

**QUARTERLY MEETING OF THE
BOARD OF DIRECTORS**

Monday, November 7, 2016

The 2016 third quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 11a.m., Monday November 7, 2016 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 Herman Warren Cobb.

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.

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:

President Clarence W. Daugette, III called upon Vice President Hoyt Casey to update the board on LICOA's new Administrative System software. Mr. Casey mentioned that they are testing the system and it should begin running in early 2017.

COMMITTEE REPORTS:

Investment Committee:

Chief Investment Officer Rosalie Renfrow Causey, presented by conference call LICOA's Investment Consultant, Alton Cogart, from Strategic Asset Alliance to update the Board on the progress of his findings.

Rosalie Renfrow Causey reported that the company's equity investment portfolio as of September 30, 2016 had a market value of \$5,089,715 with a year-to-date-return of 11.22%. As of September 30, 2016 the bond portfolio was approximately \$99.97 million with an overall yield of 5.10%. The portfolio carries an average life of 14.2 with a duration of 8.29.

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

M. Lynn Lowe made a motion to approve the investment report. Upon a second from Herman Warren Cobb, 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 \$89,101. 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 G. Ray Smith 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.

Items that were mentioned during the meeting were:

- Dual control over payroll (maintenance report reviewed by another officer)
- ERM with Hanover Stone Solutions
- No State Exam in 2017

Rosalie Renfrow Causey made a motion to accept the Audit Committee report. Upon a second by Anne D. Renfrow, the motion carried unanimously.

Agency Department:

Executive Vice President Raymond R. Renfrow, Jr. reported that the Agency Department has recruited 150 new Agents in 2016. With the addition of new agents, New Premium up a half million from the previous year. Mr. Renfrow also mentioned that Mariner's Club qualification period was drawing to an end, and the trip to New Zealand was in the final stages of preparation.

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

QUARTERLY FINANCIAL REPORT:

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

- Year-to-Date Net Income - \$2,138,019

ADJOURNMENT:

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



J. Steve Keck, Secretary

Equity:

A review of Life of Alabama's total equity investment portfolio at the end of the third quarter 2016 indicates the following: Market value of \$5,089,715. The portfolio is positive 11.22% through the 3rd quarter 2016. The equity portfolio utilizes four institutional asset managers. The managers are as follows: Princeton Capital Management, Equity Investment Corporation, W.H. Reaves & Company and WCM Investment Management. Stifel Asset Management acts as investment advisor and conducts due diligence on each asset manager quarterly and also rebalances assets as needed. The portfolio is diversified by sectors and styles with the potential for capital appreciation and current income. We focus our equity exposure towards high quality companies that are industry leaders.

Fixed Income:

A review of Life Insurance Company of Alabama's total fixed income investment portfolio as of end of third quarter 2016 indicated the following: Market Value of \$100.87 million; Book Value of \$99.97 million, resulting in an unrealized gain position of approximately \$900k. The Bond Portfolio had an average rating of BBB and an average life of approximately 14.2 years. Duration was 8.29. The overall Book Yield of the portfolio was 5.10% at the end of the third quarter. Principal cash flow 2 years out at level rates is 3%. The portfolio allocation per sector is: 91.0% Corporate bonds, 5.8% Municipal bonds, and 3.2% Treasury/Agency bonds. Ongoing purchases are approved and reviewed by the investment committee based on investment policy guidelines. The investment policy guidelines have remained constant and are approved by the Investment committee and passed by the Board of Directors quarterly.



LIFE INSURANCE COMPANY *of Alabama*

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October 26, 2016

MEMO TO: Compensation Committee
Tommy Miller
Warren Cobb

RE: Employee Quarterly Bonus

FROM: Clarence Daugette

I am pleased to report that the Company had outstanding earnings of \$540,000 for the third quarter of 2016.

I, therefore, recommend that the following bonus be approved, payable October 27, 2016.

Officers (In Aggregate)	\$69,350
Employees (In Aggregate)	<u>\$19,751</u>
Total Bonus:	\$89,101

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


Clarence W Daugette