

DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

Protective Life Insurance Company

NAIC # 68136
Examination Authority #68136-15-772
2801 Highway 280 South
Birmingham, AL 35223

As of

June 30, 2015

Karen Weldin Stewart, CIR-ML
Commissioner



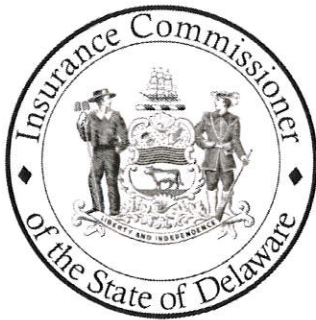
Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of June 30, 2015 on

Protective Life Insurance Company

is a true and correct copy of the document filed with this Department.

Attest By: _____



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



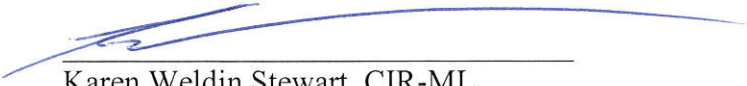
Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
Protective Life Insurance Company
AS OF
June 30, 2015

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.



Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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Honorable Karen Weldin Stewart CIR-ML
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner Stewart:

In compliance with the instructions contained in Certificate of Examination Authority Number 68136-15-772 and pursuant to statutory provisions including 18 Del. C. §318-322, a market conduct re-examination has been conducted of the affairs and practices of:

Protective Life Insurance Company

This examination was performed as of June 30, 2015. Protective Life Insurance Company, hereinafter referred to as the "Company" or as "Protective," was incorporated under the laws of Tennessee. The examination consisted of an off-site phase and was performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the "Department" or "DDOI," or other suitable locations.

The report of examination herein is respectfully submitted.

EXECUTIVE SUMMARY

Protective Life Insurance Company (the "Company") incorporated in Alabama on July 24, 1907 and commenced business on September 1, 1907. The Company redomesticated to Tennessee on December 29, 1992. The Company's main administrative offices are located in Birmingham, Alabama.

This examination focused on the Company's Operations and Management, Complaint Handling, and Life and Annuity claims. This examination was called as a result of concerns raised by the Delaware Department of Insurance's consumer services section regarding inappropriate distribution of annuity funds and further review was deemed necessary. As a result of the examination performed, no exceptions regarding annuity distributions were noted.

The following exceptions were noted in the areas of operation reviewed:

- 2 Exceptions - 18 Del. C. §1716. Notification to Insurance Commissioner of termination.

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 *Del. C.* §318-322 and covered the experience period of January 1, 2014 through June 30, 2015 unless otherwise noted. The purpose of the examination was to determine the Company's compliance with Delaware insurance laws and regulations related to the annuity market place.

The examination was a targeted market conduct examination of the Company's Operations and Management, Complaint Handling, and Life and Annuity Claims.

Based on the review of recent Market Conduct examinations completed by other jurisdictions, the scope of the examination was expanded to include a review of the Company's agents authorized to write business in Delaware during the experience period.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While the examiners' report on the errors found in individual files, the examination also focuses on general business practices of the Company.

The Company identified the universe of files for each segment of the review. Based on the universe sizes identified, all of the files were reviewed for this examination.

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Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

COMPANY HISTORY AND PROFILE

Protective Life Insurance Company (the "Company") incorporated in Alabama on July 24, 1907 and commenced business on September 1, 1907. The Company redomesticated to Tennessee on December 29, 1992. The Company's main administrative offices are located in Birmingham, Alabama.

The Company provides financial service (Life & Annuity) products in 49 states, Washington DC, and other U.S. territories. The Company is managed by three senior executive officers who also make up the Board of Directors.

The Company was acquired by the Japanese carrier Dai-ichi Life Insurance Company, Limited on February 1, 2015. The acquisition did not have any effect on the management of the Company.

COMPANY OPERATIONS AND MANAGEMENT

INTERNAL AUDIT

The Company provided a list of all internal audits performed in the prior three (3) years. The listing of audits was performed to determine whether concerns from regulatory perspectives were followed by the internal audit process in place.

During the review of the other state market conduct reports, a trend was noted concerning producer licensing. Since 2013 four states were noted as having concerns regarding the proper licensing and appointing of producers therefore the scope was expanded to review these practices. .

THIRD PARTY ENTITIES

The Company utilizes Third Party Entities (TPE) to assist with some administrative

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services, re-insurance and marketing. The contracts binding the services requested and being received have been maintained and updated over a number of years. Additionally, the contracts allow for the Company to review the operations of the TPE as needed and based on the reports provided it appears that the Company actively monitors the TPE activities.

PRIVACY

The Company views privacy from a number of perspectives to ensure that private information is kept secure. Privacy notices are sent to all insureds. Supporting the privacy notice are standards related to keeping administrative and physical security intact, information technology, applications and employee programs emphasizing the importance of securing information of applicants, insureds, beneficiaries, and claimants. The Company maintains an Information Security Policy that provides definitions, guidelines, and references for information security to protect the confidentiality, integrity and availability of the information assets of the Company.

ANTI-FRAUD

The Company provided a copy of the Company's Anti-Fraud Procedures and Annual Reports. The Company provided two Fraud Detection and Procedures Manuals and a Protective Life Corporation Anti-Fraud Plan. The Company also provided a PowerPoint depiction of 2013 Underwriting Anti-Fraud Actions and 2014 Anti-Fraud Results. The anti-fraud plan and procedures were reviewed to ensure that anti-fraud procedures were in place and in compliance with Delaware Statutes and Regulations.

COMPLAINT HANDLING

The Company provided a listing of all Delaware consumer complaints, Department of Insurance (DOI) complaints, and procedures/guidelines for handling complaints during the experience period. The Company's complaint log consisted of two DOI and two consumer complaints from Delaware during the examination period. All four complaints were reviewed by the Examiners. No exceptions were noted.

CLAIMS

Life Claims:

The Company identified a universe of 29 claims filed during the experience period of January 1, 2014 through June 30, 2015. The data set was provided by beneficiary, which resulted in 45 beneficiaries from 29 claims. The documentation was reviewed to determine compliance with 18 Del. C. § 2304(16)e Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been

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completed. No exceptions were noted.

a) Annuity Claims:

The Company identified a universe of 11 Annuity death claim payments (settlements) during the experience period of January 1, 2014 through June 30, 2015. The documentation was reviewed to determine compliance with 18 Del. C. § 2304(16)e Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed. No exceptions were noted.

AUTHORIZED AGENTS

The Company provided a universe of 339 agents authorized and/or terminated during the experience period of January 1, 2014 through June 30, 2015. The review identified two instances where agents whose licenses were terminated in 2009 were still listed as producers by the Company. The Company is being cited for violation of 18 Del. C. § 1716 Notification to Insurance Commissioner of termination.

2 Exceptions - 18 Del. C. §1716. Notification to Insurance Commissioner of termination.

(a) Termination for cause. -- An insurer or authorized representative of the insurer that terminates the appointment, employment, contract or other insurance business relationship with a producer shall notify the Insurance Commissioner within 30 days following the effective date of the termination, using a format prescribed by the Insurance Commissioner, if the reason for termination is 1 of the reasons set forth in § 1712 of this title or the insurer has knowledge the producer was found by a court, government body or self-regulatory organization authorized by law to have engaged in any of the activities in § 1712 of this title. Upon the written request of the Insurance Commissioner, the insurer shall provide additional information, documents, records or other data pertaining to the termination or activity of the producer.

(b) Termination without cause. -- An insurer or authorized representative of the insurer that terminates the appointment, employment or contract with a producer for any reason not set forth in § 1712 of this title shall notify the Insurance Commissioner within 30 days following the effective date of the termination, using a format prescribed by the Insurance Commissioner. Upon written request of the Insurance Commissioner, the insurer shall provide additional information, documents, records or other data pertaining to the termination.

Recommendation: It is recommended that the Company review its procedures to ensure that the Insurance Commissioner is notified of all terminated agents within 30 days following the effective date of the termination, using a format prescribed by the Insurance Commissioner, as required by 18 Del. C. §1716.

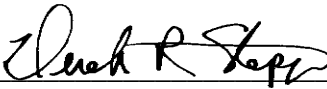
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CONCLUSION

The recommendations made below identify corrective measures the Department finds necessary as a result of the Exceptions noted in the Report.

1	It is recommended that the Company review its procedures to ensure that the Insurance Commissioner is notified of all terminated agents within 30 days following the effective date of the termination, using a format prescribed by the Insurance Commissioner, as required by 18 Del. C. §1716.
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The re-examination conducted by Shelly Schuman, Derek Stepp, and James Hartsfield is respectfully submitted.


Derek R. Stepp, CIE, MCM
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance