings of \$1,300,000.

I, therefore, recommend that the following bonus be approved, payable October 28, 2015.

Officers (In Aggregate)	\$168,691
Employees (In Aggregate)	<u>\$ 45,809</u>
Total Bonus:	\$214,500

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


Clarence W Daugette