

ANNUAL MEETING OF THE USA ALLIANCE
NOVEMBER 17, 1999
DALLAS AIRPORT HYATT

THE ANNUAL MEETING OF THE USA ALLIANCE WAS CALLED TO ORDER AT 8:00 AM. THOSE PRESENT WERE DICK THOMAS, LOUIS WILLIAMS, GREG MURREY, LANCE ERICKSON, MERWYN LARSON, JOHN GRIFFIN, BERNIE CONCANNON, PAUL DAVIS, PRESTON GOUGH, JACK MILLER, RON ARNDT, LEN LOVULLO, BOB KATZ, RON MAZIER, SANDY JACKSON AND RON GABOR. THOSE NOT IN ATTENDANCE WERE MIKE JOHNSON, ROBERT JOHNSON, PETER SCOBIE, GLASGOW HICKS, RICH DISTEL, BOB LIBBY AND BARON GARCIA.

THE FIRST ORDER OF THE MEETING WAS THE MEETING OF THE MINUTES FROM OUR LAST MEETING IN 1998. GREG MURREY READ THE MINUTES. MOTION WAS MADE BY JOHN GRIFFIN AND SECONDED BY DICK THOMAS THAT THE MINUTES AS READ BE APPROVED.

THE TREASURER'S REPORT WAS THE NEXT AS ALWAYS PRESENTED BY LOUIS WILLIAMS. A COPY OF HIS REPORT IS ATTACHED.

AT YEAREND WE WILL HAVE APX \$58,000. THIS IS DUE IN PART BECAUSE OF THE CANCELLATION OF OUR ANNUAL MEETING AND THE ASSESMENT OF MEMBERS FOR THE EXPLORATION OF FORMING OUR OWN CAPTIVE WHICH WE DID NOT. LOUIS NOTED THAT WE NEED TO REDUCE THIS SURPLUS. AS SUCH, LOUIS NOTED THAT WE WILL BE SUSPENDING DUES FOR THE COMING YEAR. A MOTION WAS MADE BY RON ARNDT AND SECONDED BY PAUL DAVIS THAT THE TREASURER'S REPORT BE ACCEPTED AS READ.

DICK THOMAS THEN DISCUSSED THE CAPTIVE PROGRAM. IT IS DEAD. DICK INDICATED THAT IT WAS GOOD EDUCATION FOR ALL OF US BUT IT JUST IS NOT FEASIBLE TO DO IT NOW WITH THE MARKET BEING WHAT IT CURRENTLY IS.

REGARDING MEMBERS, EQUITY INSURANCE MANAGERS OWNERSHIP CHANGED AND BOBBY OWENS HAS SURRENDERD HIS STOCK AS THE MEMBERSHIP DID NOT FEEL COMFORTABLE WITH THE CHANGE IN OWNERSHIP. LOUIS HAS SENT BOBBY A CHECK AND THE STOCK HAS BEEN RETURNED TO OUR ATTORNEY.

THE ALLIANCE LOST TWO OF ITS' MOST COLORFUL MEMBERS THIS PAST YEAR: BERNIE CONCANNON AND GLASGOW HICKS. BOTH OF THESE MEMBERS WERE CHARTER MEMBERS OF THE USA ALLIANCE AND BOTH OF THEM WILL BE GREATLY MISSED.

SANDY JACKSON REPORTED THAT THE WILLIAMSBURG INN WAS CLOSED DURING THE HURRICANE AND NO ONE COULD GET IN OR OUT SO IT TURNED OUT TO BE THE RIGHT DECISION TO CANCEL OUR MEETING WHEN WE DID.

NEXT, DICK THOMAS PRESENTED THE PRESIDENT'S PLAQUE TO OUR PAST PRESIDENT MIKE ADAMS. ACCEPTING THE AWARD ON BEHALF OF MIKE WAS RON MAZIER.

THE ALLEGIANCE MANAGERS PROGRAM WITH GERRY PASTOR FOR WORKER'S COMP WAS DISCUSSED NEXT. A FEW MEMBERS HAVE TRIED TO USE THE PROGRAM AND A SOME BUSINESS HAS BEEN WRITTEN, BUT NOT MUCH. THE PROGRAM IS RESTRICTIVE, THE SUPPLEMENTAL APP IS LENGTHY, IT IS STRICTLY FOR TRUCKERS OVER 500 MILES, AND THE CLASSES WITHIN THE TRUCKERS CLASSES ARE LIMITED. EACH MEMBER THAT IS USING THE PROGRAM SHOULD TRY AND GIVE GERRY SOME FEEDBACK.

NEXT WAS A GENERAL DISCUSSION OF OUR BYLAWS AND OF MEMBERSHIP OF SUCCEEDING FAMILY MEMBERS. IN OUR ORGANIZATION, YOU JOIN AS AN INDIVIDUAL-

NOT AS COMPANY. IT WAS AGREED BY ALL THAT OUR CURRENT MEMBERSHIP BYLAWS REGARDS MEMBERSHIP AND SUCCESSION ARE NEED NOT BE AMENDED.

A LETTER WAS RECEIVED FROM GLASGOW HICKS DATED MARCH 24, 1999 ASKING THAT THE VOTING MEMBER FOR HANOVER EXCESS AND SURPLUS BE CHANGED TO DAVID PARKER. IT WAS AGREED THAT DICK THOMAS WOULD WRITE JANET HICKS AND ASK HER TO RETURN THE STOCK CERTIFICATE BACK TO US TO BE REDEEMED. NO MENTION WILL BE MADE ABOUT REAPPLING FOR MEMBERSHIP UNDER DAVID'S NAME.

REGARDING MEMBERSHIP, PRESTON GOUGH ADVISED THAT RONNIE MOORE OF SOUTHERN GENERAL, BOWLING GREEN, KENTUCKY IS VERY INTERESTED IN BECOMING A MEMBER NOW THAT BOBBY OWENS IS NO LONGER. A STRAW VOTE WAS TAKEN AND ALL WERE IN FAVOR OF RONNIE. DICK THOMAS WILL POLL THE ABSENT MEMBERS TO SEE IF THEY ARE IN GENERAL AGREEMENT AND IF SO. DICK WILL CONTACT RONNIE AND SEND HIM AN APPLICATION.

IN REGARDS TO A MEMBER IN NORTH CAROLINA, IT WAS NOTED THAT ROBERT JOHNSON DID SHARE THAT STATE WITH GLASGOW AND SANDY JACKSON ALSO WRITES BUSINESS THERE.

OUR MEETING WAS ADJOURNED AT 10:05 AM FOR A 15 MINUTE BREAK.

LEN LOVULLO GAVE THE NOMINATING COMMITTEE REPORT. OUR SLATE OF OFFICERS FOR 2000 IS:

DICK THOMAS-PRESIDENT
RON GABOR-VICE PRESIDENT
LOUIS WILLIAMS-TREASURER
GREG MURREY-SECRETARY
RON ARNDT-2ND YEAR EXECUTIVE COMMITTEE
JACK MILLER-2ND YEAR EXECUTIVE COMMITTEE
BERNIE CONCANNON-1ST YEAR EXECUTIVE COMMITTEE
LANCE ERICKSON-1ST YEAR EXECUTIVE COMMITTEE
MIKE ADAMS-PAST PRESIDENT

A MOTION WAS MADEBY PRESTON GOUGH THAT ALL OFFICERS BE ACCEPTED AS PRESENTED. THIS WAS SECONDED BY JOHN GRIFFIN. ALL MEMBERS VOTED IN FAVOR.

DISCUSSION THEN TURNED TO OUR CURRENT FORMAT OF OUR ANNUAL MEETINGS. WE WERE GOING TO BRING IN COMPANY PRESIDENTS IN WILLIAMSBURG TO MEETING. IT WAS DISCUSSED THAT OUR ORIGINAL CONCEPT OF THE ALLIANCE MEETINGS WAS TO FLY IN ONE DAY AND DO OUR MEETING-NO WIFES OR GOLF. IT WAS SUGGESTED THAT WE DO OUR ANNUAL MEETING IN NAPA VALLEY NEXT YEAR BUT THE FOLLOWING YEAR JUST DO A SHORT MEETING LIKE THE ONE WE ARE HAVING THIS YEAR. OTHER COMMENTS WERE MADE THAT THIS IS ONE OF THE FEW MEETINGS THAT MEMBERS DO BRING THEIR SPOUSES. IT WAS AGREED THAT WE WOULD LEAVE OUR ANNUAL MEETINGS AS THEY ARE. ALSO, FOR 2001, WE WILL RE-BOOK FOR WILLIAMSBURG TO HAVE OUR MEETING SINCE IT WAS CANCELLED THIS YEAR.

DISCUSSION THEN CENTERED ON THAT MAYBE WE SHOULD ALSO HAVE A ONE DAY MID YEAR MEETING OF ALL MEMBERS. MUCH GOES ON IN THE PERIOD OF A FULL YEAR. IT WAS AGREED BY ALL THAT WE WILL BEGIN TO ALSO HAVE A MID YEAR MEETING, MUCH LIKE OUR ANNUAL MEETING THIS TIME IN DALLAS MARCH 28 AND 29. PAUL DAVIS WILL MAKE ARRANGEMENTS FOR DINNER ON THE NIGHT BEFORE. DICK THOMAS WILL TAKE CARE OF THE HOTEL ARRANGEMENTS AT THE HYATT. OUR MEETING WILL BE ON THE 29TH.

FRANK GATES & ASSOCIATES HAVE CONTACTED BOB LIBBY ABOUT WORKING WITH THE ALLIANCE. THEY HAVE A CAPTIVE AND THE REINSURANCE TOGETHER, BUT DO NOT HAVE THE EXPERTISE IN UNDERWRITING OR MARKETING. THEY WOULD LIKE TO HAVE A MEETING WITH US TO DISCUSS FURTHER- EITHER FOR INDIVIDUAL MEMBERS OR THE ALLIANCE AS A WHOLE. DICK THOMAS HAS TALKED TO RICK STASI AND WILL INVITE HIM TO ATTEND OUR NEXT MEETING IN MARCH IN DALLAS TO DISCUSS FURTHER.

ALONG THESE LINES, A GENERAL QUESTION WAS ASKED THE MEMBERS WHAT CLASSES OF BUSINESS WOULD YOU ADD IF YOU COULD. THE CONCENSUS WAS MARKETS FOR WORK COMP AND COMMERCIAL AUTO.

REGARDING WORK COMP, SANDY JACKSON WILL CONTACT TOM CALLAHAN-FORMALLY WITH GUARANTY NATIONAL- NOW WITH THE STATE OF UTAH RUNNING THEIR COMP PROGRAM WHO IS LOOKING TO DO BUSINESS IN OTHER STATES.

RON ARNDT REPORTED ON OUR 2000 MEETING. A LIST WAS PROVIDED OF EVERYONE WHO HAS REGISTERED. EVERYONE HAS EXCEPT ROBERT JOHNSON. RON WILL ADVISE AND GET FEEDBACK FOR THOSE WHO WANT TO GOLF, DO TOURS. ETC. FLY INTO OAKLAND IF POSSIBLE, OTHERWISE SAN FRAN.

OUR ROUNDTABLE DISCUSSION BEGAN AS USUAL WITH MARKET CONDITIONS THROUGHOUT THE COUNTRY. TOPICS WERE GUARANTY NATIONAL, FRONTIER, BANKS, AGENT CONSOLIDATION, JOE MACHIA'S NEW MARKET AMERICAN RELIANT.

AT 1:15 PM RICHARD KERR OF MARKETSCOUT.COM TALKED WITH US. HE WAS INTRODUCED TO US BY PAUL DAVIS. THIS CONCEPT IS TO CONNECT THE LOCAL RETAIL AGENT WITH AN EXPERT MGA FOR THAT CLASS OF BUSINESS. THERE IS ONLY ONE REP FOR EACH CLASS OF BUSINESS FOR EACH STATE. EACH MGA IS TRIBUNALIZED. EACH IS KNOWN AS AN EXPERT. AT THE WEB SITE EACH MGA CAN CUSTOMIZE THE PAGE. COST IS \$1000 PER STATE PER CLASS TO SET UP AND 11/2 % TO MARKETSCOUT.COM FOR ALL NEW AND RENEWAL BUSINESS FOR ALL BUSINESS WRITTEN BY THIS NEW AGENT FOR YOUR AGENCY. DICK THOMAS DID ASK RICHARD TO COME BACK TO US WITH A PROPOSAL TO THE ALLIANCE.

HOWEVER AS THE ROUNDTABLE THEN CONTINUED, IT WAS AGREED BY MOST THAT THIS CONCEPT IS TOO EXPENSIVE.

THERE BEING NO FURTHER BUSINESS, AT 3 PM A MOTION WAS MADE BY RON GABOR AND SECONDED BY JOHN GRIFFING THAT THE MEETING BE ADJOURNED.

RESPECTFULLY SUBMITTED,

GREG MURREY
11/17/99

EXECUTIVE COMMITTEE MEETING OF THE USA ALLIANCE
NOVEMBER 17, 1999 3:15 PM DALLAS AIRPORT HYATT

THE EXECUTIVE COMMITTEE OF THE USA ALLIANCE MET IMMEDIATELY AFTER OUR REGULAR MEETING. THOSE IN ATTENDANCE WERE DICK THOMAS, LOIUS WILLIAMS, GREG MURREY, RON GABOR, JACK MILLER, BERNIE CONCANNON AND LANCE ERICKSON. RON ARNDT AND MIKE ADAMS WERE NOT PRESENT.

THE ANNUAL BUDGET WAS DISCUSSED FIRST. WE ARE SPENDING ABOUT \$3000 ON THIS MEETING. WE HAVE ALREADY AGREED TO WAIVE DUES FOR THE NEXT YEAR.

EXPENSES ARE ESTIMATED TO BE AS FOLLOWS:

MARCH MEETING	\$5000
ANNUAL MEETING	\$25,000
MISC	\$1000
INSURANCE	\$2000
LEGAL	\$2500
PRESIDENTS OFFICE	\$3600
TREASURERS OFFICE	\$1000
SECRETARYS OFFICE	\$ 240
TAXES	\$ 100
TOTAL	\$40,440

OUR CURRENT BUDGET SURPLUS WILL BE APX \$58,000 AT YEAR END.

THE ONLY OTHER TOPIC FOR DISCUSSION WAS THE NEED FOR A GENERAL LIABILITY POLICY. WE HAVE D & O, BUT THERE NEVER HAS BEEN A G/L POLICY. SINCE WE ARE UNABLE TO ADD THIS TO THE D & O POLICY AND THE ASSOCIATION WAS FORMED IN ATLANTA, IT WAS AGREED FOR GREG MURREY TO PURCHASE A BOP POLICY IN THE NAME OF THE ASSOCIATION AS THIS WOULD BE THE CHEAPEST.

THERE BEING NO FURTHER BUSINESS, MOTION WAS MADE BY LANCE ERICKSON AND SECONDED BY JACK MILLER THAT THE MEETING BE ADJOURNED.

GREGORY K. MURREY
SECRETARY