March 25, 2019

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, 2018. Our Auditors (Carr, Riggs and Ingram, LLC) 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, 2018.

These financial statements reflect the Fund has accumulated total profits, net of distributions, of $65,902,556 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 $85,776,161. In addition, the Fund will distribute back $13,018,346 on January 1, 2019 to respective participating members with their 2019 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, 2018 is $31,330,832. With the conclusion of the 2018 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 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
Ensley, AL 35218
Term: April 2017 – April 2020
(205) 296-9588  Fax: (205) 326-8901

Joe Booker
Fund Member Trustee
President, Hornady Transportation, LLC
P. O. Box 846
Monroeville, AL 36461
Term: April 2018 – April 2021
(251) 575-4811  Fax: (251) 743-5219

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

Bruce MacDonald
Fund Member Trustee
President, Transport Refrigeration Sales & Service
500 Daniel Payne Drive
Birmingham, AL 35214
Term: April 2018 – April 2021
(205) 328-7278  Fax: (205) 328-6769

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

Terry Kilpatrick
Ex-Officio Trustee
President, Billy Barnes Enterprises, Inc
1626 Hwy 21 South
Frisco City, AL 36445
Term: July 2018 – July 2019
(251) 267-3153  Fax: (251) 267-4117

Tom McLeod
Ex-Officio Trustee
CEO, McLeod Software Corp.
P. O. Box 43200
Birmingham, AL 35243
Term: July 2018 – July 2019
(205) 823-5100  Fax: (205) 823-0000

Phil DeSimone, Vice-Chairman
Fund Member Trustee
CEO, Action Resources, Inc.
204 20th Street North
Birmingham, AL 35203
Term: April 2018 – April 2021
(205) 271-4460  Fax: (205) 271-4479

Susan Kirkpatrick
Fund Member Trustee
E V 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

Drew Linn
Fund Member Trustee
President, Southland International Trucks, Inc.
P. O. Box 578
Birmingham, AL 35201
Term: April 2018 – April 2021
(205) 942-6226  Fax: (205) 942-6311

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

Frank Filgo
Ex-Officio Trustee
President and CEO, AL Trucking Association
P. O. Box 2339
Montgomery, AL 36102-2339
Term: July 2018 – July 2019
(334) 834-3983  Fax: (334) 262-6504

Fenn Church
Ex-Officio Trustee
Pres/CEO, Church Transportation & Logistics, Inc.
P. O. Box 65
Birmingham, AL 35201
Term: July 2018 – July 2019
(205) 925-1977  Fax: (205) 380-8997
BALANCE SHEET
As of December 31, 2018

ASSETS

Assets:
- Cash $5,509,357.48
- Prepaid Expenses and Deposits 371,023.67
- Accounts Receivable (net of allowance) 23,136,462.60
- Certificates of Deposit and Investments 110,881,792.79
- Deferred Tax Asset (net of liability) 1,983,963.68
- Building and Fixed Assets (net of depreciation) 1,766,017.71

Total Assets $143,648,617.93

LIABILITIES, RESERVES AND MEMBERS' EQUITY

Liabilities:
- Accounts Payable and Escrow $1,917,941.33
- Unearned Contributions 2,989,623.68

Total Liabilities $4,907,565.01

Reserves:
- Reserves for Aggregate Losses $13,202,394.14
- Actuarial Reserves for Claim Losses 66,596,269.58

Total Reserves 79,798,663.72

Members' Equity:
- Unrealized Gain/(Loss) on Investments $(6,960,167.23)
- Retrospective Refund to Members 65,902,556.43

Total Members' Equity 58,942,389.20

Total Liabilities, Reserves and Members' Equity $143,648,617.93
CONSOLIDATED STATEMENT OF INCOME AND DEDUCTIONS

For the Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Income:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage Contributions</td>
<td>$ 43,230,279.00</td>
</tr>
<tr>
<td>Cross Border Premium</td>
<td>15,856,542.61</td>
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<tr>
<td>Investments and Gain/(Loss) on Sale</td>
<td>4,997,353.67</td>
</tr>
<tr>
<td>Other</td>
<td>760,027.05</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>$ 64,844,202.33</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>$ 17,885,800.85</td>
</tr>
<tr>
<td><strong>Total Claim Losses</strong></td>
<td><strong>$ 17,885,800.85</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>$ 3,305,693.54</td>
</tr>
<tr>
<td>Cross Border Admin. Fees</td>
<td>4,133,170.95</td>
</tr>
<tr>
<td>Brokerage Expenses</td>
<td>2,801,962.19</td>
</tr>
<tr>
<td>Claims Service Fee</td>
<td>1,246,557.00</td>
</tr>
<tr>
<td>Excess Loss Insurance</td>
<td>2,204,034.80</td>
</tr>
<tr>
<td>Professional Services</td>
<td>1,190,098.22</td>
</tr>
<tr>
<td>Royalties</td>
<td>719,939.49</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>15,601,456.19</strong></td>
</tr>
</tbody>
</table>

| **Total Deductions**                        | **$ 33,487,257.04** |

| Excess Income Before Income Taxes           | $ 31,356,945.29 |
| Provision for Income Taxes (deferred)       | 26,113.27       |
| Excess Income                               | $ 31,330,832.02 |
| Prior Years’ Excess Income                  | 120,347,885.61  |
| **Excess Income Before Retrospective Refund Distribution** | **$151,678,717.63** |
| Retrospective Refund Distributed to Members | 85,776,161.20    |
| **Excess Income Held for Future Retrospective Refund** | **$ 65,902,556.43** |