

**QUARTERLY MEETING OF THE
BOARD OF DIRECTORS**

Tuesday, November 12, 2019

The 2019 third quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 11a.m., Tuesday, November 12, 2019 in the Florence T. Daugette Board Room, 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.

Directors Emeritus Present:

Lucian Newman, MD

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:

President, Clarence W. Daugette, III, welcomed everyone to the new Florence T. Daugette board room. At this time he asked Mr. Mike Haney, corporate attorney, to give an update on the stockholder lawsuit.

Mr. Haney informed the board that the lawsuit is claiming a variety of wrong doings by the officers and directors of the company. He informed the board that a motion to dismiss has been granted in part but they are allowed to amend. He also discussed that the board had formed a

committee of the outside directors to investigate the claims using outside council and that they will give additional information.

The Chairman recommends that the company increase the available line of credit to \$4 million. The line has never been used but it is believed that it would be beneficial to have this amount available. With approval the company will seek bids from various banks to determine where to establish the line. A motion to approve the increase was made by Alburta Lowe and seconded by Gerald Ray Smith, Jr. and carried unanimously.

ELECTION OF OFFICERS:

The Chairman recommends the following slate of officers be approved:

Clarence W. Daugette, III, President / Chief Executive Officer
Raymond R. Renfrow, Jr., Executive Vice President & Chief Marketing Director
Rosalie Renfrow Causey, Executive Vice President & Chief Financial Officer
J. Steven Keck,, FSA, MAAA Senior Vice President, Chief Risk Officer & Secretary
Hoyt R. Casey, Vice President Claims and Reinsurance
Katrina Hulseley, CPA Vice President Accounting and Financial Reporting
Michael P. Causey, Vice President & Agency Director
Ken Lewis, Vice President & Marketing Director
Debbie Edmondson, Vice President New Business and Underwriting
Zach Lindsey, Vice President Policy Administration
Scott Jones, Vice President Information Systems
Tm Cole, Vice President Information Technology

Gerald Ray Smith, Jr. made a motion to approve the slate of Officers as read. The motion was seconded by Herman Warren Cobb and carried unanimously by the board.

It was also announced that M. Lynn Lowe would be retiring from the company effective January 1, 2020.

QUARTERLY FINANCIAL REPORT:

The quarterly statement for the 3rd Quarter 2019 was reviewed. Katrina Hulseley informed the board that the levels of cash and cash equivalents was maintained at a level to cover current cash needs, especially the property renovations. She also informed the board that since the property appraisals had not been completed there was a decrease in admitted assets which had most of the negative impact on surplus. It is anticipated that these decreases will be reversed once the properties have been appraised. The company continues to experience losses as a result of several factors including the additional expenses needed to complete the implementation of the new administrative system.

- Net Income as of 3rd Quarter 2019 – loss of \$1,182,085
- Net Income 3rd Quarter 2019 – loss of \$68,540

There was some discussion regarding the bond watch list; currently there are no bonds on the watch list.

Appointed Actuary, J. Steven Keck, FSA, MAAA, briefly discussed with the board the reserves. He informed them that the reserve interest rate for 2020 would be the same as 2019. He informed the board that there were no changes to the reserve methods in use for the determination of the statutory reserves. He also informed the board that there was a change in the statutory mortality table used for reserve and cash value calculations and as such new life filings were necessary to remain in compliance.

Mr. Keck also informed the board that the Enterprise Risk Management (ERM) process was ongoing, albeit slowly. With the implementation of the administrative system it was decided to not push too hard with the ERM process and to focus on bringing the process more to the forefront in 2020.

COMMITTEE REPORTS:

Compensation Committee

Herman Warren Cobb reported that the committee had met and approved the Christmas bonus for 2019. The committee also recommends a salary freeze for 2020, due to persistent corporate losses.

The motion was seconded by Gerald Ray Smith, Jr., and carried unanimously.

Investment Committee:

Vice President and Chief Investment Officer, Rosalie Renfrow Causey, introduced Kelly Sullivan of NEAM who presented a summary of the quarterly investment activity. She mentioned that it is expected that the Fed will stay steady with no real changes until mid 2020. She also indicated that market optimism is pretty well baked into the rates. The current portfolio has an average credit rating of A, a duration of 7.24 and a before tax market yield of 4.09%. Attached is an executive summary of the quarter.

Ms. Sullivan also discussed the additional Enterprise Based Asset Allocation (EBAA) testing that was performed. The revisited version included the additional of risk assets. This additional run showed that there was room to pick up additional yield with the inclusion of these risk assets. The investment committee recommends the continued review of the EBAA with an eye to approving a strategy to implement the recommended changes during 2020.

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. The motion was seconded by Anne Renfrow and passed unanimously by the Board.

Audit Committee

Gerald R. Smith, Jr., Chairman of the Audit Committee reported that the committee had met recently. A discussion was had regarding the audit calendar. It is recommended that the calendar be reviewed as to timing and frequency. It is also recommended that the company further review the list of company name issues that has been documented by the auditors and make the necessary changes.

Marketing Report

Raymond R. Renfrow, Jr., discussed with the board some of the activities going on in the marketing area. He noted that sales have been depressed this year and that research is being made to determine why. He did note that persistency is improving which means more business is staying on the books. Recruiting is still going strong and a high priority for the marketing department.

Independent Committee

This committee, consisting of Gerald Ray Smith, Jr., and Herman Warren Cobb, reviewed the lawsuit with the board. The committee used independent counsel to investigate the allegations of the claim. Based upon the results of the investigation it was recommended that LICOA not pursue litigation against the officers and directors. The committee further proposes that there be a special board meeting to discuss in more detail and review the results of the most recent motion and vote on the report.

A motion was made by Anne Renfrow to accept all committee reports. The motion was seconded by M. Lynn Lowe and passed unanimously.

The president informed the board that the 2019 AM Best meeting will be on December 4, with the expectation of no change in the company rating.

ADJOURNMENT:

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

J. Steven Keck, Secretary