

**QUARTERLY MEETING OF THE  
BOARD OF DIRECTORS**

Monday, November 6, 2017

The 2017 third quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 11a.m., Monday November 6, 2017 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	M. Lynn Lowe
Herman Warren Cobb	Anne Daugette Renfrow
Clarence W. Daugette, III	Raymond R. Renfrow, Jr.
Alburta D. Lowe	Gerald Ray Smith, Jr.
Thomas W. Miller	

Also Present: Directors Emeritus, Robert W. Echols, Jr. and Dr. Lucian Newman.

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 Gerald Ray Smith, Jr., the motion carried unanimously.

**PRESIDENT'S REPORT:**

President, Clarence W. Daugette, III, confirmed with the board the resignation of Jeff Casey as of October 13, 2017 and informed them that the duties previously assigned to Mr. Casey have been transferred. The IT responsibilities have been taken over by Tim Cole, who was previously the IT manager and reported to Mr. Casey. The building responsibilities, including the mailroom, have currently been assigned to J. Steven Keck.

President, Clarence W. Daugette, III, informed the board that the search for a new investment management firm has concluded and that Northeast Asset Management (NEAM) has been selected. The investment responsibilities will be transferred to NEAM with an anticipated start date of January 1, 2018. The current relationship with Stifel will continue through the end of the year. The one change

that has been made effective is that Stifel is not to perform anymore transactions without prior Company approval

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

Vice President, Katrina D Hulse, CPA joined the meeting and reviewed highlights of the Quarterly Statement She pointed out that although expenses and reserve increases were greater than through this point last year, we still had a positive quarter There was some discussion regarding the improvement in the bond watch list, several bonds either improved in value or had been disposed of since last quarter

- Net Income 3<sup>rd</sup> Quarter 2017 - \$1,421,559

#### **COMMITTEE REPORTS:**

##### **Compensation Committee**

Thomas W Miller, Compensation Committee member 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 \$67,650 The motion was seconded by Gerald Ray Smith, Jr. and carried unanimously

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

Vice President and Chief Investment Officer, Rosalie Renfrow Causey, called upon Alton Cogart to provide an analysis of the quarter's investments He reported that the Company moved to higher quality in the 3<sup>rd</sup> quarter and that the Company's corporate bond allocation change, increasing taxable municipals, has been a positive transition He further commented on an unrealized gain in the portfolio of \$1,720,809 that will be helpful once we transition to NEAM The Company's decision to seek an overall higher quality and lower duration portfolio will require NEAM to reposition the portfolio once they begin handling the Company investments and this unrealized gain may be very beneficial He further suggested that we will need to watch the impact on the market that happens as the Fed moves from Qualitative Easing We have never experienced either of these events so the impact on the market is completely unknown at this time

Mrs Causey informed the board that Alton has been a tremendous help in the investment manager search and throughout the entire process

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 as

shown on Schedule D-Part 4 (Item One Attached) of the Quarterly Statement. The motion was seconded by Alburta 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 outstanding items requiring corrective action previously identified by the internal and external auditors and the state examiners. He informed the board that there are only a few items remaining open, most notably in regards to developing a better Investment Policy and Procedures manual. He further mentioned that there is continued progress towards an Enterprise Risk Framework.

J. Steven Keck was called upon to discuss the Enterprise Risk project. He informed the board at this time of the Enterprise Risk Management Framework document that outlined the risk culture and governance, risk identification process, risk appetite and limits, risk management and controls and reporting. He further discussed the current state of the risk identification process and provided a sample of the risk taxonomy, mitigation list and risk summary template.

A motion was made by Alburta Lowe to accept all committee reports. The motion was seconded by Herman Warren Cobb and passed unanimously.

#### **Marketing Report**

Raymond R. Renfrow, Jr., discussed with the board some of the activities going on in the marketing area. He mentioned that over the last few years the department has been stressing recruiting and it seems to be paying off, October of 2107 was the largest October sales in 10 years.

#### **ADJOURNMENT:**

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

  
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J. Steven Keck, Secretary