April 18, 2018

Alabama Trucking Association
Workers’ Compensation Fund Members

Dear Ladies and Gentlemen:

Enclosed you will find a copy of the Summarized Audited Financial Statements of the Alabama Trucking Association Workers’ Compensation Fund for the year ended December 31, 2017. Our Auditors (Carr, Riggs and Ingram, L.L.C) conducted their audit in accordance with U.S. generally accepted auditing standards. Those standards require the Auditors to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Upon the completion of all necessary examinations of the evidence supporting the amounts included in these financial statements and assessing the accounting principles used and significant estimates made by management, the Auditors determined that their audit provided a reasonable basis for issuing their opinion. Their opinion concluded that these financial statements present fairly, in all material respects, the financial position of the Alabama Trucking Association Workers’ Compensation Self Insurance Fund as of December 31, 2017.

These financial statements reflect the Fund has accumulated total profits, net of distributions, of $45,686,165 set aside for future retrospective credits to be refunded as directed by State Requirements of the Alabama Department of Labor. The total amount of retrospective credits previously distributed back to participating members, since inception of the Fund, is $75,024,291. In addition, the Fund will distribute back $10,559,512 on January 1, 2018 to respective participating members with their 2018 calendar year renewals.

This report includes the overall operations of the Fund which consists of both our Alabama and Cross Border programs. The claims losses reflected in the Consolidated Statement of Income and Deductions includes loss reserves which are required to pay incurred but not reported (IBNR) losses as determined by the Fund’s independent Actuarial firm (Casualty Actuarial Consultants, Inc.). After having made the year-end reserve adjustments as determined by the Actuaries, the combined overall operating profit for the year ended December 31, 2017 is $19,018,899. With the conclusion of the 2017 calendar year, the Board of Trustees is pleased to report that we have continued our long standing profitable operating performance. The Board wishes to emphasize that its primary goals still remain to protect the financial integrity of the Fund while returning profits to participating members.

In closing, we always wish to take the opportunity to reinforce our program goals where we believe the best approach to curbing increases in your company’s operating expenses is to strive to maximize your company’s emphasis on your claims processing procedures and loss control. To support you in obtaining these goals, Todd Hager, our Director of Claims, will assist you with any claims related questions you may have. Don Anchors, our Director of Safety and Loss Control, as well as our Loss Control Consultants, Michael Smith, Victor Whatley and Candy Woodford are available for you to request a visit to your operations to support you in developing a risk management plan that is specifically designed and suited for your company. We encourage you to take advantage of these resources at no cost to you, and to remember to always Work Safe / Work Smart.

We hope this information will assist you in evaluating our dedication to the unmatched strength and quality of our program.

Respectfully,

Kimble E. Coaker, CPA
CEO and Administrator

Enclosures
BOARD OF TRUSTEES

Scott Smith, **Chairman**  
Fund Member Trustee  
Vice President, P & S Transportation, Inc.  
P. O. Box 8250  
Ennsley, AL 35218  
Term: April 2017 – April 2020  
(205) 296-9588  Fax: (205) 326-8901

Phil DeSimone, **Vice-Chairman**  
Fund Member Trustee  
CEO, Action Resources, Inc.  
204 20th Street North  
Birmingham, AL 35203  
Term: April 2015 – April 2018  
(205) 271-4460 Fax: (205) 271-4479

Joe Booker  
Fund Member Trustee  
President, Hornady Transportation, LLC  
P. O. Box 846  
Monroeville, AL 36461  
Term: April 2015 – April 2018  
(251) 575-4811 Fax: (251) 743-5219

Susan Kirkpatrick  
Fund Member Trustee  
Exec. Vice President/CFO, Buddy Moore Trucking, Inc.  
P. O. Box 10047  
Birmingham, AL 35202  
Term: April 2017 – April 2020  
(205) 949-3201 Fax: (205) 949-2260

Mike Limbaugh  
Fund Member Trustee  
Owner, White Oak Transportation, Inc.  
P. O. Box 876  
Decatur, AL 35602  
Term: April 2016 – April 2019  
(877) 948-3625 Fax: (256) 432-0445

Drew Linn  
Fund Member Trustee  
President, Southland International Trucks, Inc.  
P. O. Box 578  
Birmingham, AL 35201-0578  
Term: April 2015 – April 2018  
(205) 942-6226 Fax: (205) 942-6311

Bruce MacDonald  
Fund Member Trustee  
President, Transport Refrigeration Sales & Service  
500 Daniel Payne Drive  
Birmingham, AL 35214  
Term: April 2015 – April 2018  
(205) 328-7278 Fax: (205) 328-6769

Rusty Sprouse  
Fund Member Trustee  
CFO, B & G Supply, Inc.  
P. O. Box 748  
Albertville, AL 35950  
Term: April 2017 – April 2020  
(256) 878-2928 Fax: (256) 878-1527

Beau Wicks  
Fund Member Trustee  
President, Southeast Logistics  
P. O. Box 1309  
Tuscaloosa, AL 35403  
Term: April 2016 – April 2019  
(205) 759-1818 Fax: (205) 349-3104

Frank Filgo  
Ex-Officio Trustee  
President and CEO, AL Trucking Association  
P. O. Box 2339  
Montgomery, AL 36102-2339  
Term: July 2017 – July 2018  
(334) 834-3983 Fax: (334) 262-6504

Gary Bond  
Ex-Officio Trustee  
Senior Vice President, National Bank of Commerce  
813 Shades Creek Parkway  
Birmingham, AL 35209  
Term: July 2017 – July 2018  
(205) 422-7111 Fax: (205) 402-0988

Terry Kilpatrick  
Ex-Officio Trustee  
President, Billy Barnes Enterprises, Inc.  
1626 Hwy 21 South  
Frisco City, AL 36445  
Term: July 2017 – July 2018  
(251) 267-3153 Fax: (251) 267-4117

Fenn Church  
Ex-Officio Trustee  
President/CEO, Church Transportation & Logistics, Inc.  
P. O. Box 65  
Birmingham, AL 35201  
Term: July 2017 – July 2018  
(205) 925-1977 Fax: (205) 380-8997
BALANCE SHEET
December 31, 2017

ASSETS

Assets:
Cash $ 7,042,911.53
Prepaid Expenses and Deposits 402,387.15
Accounts Receivable (net of allowance) 18,711,128.46
Certificates of Deposit and Investments 106,981,539.99
Deferred Tax Asset (net of liability) 681,256.13
Building and Fixed Assets (net of depreciation) 1,600,753.04

Total Assets $135,419,976.30

LIABILITIES, RESERVES AND MEMBERS' EQUITY

Liabilities:
Accounts Payable and Escrow $ 1,730,476.93
Unearned Contributions 1,712,308.00

Total Liabilities $ 3,442,784.93

Reserves:
Reserves for Aggregate Losses $11,617,184.34
Actuarial Reserves for Claim Losses 76,656,153.79

Total Reserves 88,273,338.13

Members' Equity:
Unrealized Gain/(Loss) on Investments $(1,982,311.42)
Retrospective Refund to Members 45,686,164.66

Total Members' Equity 43,703,853.24

Total Liabilities, Reserves and Members' Equity $135,419,976.30
CONSOLIDATED STATEMENT OF INCOME AND DEDUCTIONS
For the Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Income:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage Contributions</td>
<td>$ 40,926,310.00</td>
</tr>
<tr>
<td>Cross Border Premium</td>
<td>$ 13,985,341.57</td>
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<tr>
<td>Investments and Gain/(Loss) on Sale</td>
<td>$ 4,226,218.85</td>
</tr>
<tr>
<td>Other</td>
<td>$ 2,074,962.36</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>$ 61,212,832.78</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Deductions:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claim Losses:</td>
<td></td>
</tr>
<tr>
<td>Incurred Losses (net of reinsurance)</td>
<td>$ 27,674,225.08</td>
</tr>
<tr>
<td><strong>Total Claim Losses</strong></td>
<td><strong>$ 27,674,225.08</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>$ 2,964,761.74</td>
</tr>
<tr>
<td>Cross Border Admin. Fees</td>
<td>$ 3,406,474.95</td>
</tr>
<tr>
<td>Brokerage Expenses</td>
<td>$ 2,903,691.62</td>
</tr>
<tr>
<td>Claims Service Fee</td>
<td>$ 1,200,000.00</td>
</tr>
<tr>
<td>Excess Loss Insurance</td>
<td>$ 1,816,077.61</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$ 994,473.73</td>
</tr>
<tr>
<td>Royalties</td>
<td>$ 661,664.62</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>$ 13,947,144.27</strong></td>
</tr>
</tbody>
</table>

| Total Deductions                 | $ 41,621,369.35 |
| Excess Income Before Income Taxes| **$ 19,591,463.43** |
| Provision for Income Taxes (deferred) | **$ 572,564.07** |
| Excess Income                    | **$ 19,018,899.36** |
| Prior Years’ Excess Income       | **$ 101,691,556.36** |
| Excess Income Before Retrospective Refund Distribution | **$ 120,710,455.72** |
| Retrospective Refund Distributed to Members | **$ 75,024,291.06** |
| Excess Income Held for Future Retrospective Refund | **$ 45,686,164.66** |