

April 9, 2010

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 three months ended March 31, 2010. These financial statements reflect the Fund has accumulated total profits, net of distributions, of \$16,063,079 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, since inception of the Fund, is \$39,217,318, which includes a distribution of \$5,682,725 on January 1, 2010 to respective participating members with their 2010 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. These IBNR loss reserves are established at maximum conservative levels during the interim 2010 calendar year until year-end when they can be determined by the Fund's independent Actuarial firm. As part of their year-end Actuarial analysis, they would determine the amounts of loss reserves required to pay IBNR losses resulting in the corresponding adjustment to IBNR loss reserves and Claims loss expense. 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. Even after having posted these higher IBNR reserves for losses, the combined overall operating profit for the three months ended March 31, 2010 is \$890,339. The Board of Trustees is pleased to report this operating performance.

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 support you in obtaining this goal, we have four loss control engineers working in the field, and our website (www.atacompfund.org) dedicated to assisting our participating member companies in their loss control and safety program efforts. We encourage you to take advantage of these resources and to remember to always **Work Safe / Work Smart**.

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

Bruce MacDonald, **Chairman**
Fund Member Trustee
President, Transport Refrigeration Sales & Service
500 Daniel Payne Drive
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Term: April 2009 – April 2012
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Scott Smith
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P. O. Box 8250
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Term: April 2008 – April 2011
(205) 296-9588
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Nick Tolleson
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CEO/Co-Chairman, White Oak Transportation, Inc.
2205 Hwy 20 W
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Frank Filgo
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President and CEO, AL Trucking Association
P. O. Box 2339
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(334) 834-3983
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Skip Williams
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2301 24th Avenue North
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Andrew G. Linn, **Vice-Chairman**
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President, Southland International Trucks, Inc.
P. O. Box 578
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Carl J. Carson
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President, Carl Carson Truck Center, Inc.
P. O. Box 320680
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Rusty Sprouse
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CFO, B & G Supply Company, Inc.
P. O. Box 748
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Term: April 2008 – April 2011
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Beau Wicks
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President, Southeast Logistics
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Gail Cooper
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BALANCE SHEET
March 31, 2010

ASSETS

Assets:

Cash	\$ 1,143,178.20
Prepaid Expenses and Deposits	548,348.18
Accounts Receivable (net of allowance)	914,106.17
Certificates of Deposit and Investments	57,578,526.67
Deferred Tax Asset (net of liability)	280,424.72
Building and Fixed Assets (net of depreciation)	<u>1,400,622.19</u>

Total Assets \$ 61,865,206.13

LIABILITIES, RESERVES AND MEMBERS' EQUITY

Liabilities:

Accounts Payable and Escrow	\$ 1,260,810.33
Unearned Contributions	<u>6,338,470.47</u>

Total Liabilities 7,599,280.80

Reserves:

Reserves for Aggregate Losses	\$ 4,417,235.00
Actuarial Reserves for Claim Losses	<u>32,949,517.96</u>

Total Reserves 37,366,752.96

Members' Equity:

Unrealized Gain/(Loss) on Investments	\$ 836,093.68
Retrospective Refund to Members	<u>16,063,078.69</u>

Total Members' Equity 16,899,172.37

Total Liabilities, Reserves and Members' Equity \$ 61,865,206.13

CONSOLIDATED STATEMENT OF INCOME AND DEDUCTIONS
For the Three Months Ended March 31, 2010

Income:		
Contributions		\$ 6,331,294.00
Cross Border Premium		847,627.26
Investments and Gain/(Loss) on Sale		811,963.85
Other		<u>16,795.50</u>
Total Income		8,007,680.61
Deductions:		
Claim Losses (net of reinsurance)	\$ <u>5,333,387.90</u>	
Total Claim Losses		5,333,387.90
Operating Expenses:		
Administrative	\$ 381,230.11	
Cross Border Admin. Fees	262,764.45	
Brokerage Expenses	374,113.89	
Claims Service Fee	284,908.23	
Excess Loss Insurance	214,426.29	
Professional Services	162,044.83	
Royalties	<u>104,466.36</u>	
Total Operating Expenses		<u>1,783,954.16</u>
Total Deductions		<u>7,117,342.06</u>
Excess Income Before Income Taxes		890,338.55
Provision for Income Taxes (deferred)		<u>0.00</u>
Excess Income		890,338.55
Prior Years' Excess Income		<u>54,390,057.64</u>
Excess Income Before Retrospective Refund Distribution		55,280,396.19
Retrospective Refund Distributed to Members		<u>39,217,317.50</u>
Excess Income Held for Future Retrospective Refund		<u>\$ 16,063,078.69</u>