

April 25, 2009

Alabama Trucking Association
Workers' Compensation Fund Members

Dear Ladies and Gentlemen:

Enclosed you will find a copy of the Summarized Financial Statements of the Alabama Trucking Association Workers' Compensation Fund for the year ended December 31, 2008. As these statements reflect, the Fund has accumulated total profits, net of distributions, of \$24,117,032 set aside for future retrospective credits to be refunded as directed by State Requirements of the Alabama Department of Industrial Relations. The total amount of retrospective credits previously distributed back to participating members is \$24,716,710, in addition the Fund will distribute back \$8,171,869 on January 1, 2009 to respective participating members with their 2009 renewals

This report indicates an Alabama operating claim loss ratio of approximately sixty-three percent (63.19%), which includes year-end independent actuarial estimates of loss reserves required to pay incurred but not reported (IBNR) losses. In our reserving practices the Board of Trustees maintains a very conservative approach so that the Fund is protected from the effects of irregular occurring claims losses. After having made these year-end adjustments and recognizing a reduction in contribution income of \$2,301,932 as approved by the Board and given back to Fund members as a credit against their 2008 billings, the combined operating profit prior to extraordinary items is \$4,008,514. With the down turn in the investment markets, generally accepted accounting practices (GAAP) require the Fund to obtain an opinion as to any investments with market values that are potentially permanently impaired. The Fund contracted through its auditors a securities consulting firm that is an independent expert in this evaluation arena. Following their in-depth review of the Funds investments, the Board of Trustees reviewed and approved the impaired value recommendations of this company and wrote down the impaired values of specific securities in the total amount of \$4,594,347 at year end. With the conclusion of the 2008 year the Board of Trustees and Fund's staff are pleased to report that despite the hurdles that we had to overcome during the year, we completed the year on a positive note and the Fund continues to remain financially strong, and ready and able to provide for the workers' compensation needs of its Member companies. The Board's goals still remain to strive for outstanding operating performance and 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 loss control emphasis 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 loss control. To assist you in obtaining this goal, we have four loss control engineers working in the field, and a website (www.atacompfund.org) dedicated to assisting our participating member companies in their safety program efforts. Please take advantage of these resources.

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

Respectfully,



Kimble E. Coaker, CPA
CEO and Administrator

Enclosures

BOARD OF TRUSTEES

Nick Tolleson, **Chairman**
Fund Member Trustee
CEO/Co-Chairman, White Oak Transportation, Inc.
2205 Hwy 20 W
Decatur, AL 35602
Term: April 2006- April 2009
(256) 432-0405
Fax: (256) 432-0445

Kenneth R. Adams
Fund Member Trustee
President, Southern Cal Transport, Inc.
150 41st Avenue West
Birmingham, AL 35207
Term: April 2007 – April 2010
(205) 323-0004
Fax: (205) 323-0003

Andrew G. Linn
Fund Member Trustee
President, Southland International Trucks, Inc.
P. O. Box 578
Birmingham, AL 35201-0578
Term: April 2006 – April 2009
(205) 942-6226
Fax: (205) 942-6311

Rusty Sprouse
Fund Member Trustee
CFO, B & G Supply Company, Inc.
P. O. Box 748
Albertville, AL 35950
Term: April 2008 – April 2011
(256) 878-2928
Fax: (256) 878-1527

Frank Filgo
Ex-Officio
President and CEO, AL Trucking Association
P. O. Box 2339
Montgomery, AL 36102-2339
Term: July 2008 – July 2009
(334) 834-3983
Fax: (334) 262-6504

Skip Williams
Ex-Officio
CEO, J-L Transportation
2301 24th Avenue North
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Term: July 2008- July 2009
(205) 808-0888
Fax: (205) 321-4130

Bruce MacDonald, **Vice Chairman**
Fund Member Trustee
President, Transport Refrigeration Sales & Service
500 Daniel Payne Drive
Birmingham, AL 35214
Term: April 2006 – April 2009
(205) 328-7278
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Carl J. Carson
Fund Member Trustee
President, Carl Carson Truck Center, Inc.
P. O. Box 320680
Birmingham, AL 35232-0680
Term: April 2008– April 2011
(205) 592-9966
Fax: (205) 592-8005

Scott Smith
Fund Member Trustee
Vice President, P & S Transportation, Inc.
P. O. Box 8250
Ensley, AL 35218
Term: April 2008 – April 2011
(205) 296-9588
Fax: (205) 326-8901

Beau Wicks
Fund Member Trustee
President, Southeast Logistics
P. O. Box 1309
Tuscaloosa, AL 35405
Term: April 2008 – April 2010
(205) 759-1818
Fax: (205) 349-3104

Bill Scruggs
Ex-Officio
President, WSE Leasing, Inc.
P. O. Box 170749
Birmingham, AL 35217
Term: July 2008 – July 2009
(205) 849-8002
Fax: (205) 849-0039

T. J. Willings
Ex-Officio
President, Premier Truck Centers, Inc.
P. O. Box 820
Fultondale, AL 35068
Term: July 2008- July 2009
(205) 841-4450
Fax: (205) 841-4430

BALANCE SHEET
December 31, 2008

ASSETS

Assets:		
Cash		\$ 3,161,597.91
Prepaid Expenses and Deposits		11,886.19
Accounts Receivable (net of allowance)		1,208,613.09
Certificates of Deposit and Investments		50,411,731.21
Deferred Tax Asset (net of liability)		3,816,393.00
Building and Fixed Assets (net of depreciation)		<u>1,533,469.62</u>
Total Assets		<u>\$ 60,143,691.02</u>

LIABILITIES, RESERVES AND MEMBERS' EQUITY

Liabilities:		
Accounts Payable and Escrow		\$ 2,818,073.58
Unearned Contributions		<u>2,199,685.38</u>
Total Liabilities		5,017,758.96
Reserves:		
Reserves for Aggregate Losses	\$ 2,933,918.00	
Actuarial Reserves for Claim Losses	<u>31,682,635.13</u>	
Total Reserves		34,616,553.13
Members' Equity:		
Unrealized Gain/(Loss) on Investments	\$ (3,607,653.79)	
Retrospective Refund to Members	<u>24,117,032.72</u>	
Total Members' Equity		<u>20,509,378.93</u>
Total Liabilities, Reserves and Members' Equity		<u>\$ 60,143,691.02</u>

CONSOLIDATED STATEMENT OF INCOME AND DEDUCTIONS
For the Year Ended December 31, 2008

Income:		
Contributions	\$ 27,930,553.00	
Fund Member Contribution Credit	<u>(2,301,932.00)</u>	
Net Contributions		\$ 25,628,621.00
Cross Border Program Premiums		3,077,947.00
Investments and Gain/(Loss) on Sale		2,280,733.14
Other		<u>62,604.05</u>
Total Income		31,049,905.19
Deductions:		
Claim Losses (net of reinsurance)	<u>\$ 19,211,998.00</u>	
Total Claim Losses		19,211,998.00
Operating Expenses:		
Administrative	\$ 1,426,323.09	
Brokerage Fees	1,696,685.52	
Claims Service Fee	1,279,234.17	
Cross Border Program Administration	954,163.00	
Excess Loss Insurance	1,085,990.57	
Professional Services	600,192.05	
Royalties	<u>465,311.82</u>	
Total Operating Expenses		<u>7,507,900.22</u>
Total Deductions		<u>26,719,898.22</u>
Excess Income Before Income Taxes		4,330,006.97
Provision for Income Taxes (deferred)		<u>321,492.00</u>
Excess Income Before Extraordinary Items		4,008,514.97
Investments Impaired Value		<u>4,594,347.42</u>
Excess (Deficit) Income over Deductions		(585,832.45)
Prior Years' Excess Income		<u>49,419,575.19</u>
Excess Income Before Retrospective Refund Distribution		48,833,742.74
Retrospective Refund Distributed to Members		<u>24,716,710.02</u>
Excess Income Held for Future Retrospective Refund		<u>\$ 24,117,032.72</u>