

## **LIFE INSURANCE COMPANY OF ALABAMA TRAVEL AND ENTERTAINMENT POLICY**

Following is the new **Life Insurance Company of Alabama Travel & Business Expense Reimbursement Policy**. This manual contains additional guidance and revised limits for all travel & entertainment. Among the changes is the establishment of a travel assistant and a new Expense Report. As such, please take some time to review the policy as these changes (and others) are effective immediately.

While we all hope that our experiences conducting business on behalf of Life Insurance Company of Alabama are pleasurable and gratifying, we also must be reasonable. This policy will reflect our collective responsibility to conduct business in a fiscally responsible manner

### **General Guidelines**

These policies and procedures are designed to act as a guideline for business travel and entertainment expense and miscellaneous expense reimbursements. They are based on practices employed by most organizations of our size and take into consideration what is considered reasonable and customary. While this handbook does contain suggested expense limits, we challenge all employees to use professional judgment when incurring expenses on behalf of the Company. Life Insurance Company of Alabama recognizes that, in some isolated cases, business related expenses might need to be reviewed on a case-by-case basis; however, this primarily applies if the expense in question was not discussed in this policy.

This policy is designed to accomplish the following key points:

- Ensure all employees have a clear and consistent understanding of policies and procedures for business travel and expenses.
- Ensure employees are reimbursed for legitimate business travel and entertainment expenses.
- Provide employees who must travel with a reasonable level of service and comfort at the lowest possible cost.
- Maximize the company's ability to negotiate discounted rates with preferred suppliers and reduce travel expenses.
- Provide the appropriate level of accounting and business controls for the company to ensure that expenses are reviewed and approved by the appropriate person.

### **Responsibility**

The traveler is responsible for complying with Life Insurance Company of Alabama Travel Policies. The officer who approves and signs expense reports is responsible for accurately reviewing expense reports for compliance. Life Insurance Company of Alabama will reimburse employees for all **reasonable** and **necessary** expenses while traveling on authorized company business or entertaining business clients. Life Insurance Company of Alabama assumes no obligation to reimburse employees for expenses that are not in compliance with this policy. A Life Insurance Company of Alabama Senior Level Officer must approve any deviation from this policy.

## **Enforcement**

Employees who do not comply with this policy may be subject to delay or withholding of reimbursement and/or, disciplinary action.

## **Alcoholic Beverages**

Life Insurance Company of Alabama's policy is to limit the consumption of alcoholic beverages during business functions. In the event that an employee chooses to consume alcoholic beverages in connection with a business function, the Company expects that employees will act responsibly and avoid excess. In no event should alcohol be served to minors or anyone that appears to be impaired.

Excessive alcohol consumption may endanger the health and safety of Company employees and others around them and tarnish the Company reputation. If there are any concerns that an employee is not capable of safely driving after such events, the Company will reimburse the cost of alternative transportation to ensure that the employee does not place themselves or others in danger.

Employees are responsible for adherence to Company policy. Failure to do so may result disciplinary action up to and including termination. If an employee is arrested and convicted for Driving Under the Influence while in the performance of Company business, or when returning from a business function, is subject to disciplinary action up to and including termination.

## **REPORTING GUIDELINES**

Employees must file expense reports no later than 30 days following the completion of the trip or of incurring the expense. Expenses must be submitted for reimbursement within 3 months of being incurred, or they will not be reimbursed.

## **Documentation Requirements**

Employees must provide the following information in order to be reimbursed for any business related meals or entertainment expenditures:

- Names of individuals present and business purpose of the meeting
- Name and location of where the meal or event took place
- Exact amount and date of the expense
- DETAILED receipts for all entertainment expenditures in excess of \$25.00.
- DETAILED receipts for meals, in excess of \$25.00.

Employees must submit the following documentation with their Expense Report:

- Air/Rail – original passenger receipt.
- Hotel – hotel folio plus credit card receipt or other proof of payment.
- Car Rental – credit card receipt or rental agency invoice.
- Entertainment – credit card receipt and detailed register receipt for all expenses over \$25.00.
- Meals – credit card receipt and detailed register receipts for meal expenses over \$25.00, if a detailed receipt is available.

Please note: credit card statements are not considered an acceptable form of receipt.

An explanation of the business expense and a list of the individuals/company affiliations entertained (in the case of meal/entertainment receipts) must be documented next to the original receipt.

If like items have been summed to arrive at a single figure for entry to a single cell on the expense report, please indicate which items are being totaled on the paper where the receipts are affixed. Expense reports containing entries that cannot easily be supported by receipts will be returned to the person submitting the expense report.

When a receipt is not available, a full explanation of the expense and the reason for the missing receipt is required. Actual bills/receipts must be submitted whenever possible; photocopies will be acceptable only with a detailed explanation as to why the original is unavailable. Receipts must include the name of the vendor, location, date and dollar amount. All expenses must be reported, regardless of how they were paid. The following receipts are acceptable:

- Original receipt completed by the vendor
- Customer's copy of credit card slip
- Credit card billing statement, only in the unusual case where it is not possible to obtain the actual receipt
- Original phone bill
- IRS-approved electronic ticket receipt

#### **Incorrect or Incomplete Expense Reports**

Expense reports that are incorrect, incomplete or include disorganized receipts:

- Will be returned to the approver for completion.
- May result in delay or non-reimbursement of specific items.

Disregard for company policy or altering of receipts can result in disciplinary action up to and including termination.

#### **LOGGING YOUR EXPENSES**

Effective immediately, employees must complete the new Life Insurance Company of Alabama Expense Report for reimbursement of expenses.

#### **APPROVAL/AUTHORIZATION PROCESS**

An officer must approve all expense reports. No employee is authorized to approve his/her own, a peer's, or a manager's travel expense report. The officer is responsible for verifying:

- Business purpose
- Correct totals
- Supporting documentation and receipts
- Policy compliance.

In addition, the person in attendance with the most senior title must put the expense on his/her expense report to facilitate review by a more senior person not in attendance.

Remember:

- Traveler is responsible for complying with the Life Insurance Company of Alabama's Travel & Business Expense Policy
- Manager who approves and signs the expense report is responsible for reviewing the report for compliance.

Once approval has been obtained, be sure to make a copy of the signed report along with copies of your receipts to keep for your own records.

### **Air/Rail Travel**

Air travel reservations should be made in such a manner as to secure the best available fare. Available resources include, but are not limited to: travel agents, online resources or directly with the airline. (Please see the Tips For the New Expense Report section below for additional information.) ALL AIR TRAVEL MUST BE IN COACH CLASS, unless an upgraded class is pre-approved by a Senior Level Officer.

When traveling by air:

- Employees are expected to use the lowest logical airfare available.
- Employees should consider Saturday night stays and stays exceeding 3 days
- Employees are expected to reserve 7-day advance notice purchases.
- Employees are expected to use non-direct flights when the savings are substantial.
- Obtain Senior Level Officer approval for all trips over \$2,000.
- Obtain Senior Level Officer approval for all International travel

### **Upgrades for Air Travel**

Upgrades for air travel are not reimbursable unless otherwise pre-approved by a Senior Level Officer. If an employee wishes to upgrade, it is done at the employee's expense. For Senior Level employees, business class travel may be considered for flights of two hours or longer.

### **Cancellations**

When a trip is cancelled after the ticket has been issued, the traveler should inquire about using the same ticket for future travel. Employees should reuse airline tickets if: a) they are traveling on the same route, or b) airfare eligibility requirements (verified with travel agent) are met.

### **Unused/Voided Airline Tickets**

Unused airline tickets or flight coupons must **NEVER** be discarded or destroyed as these documents may have a cash value. To expedite refunds, unused or partially used airline tickets must be returned immediately to the issuing authority. Employees must NOT include unused tickets with their expense reports. Employees with an electronic ticket simply need to call the travel agent/issuing authority to initiate a refund.

### **Airport and Train Station Parking**

When parking at an airport or train station is part of business travel all parking fees will be reimbursed.

### **Auto Travel: Car Rental**

Employees may rent a car to get to their destination when driving is more cost effective than airline or rail travel. Employees may rent a car at their destination when it is less expensive than other transportation modes such as taxis, airport limousines and airport shuttles or when entertaining customers. Whenever multiple employees are traveling together, every effort to rideshare or carpool must be made.

Employees must reserve a car in the compact rental car category unless approved by a Senior Level Officer. When picking up a rental car, check with the rental car agent for any promotional rates, last-minutes specials or free upgrades. At the time of rental, inspect the car and be sure that any damage found is noted on the contract before the vehicle is accepted. When plans change, employees are responsible for working with their Travel Assistant to cancel rental car reservations. Employees may book a car rental class of service one level higher when:

- The traveler can be upgraded at no extra cost
- Two or more company employees are traveling together
- Entertaining customers
- Cars in the authorized category are not available
- Transporting excess baggage such as booth displays.

Officers charging the rental car to the corporate American Express card that covers this liability should decline all offered coverages. International travelers should accept all insurances offered. Additionally, whenever possible, the prepaid gas option should be declined.

Rental cars must be returned as follows:

- To the original rental city unless approved for a one-way rental
- Intact (i.e. no bumps, scratches, or mechanical failures)
- On time, to avoid additional hourly charges
- With a full tank of gas.

Should a rental car accident occur, employees should immediately contact the rental Car Company, local authorities (as required), and the Human Resources Department.

### **Rental Car Gas**

Gasoline for use in rental cars is reimbursable with proper documentation. Make sure to log this expense as AUTO RENTAL & GAS.

### **Cell Phone Use While Driving**

Use of a cell phone while driving is not recommended, in any situation, and employees are expected to refrain from using their phone while driving. Texting while driving is prohibited. Employees are strongly encouraged to pull off to the side of the road and safely stop the vehicle before placing or accepting a call. If acceptance of a call is unavoidable and pulling over is not an option, employees are expected to keep the call short. Life Insurance Company of Alabama strictly prohibits employees from using a cell phone without a hands-free device while driving.

### **Taxi / Shuttle / Parking Fees**

The use of airport shuttles and taxis upon arrival at the employee's destination is the preferred mode of transportation. Make sure to ask for a receipt if one is not offered. This documentation aids in the expense-tracking process.

### **Business Use of Personal Vehicle**

Employees may use their personal vehicle for business purposes if it is less expensive than renting a car, taking a taxi, or using alternate transportation. Personal vehicles may also be used when transporting company goods for delivery or entertaining clients. It is the personal responsibility of the vehicle owner to carry adequate insurance coverage for their protection and for the protection of any passengers. Life Insurance Company of Alabama requires that employees who regularly use their personal vehicle for Company business maintain minimum of \$100,000/\$300,000 bodily injury coverage and \$50,000 property damage coverage on their vehicles. Mileage is reimbursed at the rate established by the IRS. This mileage allowance is in lieu of actual expenses for gasoline, oil, repairs, tags, insurance, and depreciation. Therefore, actual expenses for those items will not be reimbursed when your personal vehicle is used for business. To be reimbursed for the use of your personal vehicle for business, employees must list on the expense report:

- Date and purpose of the trip
- Locations traveled to and from
- Mileage

Exception for certain employees and Senior Level Officers - see the Participant Automobile Allowance section below.

### **Lodging / Hotel**

Hotel reservations should be made in such a manner as to secure the best available rate. Employees are required, whenever possible, to use properties in the Moderate category. Any reservation considered above this category should be approved by a Senior Level Officer.

In case of cancellation:

- Employees are responsible for working with the hotel to cancel the reservation.
- Employees will be held responsible and will not be reimbursed for "no-show" charges unless there is sufficient proof that the billing is in error or circumstances were beyond the traveler's control.
- Employees should request and record the cancellation number in case of billing disputes.
- Employees should note that cancellation deadlines are based on the local time of the property.

### **Meals**

Personal meals are defined as meal expenses incurred by the traveler when dining alone on an out-of-town business trip.

### **Business Meals Taken With Other Employees**

Employees will be reimbursed for business-related meals taken with other employees only in the following circumstances:

- When a client is present
- When at least one company employee is from out of town
- When, for confidentiality reasons, business must be conducted off company premises
- When the business purpose of the meal is approved by a Senior Level Officer

The following documentation is required by the IRS, and must be recorded on the expense report:

- Names of individuals present and business purpose of the meeting,
- Name and location of where the meal or event took place,
- Exact amount and date of the expense.

Please note that employees will not be reimbursed for entertaining other employees unless there is a reporting relationship between them.

### **Telephone Expenses:**

#### **Business Phone Calls**

Employees will be reimbursed when using their personal cellular telephone, calling cards or home phone for business related phone calls:

- Which are reasonable and necessary for conducting business
- With an original copy of the bill attached to the expense report form.

#### **Personal Phone Calls While Traveling**

Employees will be reimbursed for personal telephone calls while traveling on business:

In all cases, employees are responsible for securing and utilizing the most reasonable long-distance calling option available.

#### **Hotel Telephone Usage**

When staying at a hotel, employees should find out the property's local and long distance phone rates. Employees should avoid making phone calls that have an added surcharge.

#### **Tips**

When giving tips for services, receipts should be obtained if at all possible. The amount of the tip should be itemized on the receipt. If a receipt is not possible the employee should keep a detailed list of the services provided and the dates of service. Employees will NOT be reimbursed for tips that are not adequately documented or that are deemed extravagant. For example, no more than \$2 per bag for airport skycaps or 20% on a dinner check.

#### **Agent Travel Expenses**

Agents are not employees and as such will not be paid a mileage rate for travel in their personal vehicle for recruiting, sales or attending sales meetings. If the company agrees to reimburse any agent for travel expenses, the reimbursement will only be for the amount of the receipts turned in to the company. Agents will not be reimbursed for expenses that are deemed extravagant or for alcoholic beverages.

### **Miscellaneous Expenses**

The Miscellaneous column is designated for expenses that do not fit into the previous categories, yet are directly business related and therefore reimbursable. ONLY the following items can be considered as reimbursable business expenses:

- Office services (i.e. faxes, copies, overnight delivery / postage)
- Currency conversion fees
- Business gifts of reasonable value with prior management approval
- Laundry / Dry Cleaning / Suit Pressing for trips exceeding 1 day
- Seminar fees / training classes with prior approval
- Subscriptions with prior approval

Be sure to note that the following items are NOT reimbursable under this policy:

- Country club membership dues
- Parking tickets or other fines
- Delinquency fees / Finance charges for personal credit cards
- Loss/Theft of personal funds or property/Lost baggage
- Avoidable "No-Show" charges for hotel or car service
- Non-Compulsory insurance coverage
- Rental car upgrades
- Repairs due to accidents
- Excessive mini-bar charges or alcohol charges
- Any expenditures on behalf of a terminating or transferring employee
- Purchase of clothing and other personal items.
- Purchase of in-room movies and entertainment

Never assume that an item will be covered under the "Miscellaneous" category. Be sure to check with an officer if an item you need is not outlined specifically in this policy.

### **Entertainment Expenses: Entertaining Customers**

Entertainment expenses include events such as nightclubs, theatre and sporting events, whereby a business discussion takes place during, immediately before, or immediately after the event.

Approval for reimbursement of entertainment expenses can only be granted by officers and will only be granted if:

- Person entertained has a potential or actual business relationship with Life Insurance Company of Alabama
- Expenditure directly precedes, includes or follows a business discussion that would benefit the company.

When entertainment expenses are expected to exceed \$500 for one event, prior approval from an Senior Level Officer is required to receive reimbursement.

### **Circuitous Travel for Personal Reasons**

Business trips, which also include circuitous travel for personal reasons, will be reimbursed only for the direct or business portion of the trip, based on accommodations actually used for business



purposes. Ticket stubs or traveler's receipts covering the routing of both the direct and circuitous portions of the trip must be enclosed with the expense report and the calculation of both business and personal portions of the trip should be provided

## **SPOUSE TRAVEL**

### **General**

It is the policy of the Life Insurance Company of Alabama that spouses of eligible employees and spouses of members of the board of directors may accompany them when appropriate at company expenses. Spousal expenses incurred will be reported as income to the employee or board member unless the presence of the spouse is necessary for company business.

### **Eligibility**

Eligible employees shall include all Senior Level Officers and all Board of Director Members. The President may, at his discretion, approve other officers and employees. The President may also exclude any employee or group of employees from eligibility.

### **Non-Eligible Spouse Travel**

A Senior Level Officer must approve and give specific permission to a non-eligible employee for a spouse to accompany them while traveling on company business. All expenses incurred by the spouse are the responsibility of the employee.

### **In Closing**

Life Insurance Company of Alabama Travel & Business Expense Policy Guidelines are designed to facilitate successful and cost effective travel. Please check with Accounting or HR regarding questions and/or feedback.

## **PARTICIPANT AUTOMOBILE ALLOWANCE**

### **General**

It is the policy of LICOA to provide eligible employees ("*Participants*") with a monthly automobile allowance ("*Allowance*") to be used by the Participant toward the furnishing of an automobile for use on an unrestricted basis in conducting the business affairs of LICOA and for personal use. The allowance will be included in the participants ordinary income (payroll) for tax purposes.

### **Eligibility**

Eligible employees shall include all active Participants and the President may approve other executives as appropriate and ratified by the Board

Notwithstanding the foregoing, the President may, from time to time, exclude any Employee or group of Employees from being deemed an "*Eligible Employee*" under this Plan. This also should be ratified by the Board.

**Allowances**

The allowance covers the use of an automobile, liability insurance coverage, and all applicable title, taxes and license fees.

**Vehicle Selection**

Each Participant should designate an automobile that is appropriate for business usage as the automobile to which this policy applies.

**Other**

The Participant will be responsible for the personal payment of all traffic citations (including parking fines, towing charges and similar costs associated with illegal parking) incurred while on company business or during personal use.