



**Protective Life Insurance Company  
2016 Company Update**

April 11, 2016

## Introduction

In addition to the information contained in this presentation, we have supplemental financial information available on our website at [www.protective.com](http://www.protective.com). The information found on our website is not a part of this presentation. Also, this presentation includes forward-looking statements which express expectations of future events and/or results. Actual events and results may differ materially from these expectations. For more information about the risks, uncertainties, and other factors that could affect our future results, please refer to Part I, Item 1A, Risk Factors, of the Company's most recent Annual Report on Form 10-K. Unless context otherwise requires, "we," "us," and "our" refer to the consolidated group of the Protective Life Insurance Company (the "Company") and its subsidiaries. In this presentation, "PLC" refers to Protective Life Corporation.

Certain information included in this presentation may contain non-GAAP financial measures. For information relating to non-GAAP financial measures and the associated reconciliation to GAAP financial measures, please refer to Note 25 to our consolidated financial statements included in our most recent Annual Report on Form 10-K (operating earnings (losses), referenced throughout this presentation, is referred to as segment operating income (loss) in our Annual Report on Form 10-K). The preparation of Company financial statements requires management to make estimates and assumptions that impact the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

This presentation is not intended as, and should not be construed as, earnings guidance. This presentation is dated April 11, 2016. We assume no obligation to, and do not intend to update the information contained herein after such date.



## **Company Overview**



## About Protective Life Insurance Company

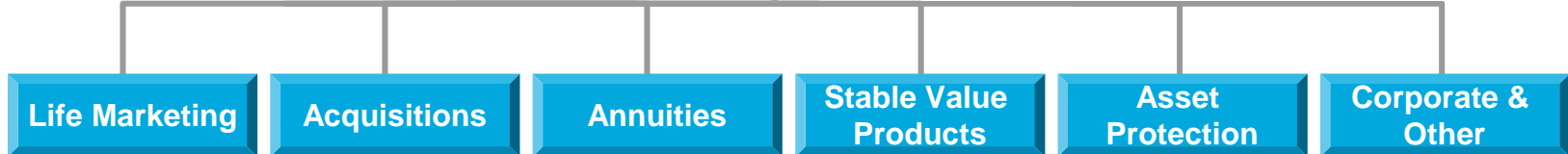
- ▶ Solid competitor in the industry
  - Founded in 1907
  - \$767 billion of life insurance in force\*
  - Over 7 million contracts and policies\*
- ▶ Track record of strong financial performance
- ▶ Healthy retail franchise
- ▶ Distinctive acquisition capabilities
- ▶ Talented management team in place
- ▶ Support from and collaboration with Dai-ichi

# Protective Life Insurance Company Overview

## Diversified Business Operations



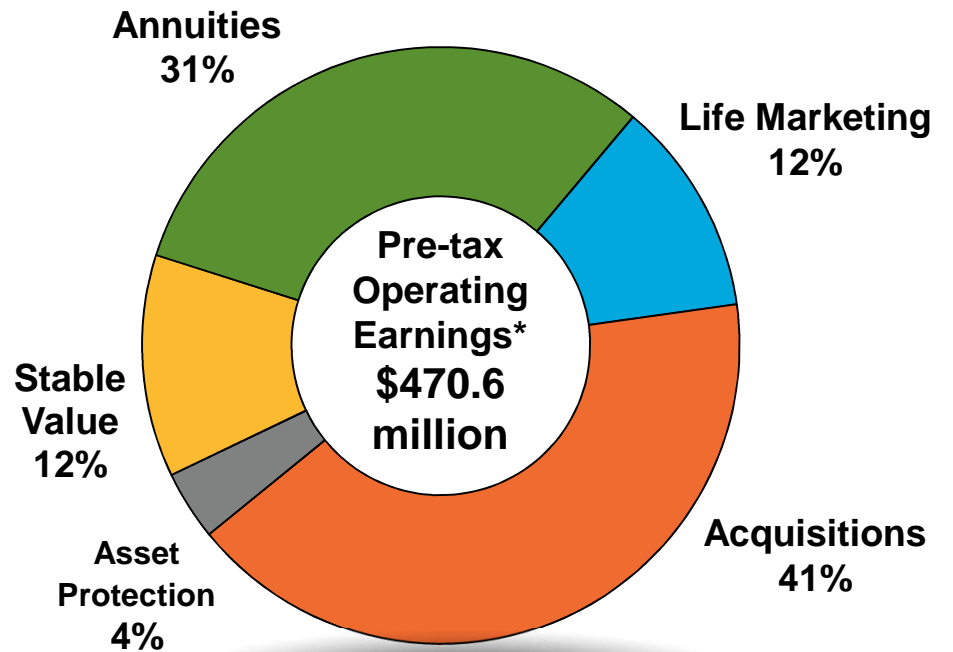
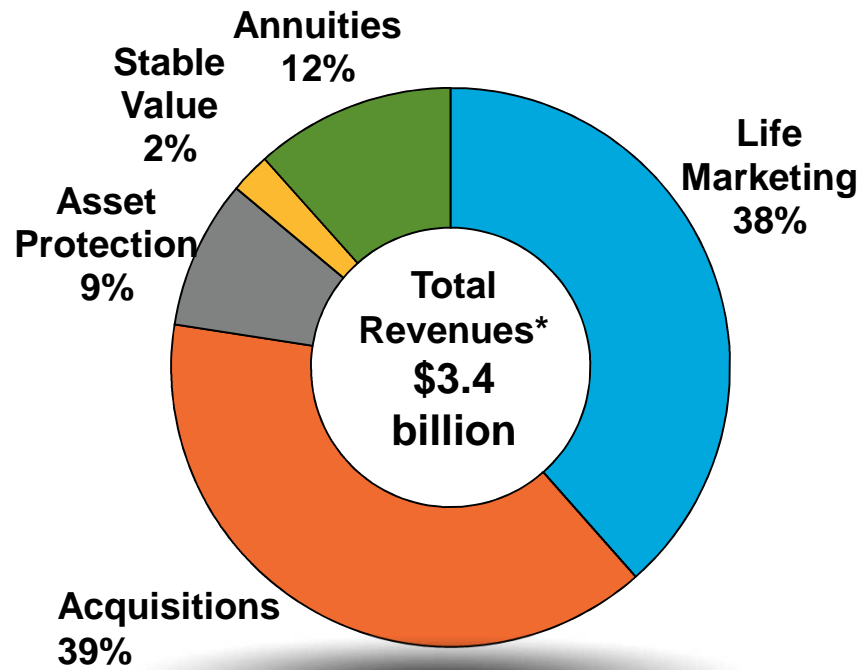
Segments



Products

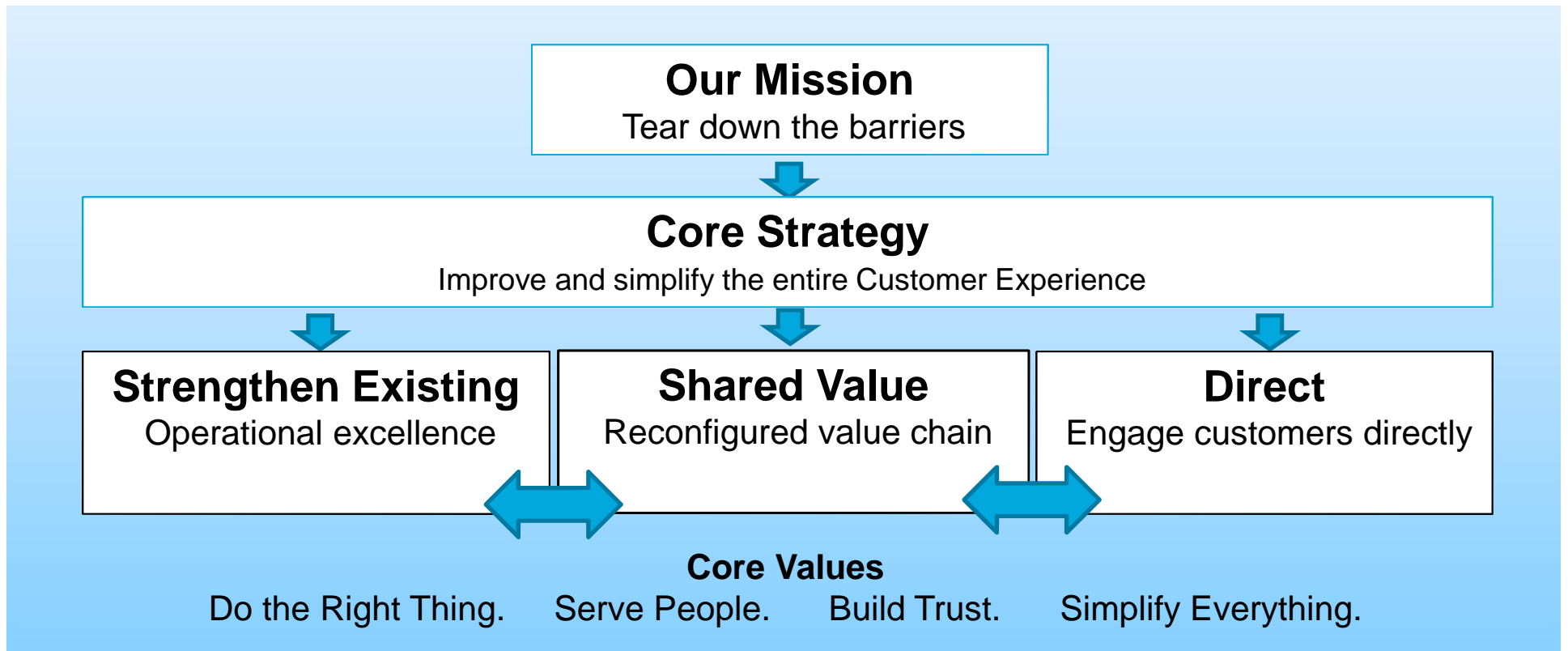
|   |  |   |  |  |  |
|---|--|---|--|--|--|
| <ul style="list-style-type: none"> <li>• Universal Life</li> <li>• Traditional</li> <li>• BOLI</li> </ul> | <ul style="list-style-type: none"> <li>• Traditional</li> <li>• Universal Life</li> <li>• Annuities</li> </ul> | <ul style="list-style-type: none"> <li>• Fixed Annuities</li> <li>• Variable Annuities</li> </ul> | <ul style="list-style-type: none"> <li>• GICs</li> <li>• Funding Agreements</li> </ul> | <ul style="list-style-type: none"> <li>• Credit Insurance</li> <li>• Service Contracts</li> <li>• GAP</li> </ul> | <ul style="list-style-type: none"> <li>• Income from invested capital</li> <li>• Interest expense on debt</li> <li>• Unallocated overhead</li> </ul> |
|---|--|---|--|--|--|

# Business Mix



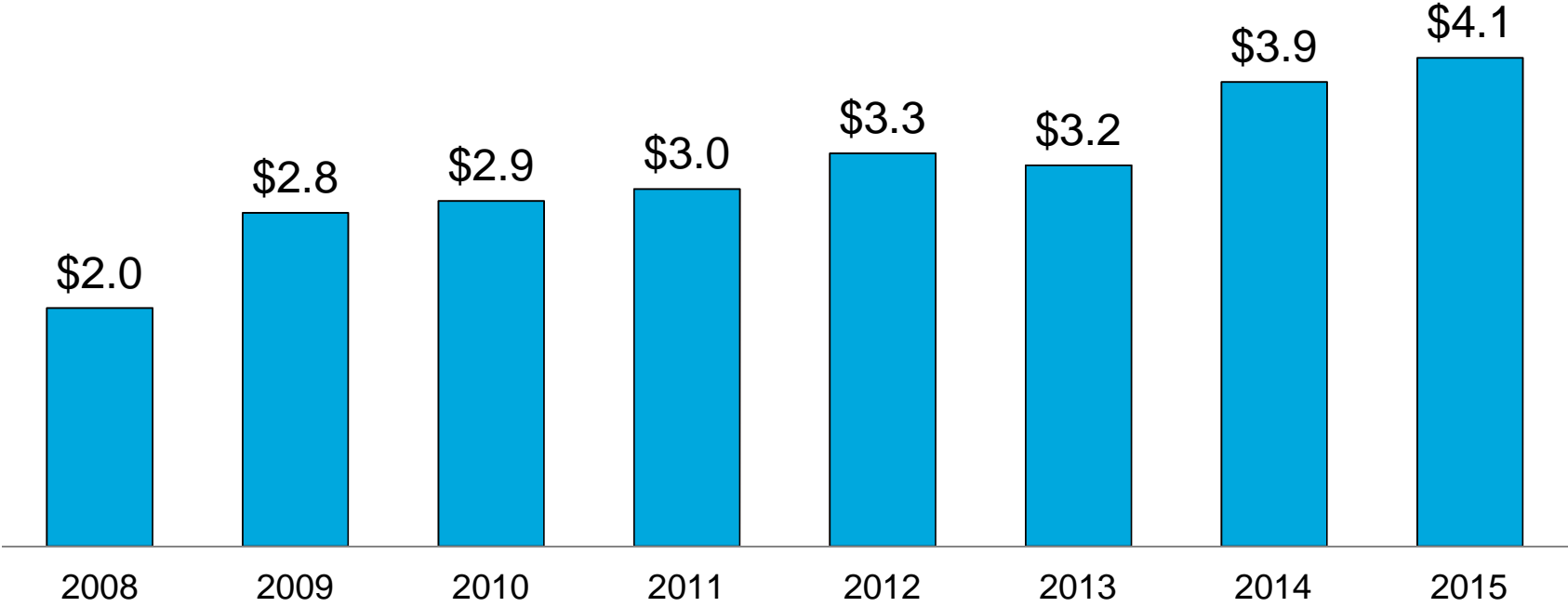
6 2015 results reflect the impact of purchase accounting and include the period from 02/01/15 through 12/31/15.  
\*Excludes the Corporate & Other segment

# Opportunities for Organic Growth in Life and Annuities



# Strong Financial Foundation

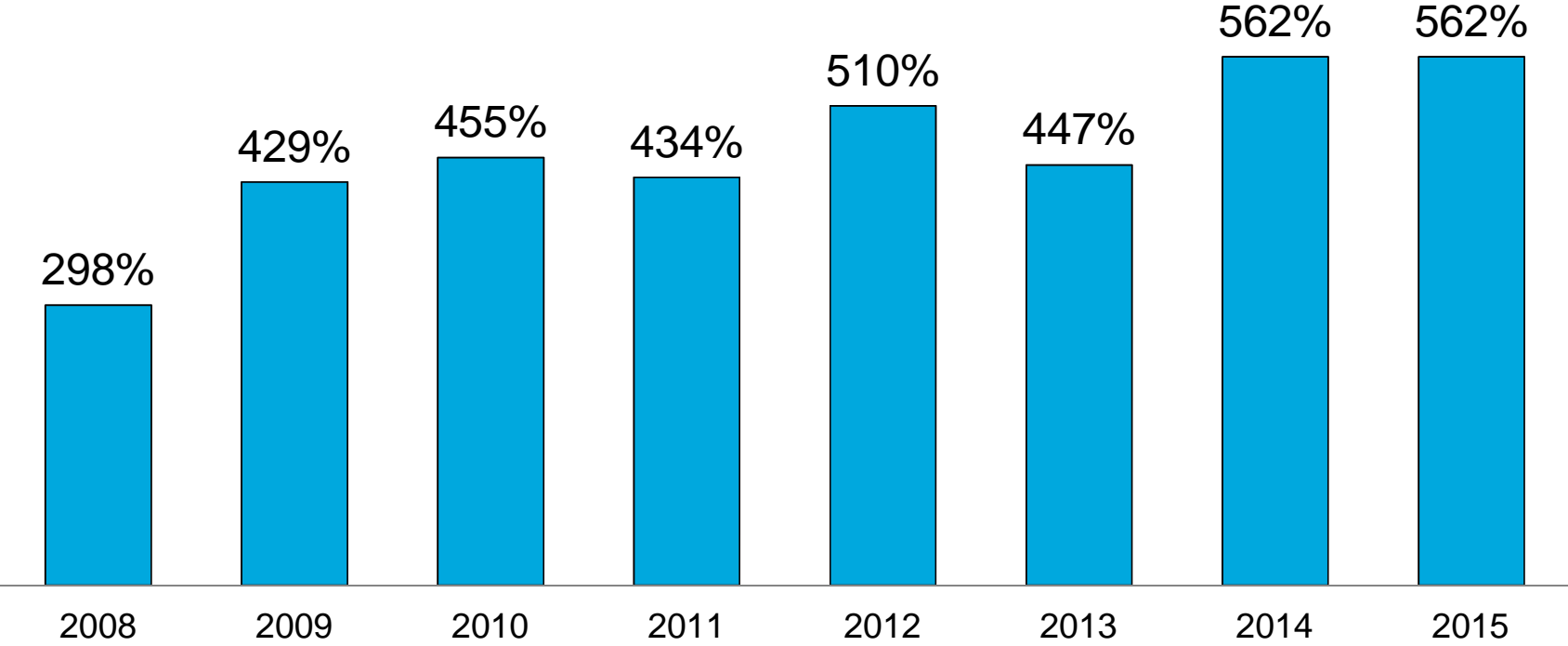
**Total Adjusted Statutory Capital**  
\$ in billions





# Strong Financial Foundation

## Risk-Based Capital Ratio



# Highly Rated

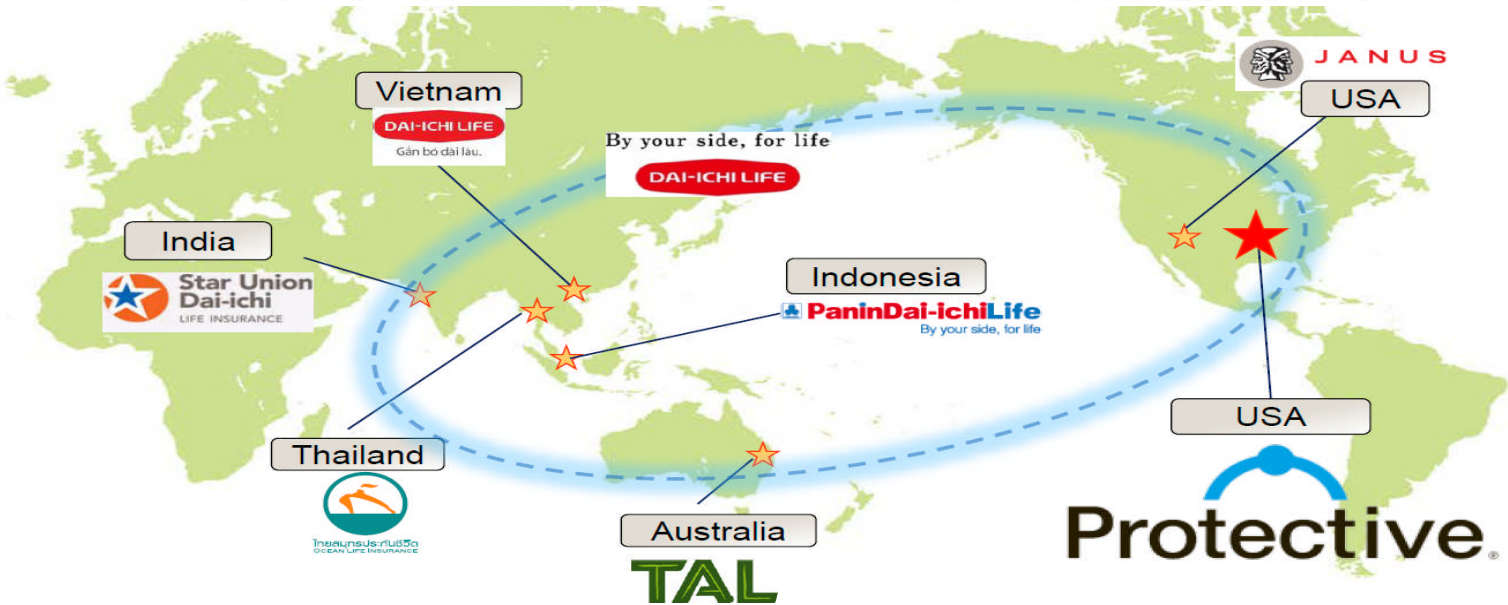
- ▶ Outlook for all ratings is stable

|                  | Protective Life Corporation | Protective Life Insurance Company |
|------------------|-----------------------------|-----------------------------------|
|                  | Senior Debt                 | Financial Strength                |
| Standard & Poors | A-                          | AA-                               |
| Moody's          | Baa1                        | A2                                |
| Fitch            | BBB+                        | A                                 |
| A.M. Best        | a-                          | A+                                |

10 As of 04/07/2016.  
Sources: Rating agency documents



# Dai-ichi Life's Global Footprint

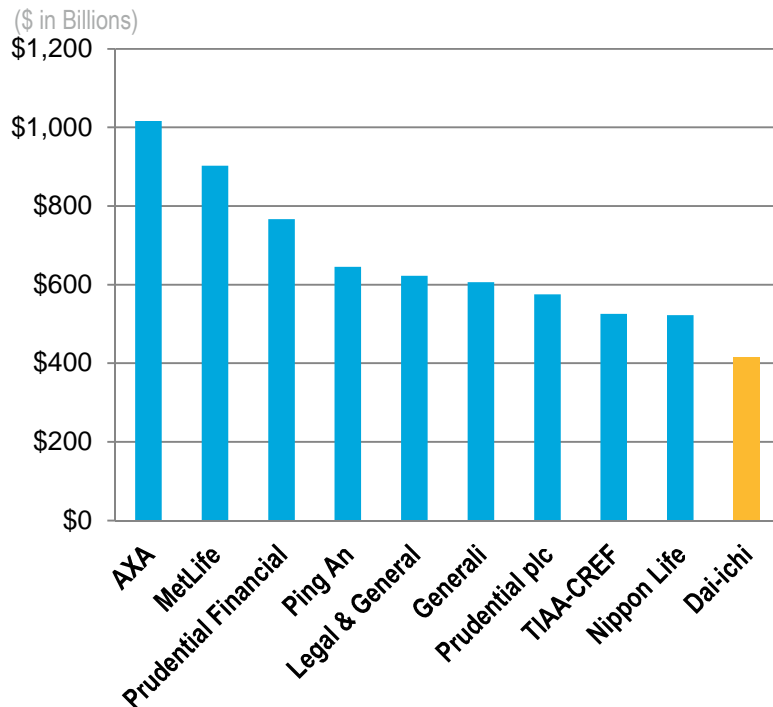


"We are pleased to be entering the U.S. life insurance market by bringing such an outstanding company as Protective into our portfolio. With a strong leadership team, vibrant and growing retail franchise and long track record of profitable growth organically and through the acquisition and integration of attractive businesses, Protective is the ideal platform for expansion"

- Koichiro Watanabe, President, Dai-ichi Life  
June 3, 2014

# Protective<sup>(1)</sup> and Dai-ichi

## Top Global Life Insurers by Assets<sup>(3)</sup>



(1) PLC

(2) Based on 09/30/15 exchange rate of 119.9 yen/dollar.

(3) Based on analysis of data from the Fortune Global 500, Life Insurance Industry (Mutual and Stock companies), originally published July 5, 2015. All company data is presented as of end of prior fiscal year.

## About the Dai-ichi Group

- ▶ Founded in 1902, headquartered in Tokyo
- ▶ Provides individual and group life insurance and annuity products
- ▶ Track record of successful global acquisitions and continued growth
- ▶ Highly rated
- ▶ Approximately 60,000 employees
- ▶ Total assets of \$418.1 billion as of 09/30/2015<sup>(2)</sup>

## Protective<sup>(1)</sup> and Dai-ichi

- ▶ Protective is the U.S. growth platform for Dai-ichi Life
- ▶ Creates a strong platform in Japan and U.S.
  - ▶ Two of the largest insurance markets globally
- ▶ Diversifies Dai-ichi Life's business in terms of revenues, profits, and risks
- ▶ Protective's experienced management team has remained with the company post-acquisition
- ▶ Dai-ichi is willing to provide capital for acquisitions
  - ▶ No explicit credit enhancements provided by Dai-ichi

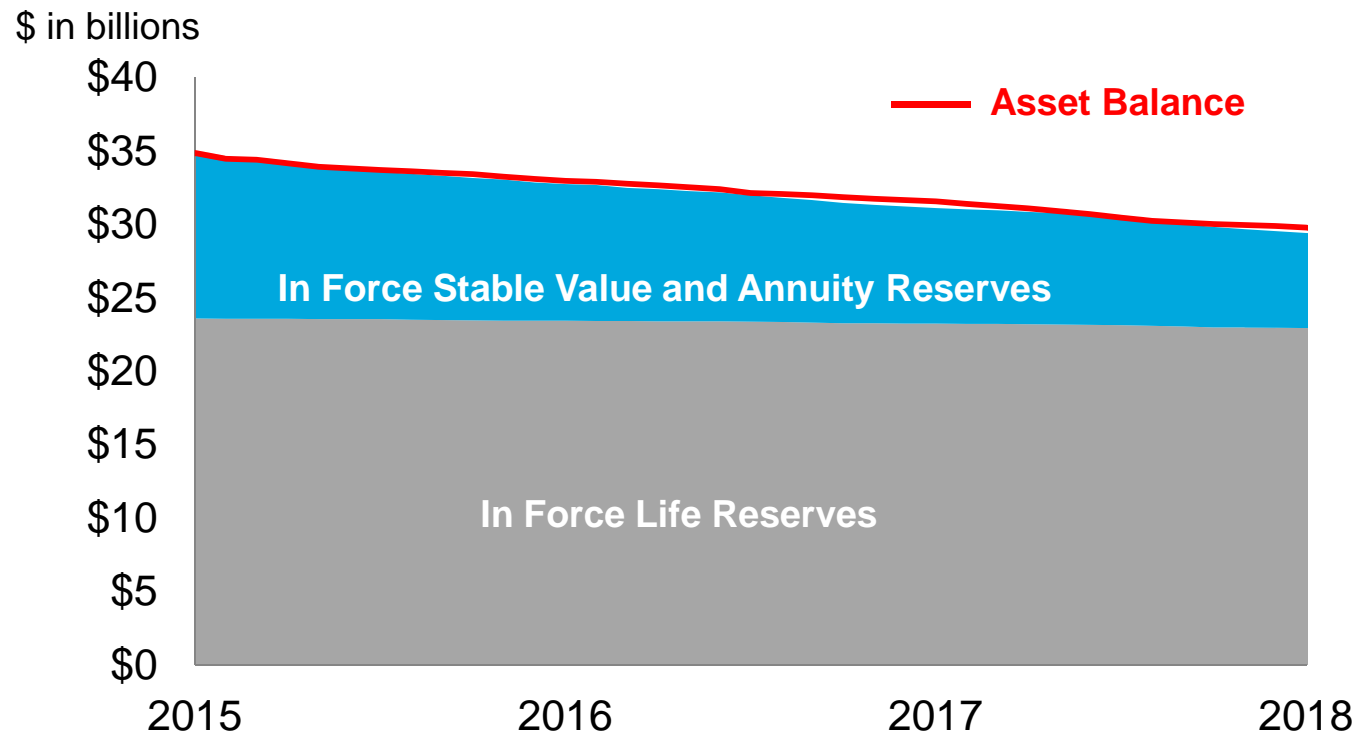


# **Investment Portfolio**



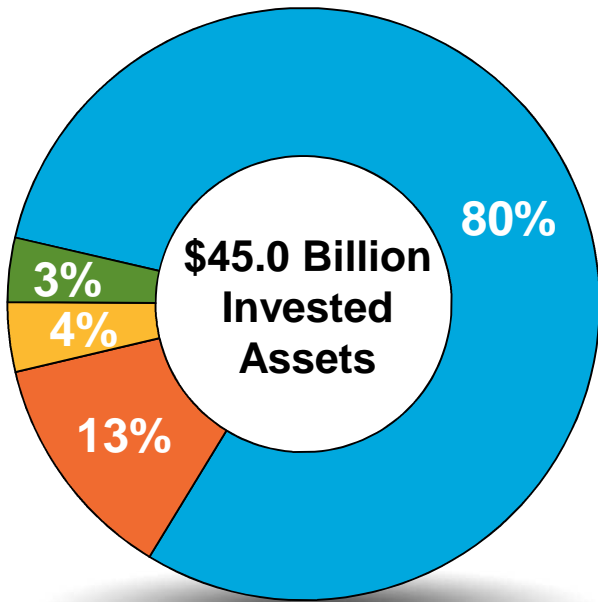
# Asset Liability Management

The in force block cash flows are well-matched.



Note: Reflects portfolio over-investment in lines of business.  
As of 12-31-2015

# Investment Portfolio Overview



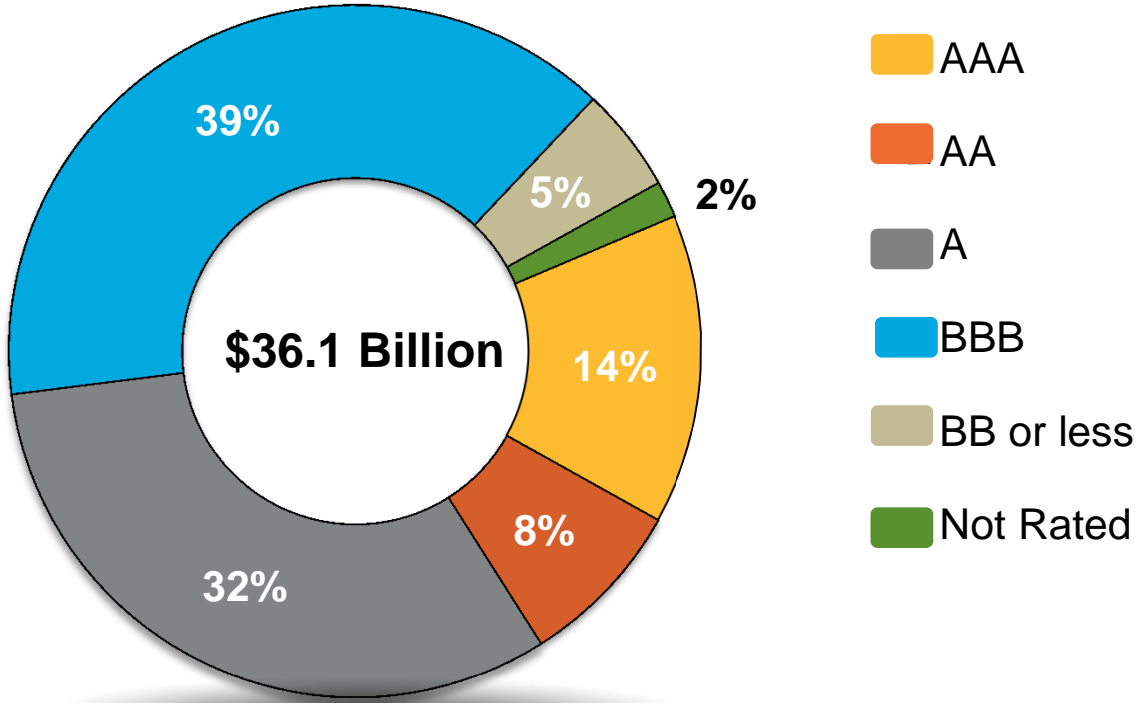
## \$36.1 Billion of Fixed Maturities

| Asset Type             | %   |
|------------------------|-----|
| Corporate Securities   | 75% |
| RMBS                   | 6%  |
| CMBS                   | 4%  |
| ABS                    | 3%  |
| Governments / Agencies | 5%  |
| States, Munis, & Other | 7%  |

- Fixed Maturities
- Mortgage Loans
- Policy Loans
- Other



# Fixed Maturities Portfolio by Credit Quality

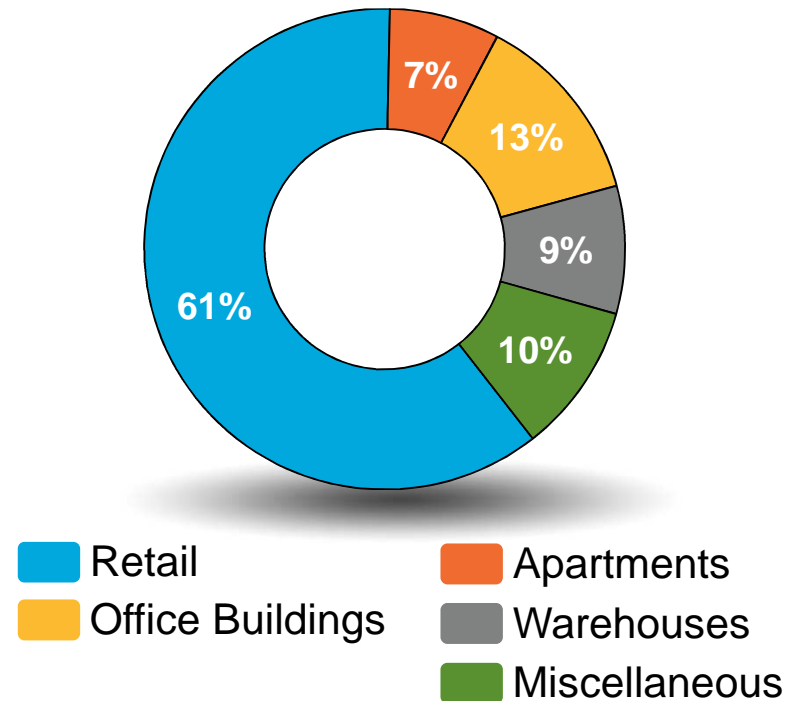


# Commercial Mortgage Portfolio

## Commercial Mortgage Loan Portfolio Profile

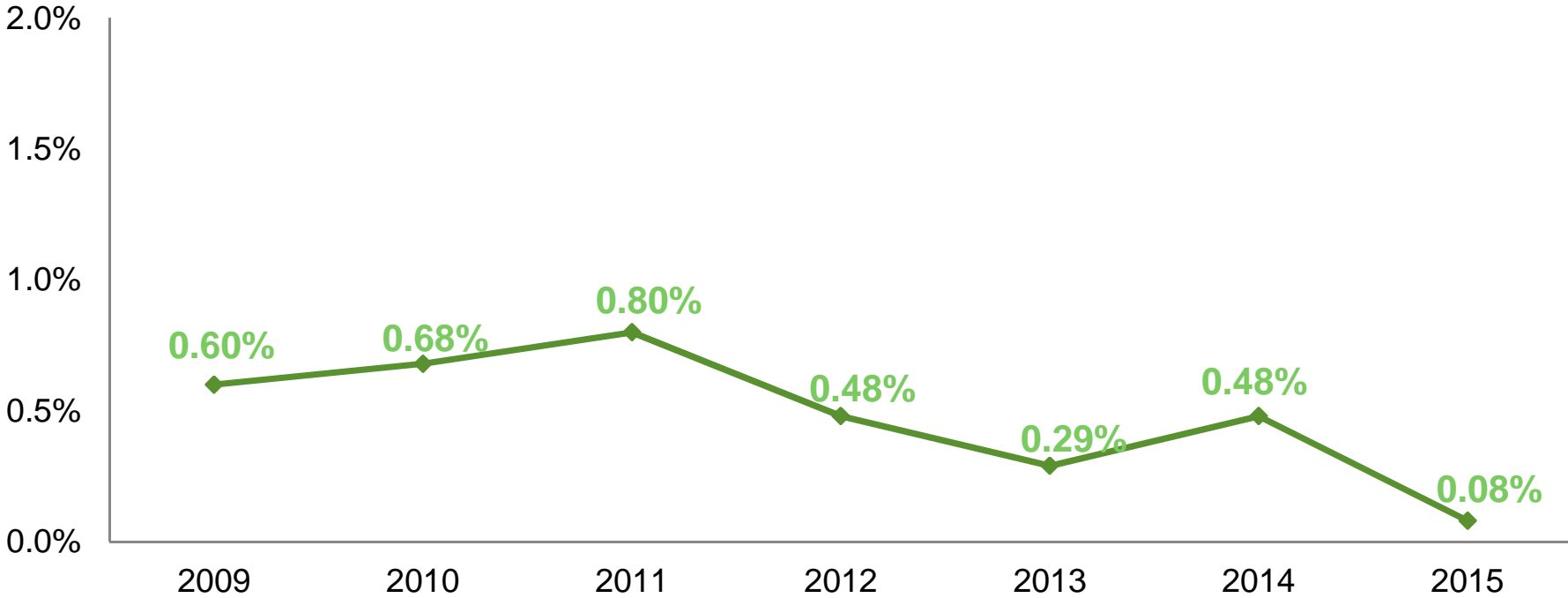
|                                |             |
|--------------------------------|-------------|
| Total portfolio of 1,757 loans | \$ 5.7 bil. |
| Average Loan Size              | \$ 3.0 mil. |
| Wtd. Avg. Amortization         | 21.4 yrs.   |
| Wtd. Avg. Coupon               | 5.30%       |
| Wtd. Avg. LTV                  | 46.5%       |
| Wtd. Avg. Debt Coverage Ratio  | 1.59        |

Mortgage Loans by Type  
As of 12/31/15









# Problem Mortgage Loan Trend

## Problem Loans as Percent of Mortgage Portfolio



## Our Investment Strategy is Unchanged

-  ALM Discipline
-  High quality investment grade assets
-  Disciplined approach to ratings and diversification
-  Not investing in alternative asset classes, such as private equity and hedge funds
-  Only 5% of securities below investment grade\*
-  Maintaining commercial mortgage loan portfolio quality



## **Business Segments**

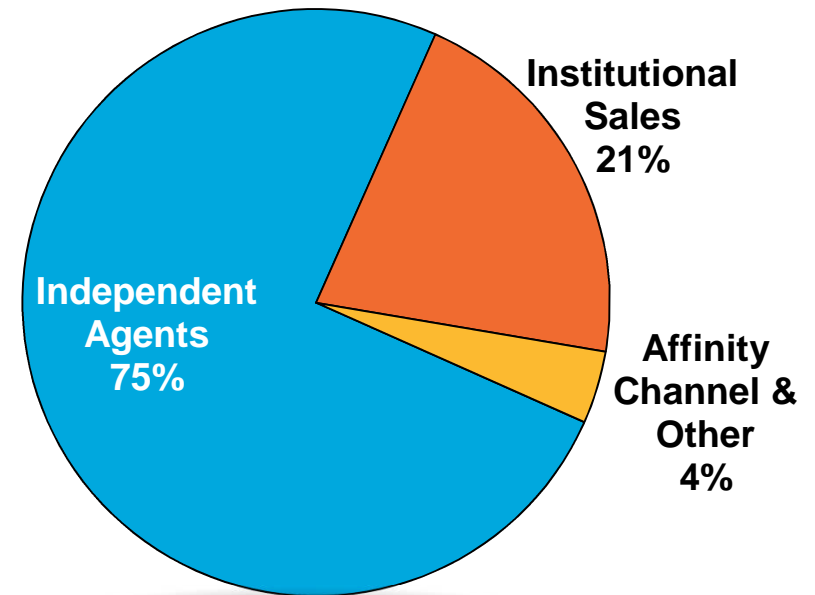


# Life Marketing

## Segment Overview and Highlights

- ▶ Markets fixed, indexed, and variable universal life
- ▶ Distribution includes independent agents and marketing groups, and financial institution representatives
- ▶ In 2015, launched Costco product offering to increase presence in the affinity channel
  - Product is unique to Costco and its approximately 81 million cardholders
  - Focus for future growth

## 2015 Life Sales by Distribution

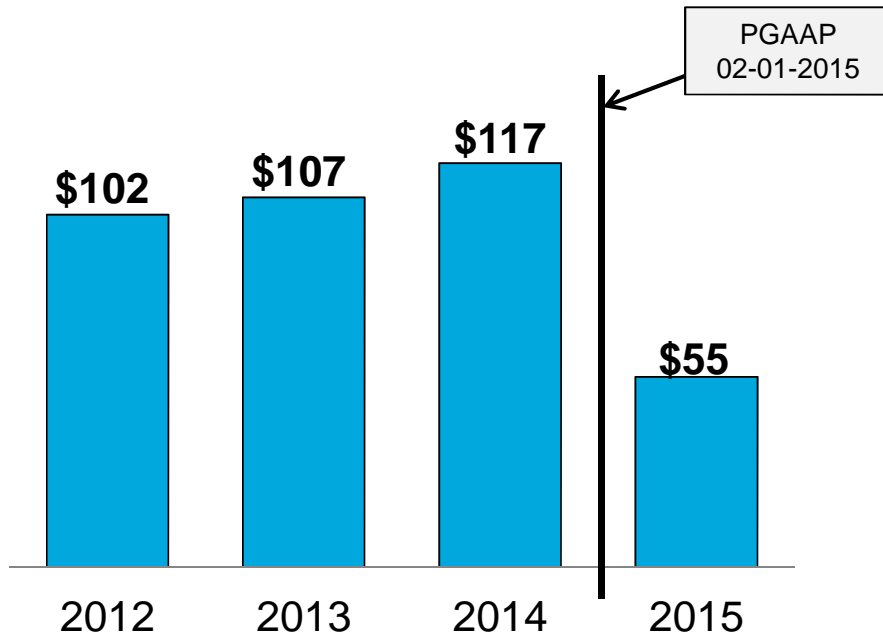


Note: Throughout this presentation, 2015 earnings results are for February 1, 2015 – December 31, 2015.  
2015 sales results are for January 1, 2015 – December 31, 2015.

# Life Marketing

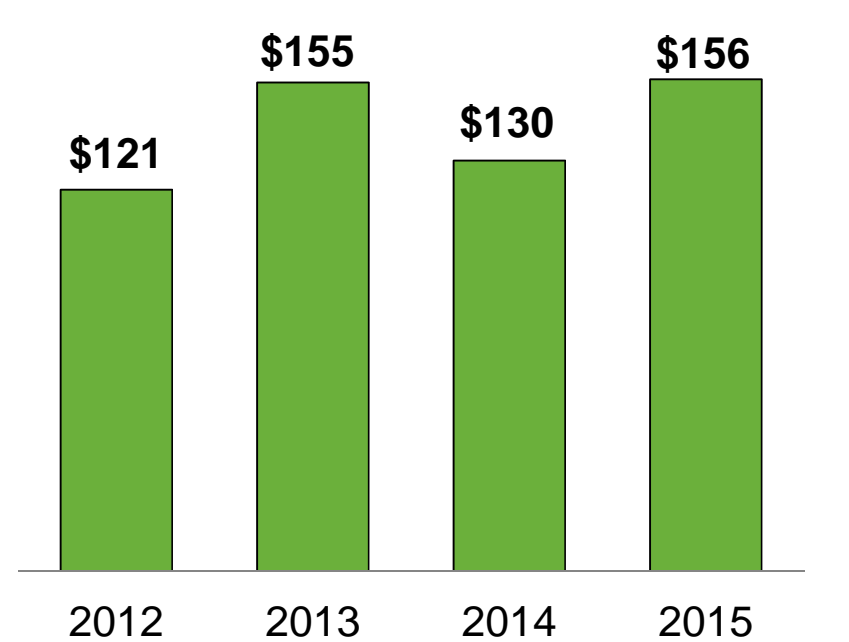
## Pre-Tax Operating Earnings

\$ in millions



## Sales

\$ in millions

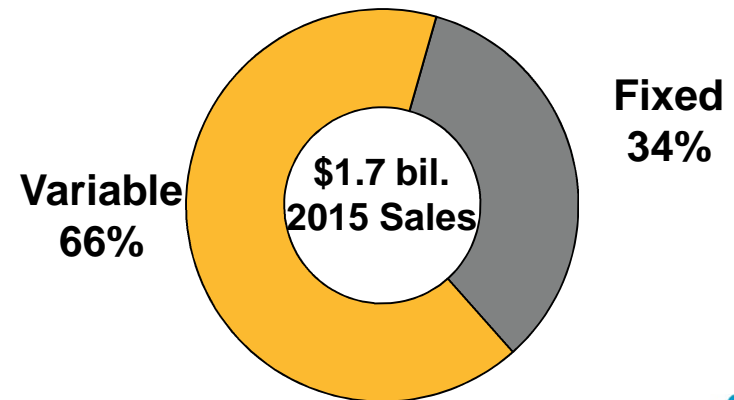
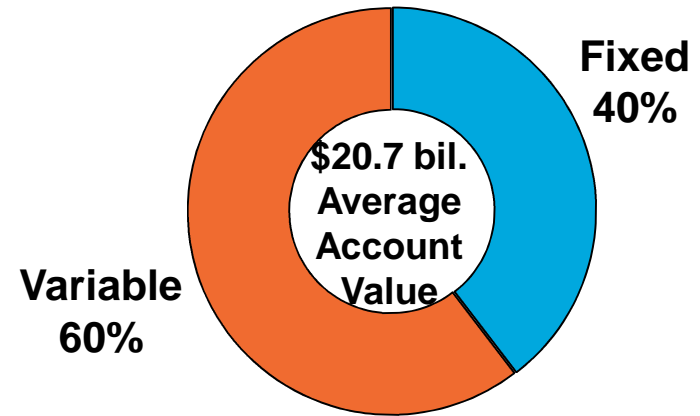


Note: Throughout this presentation, 2015 earnings results are for February 1, 2015 – December 31, 2015.  
2015 sales results are for January 1, 2015 – December 31, 2015.

# Annuities

## Segment Overview and Highlights

- ▶ Markets fixed and variable annuity products primarily through the institutional channel
- ▶ Distributes through broker-dealers, financial institutions and independent agents and brokers
- ▶ Majority of variable annuity policies written post-2009
- ▶ Target is 50/50 sales balance between variable and fixed

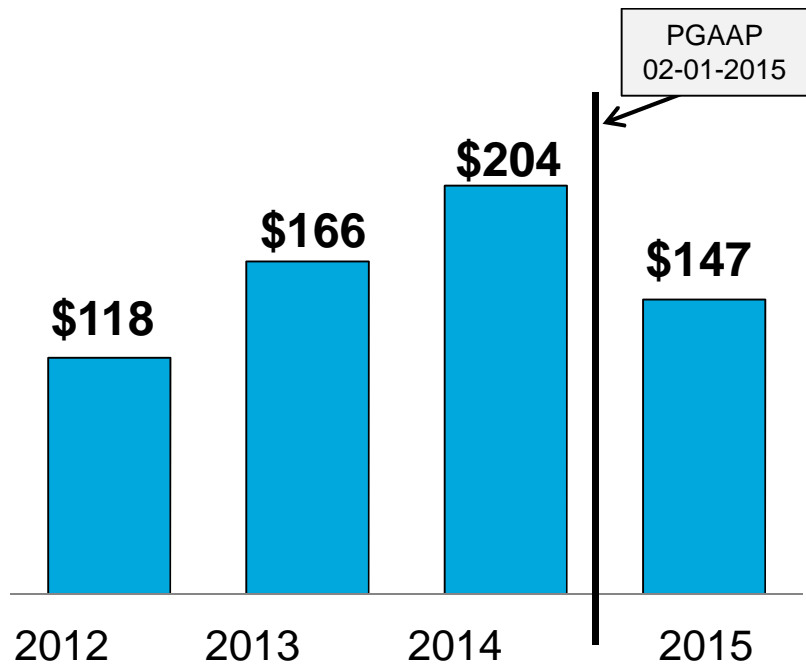




# Annuities

## Pre-Tax Operating Earnings

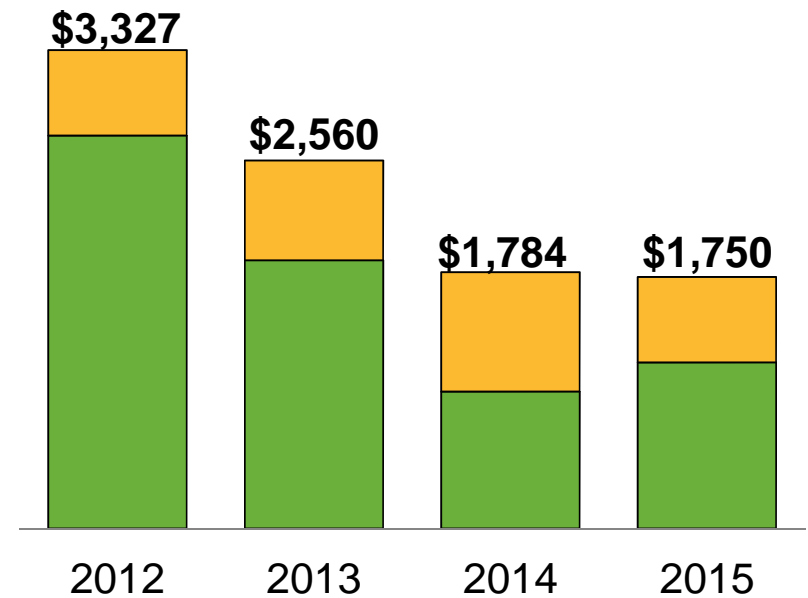
\$ in millions



## Sales

\$ in millions

■ VA ■ Fixed



2015 sales include the period from 01/01/2015 through 12/31/15. 2015 earnings reflect the impact of purchase accounting and include the period from 02/01/15 through 12/31/15.

# Acquisitions

## Transaction History

|                         | <u>No. of Transactions</u> | <u>Capital Invested</u> | <u>Average Capital</u> |
|-------------------------|----------------------------|-------------------------|------------------------|
| \$ in millions          |                            |                         |                        |
| <b>Prior to 1990</b>    | 28                         | \$ 120                  | \$ 4                   |
| <b>1990 to 2000</b>     | 12                         | 413                     | 34                     |
| <b>2001 to 2005</b>     | 3                          | 335                     | 112                    |
| <b>2006 to 2011</b>     | 3                          | 1,144                   | 381                    |
| <b>2013</b>             | 1                          | 1,088                   | 1,088                  |
| <b>2016 (estimated)</b> | 1                          | 661                     | 661                    |
| <b>Total</b>            | <b>48</b>                  | <b>3,761</b>            |                        |

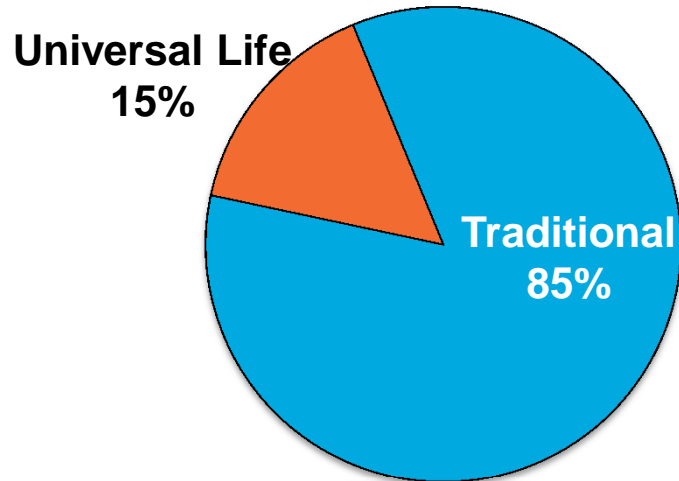
## Segment Overview and Highlights

- ▶ Acquisitions segment focuses on acquiring, integrating and servicing policies originally underwritten by other insurance companies
  - Primary focus is on long-dated life insurance policies that were sold to individuals
  - Target block size is \$500 million - \$1 billion
- ▶ 48 successful transactions
  - Genworth transaction closed January 15, 2016
- ▶ Protective believes it has significant institutional experience and know-how
  - Due diligence
  - Valuation
  - Negotiation
  - Systems consolidation
- ▶ Ability to execute innovative deal structures
- ▶ Strong reputation among potential counterparties
  - Closing the deal
  - Quality of post-closing services and integration
  - Relationships with regulators

# Acquisitions

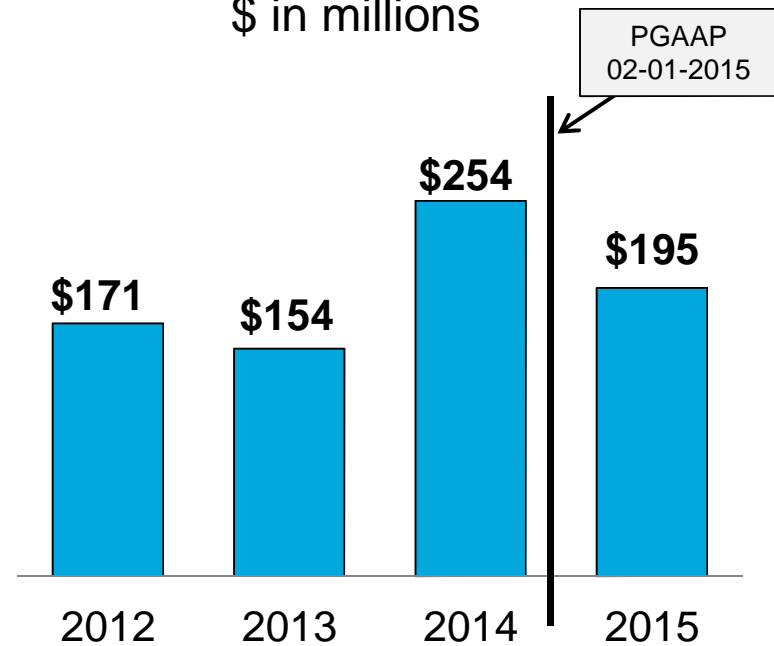
## Insurance In Force on Acquired Life Policies

Average value from 02/01/2015 – 12/31/2015



## Pre-tax Operating Earnings

\$ in millions



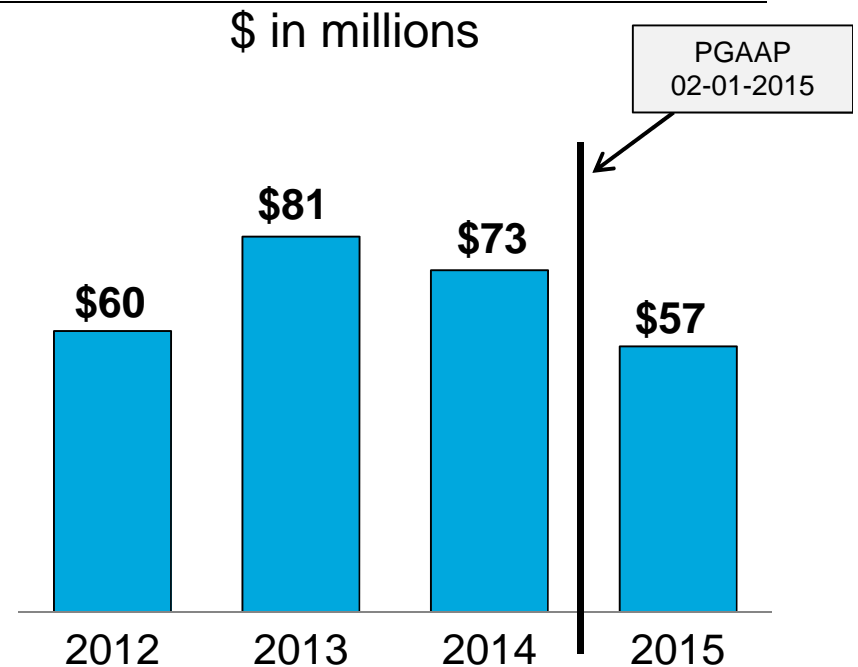
27 Note: Throughout this presentation, 2015 earnings results are for February 1, 2015 – December 31, 2015. In-force amounts are not adjusted for reinsurance ceded.

# Stable Value Products

## Segment Overview and Highlights

- ▶ Sells fixed and floating rate funding agreements directly to the trustees of municipal bond proceeds, money market funds, bank trust departments and other institutional investors
- ▶ Markets GICs to 401(k) and other qualified retirement savings plans
- ▶ Used opportunistically to complement asset / liability management and product cash flows
- ▶ Efficient operation

## Pre-tax Operating Earnings



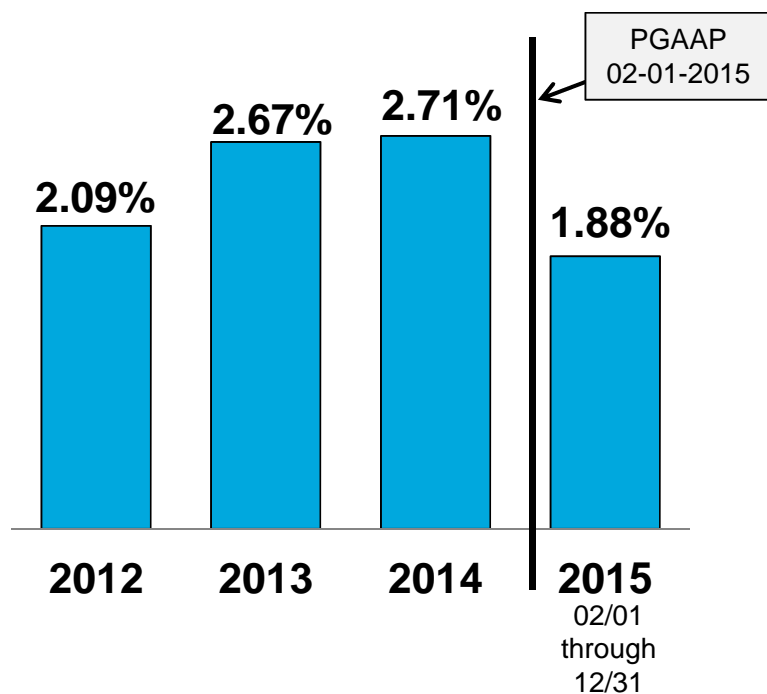
## Funding Agreement Backed Notes (FABN) Program

- ▶ Inaugural \$400 million issuance under Protective Life Global Funding (“PLGF”) in November 2015
- ▶ Between 1999 and 2008, Protective was an active issuer in this market
- ▶ Established \$5 billion PLGF program in 2015
- ▶ This program further complements our overall asset-liability management efforts
- ▶ Available to institutional investors in both domestic and international markets.

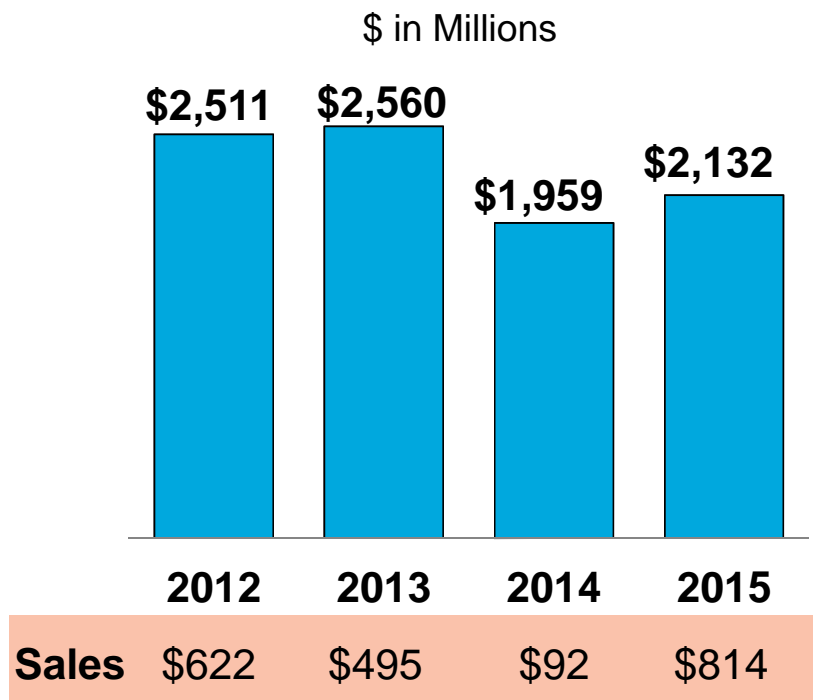
Note: Protective Life Global Funding is not registered with the United States Securities and Exchange Commission.

## Stable Value Products

### Adjusted Operating Spread\*



### Ending Account Balances and Sales



\*Excludes participating mortgage loan income and other income.  
Sales include period from 02/01/15 through 12/31/15.

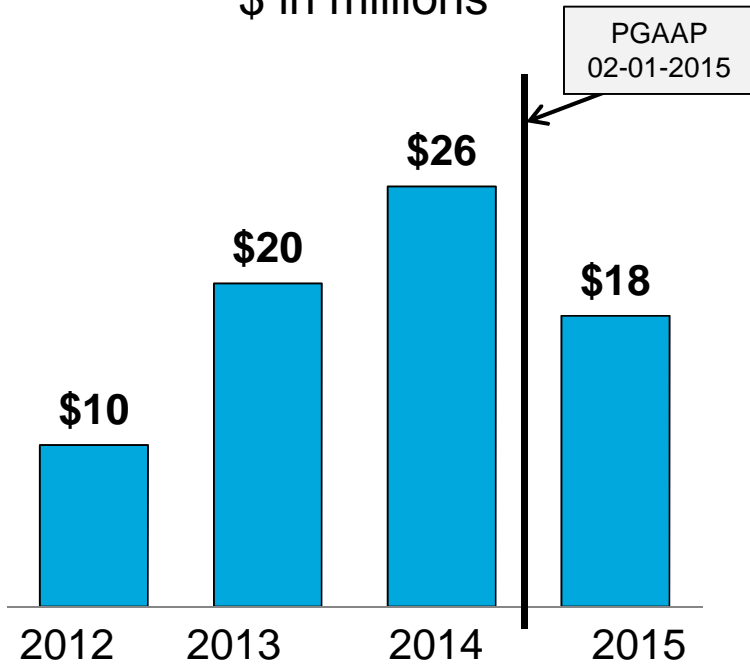
## Asset Protection

- ▶ Sells extended service contracts and credit life and disability insurance on automobiles and recreational vehicles (“RV”), as well as a guaranteed asset protection (“GAP”) product
- ▶ Marketed through a national network of approximately 7,550 automobile and RV dealers
- ▶ Protective is one of the top providers in the marketplace
- ▶ Asset Protection does not require a significant amount of capital

# Asset Protection

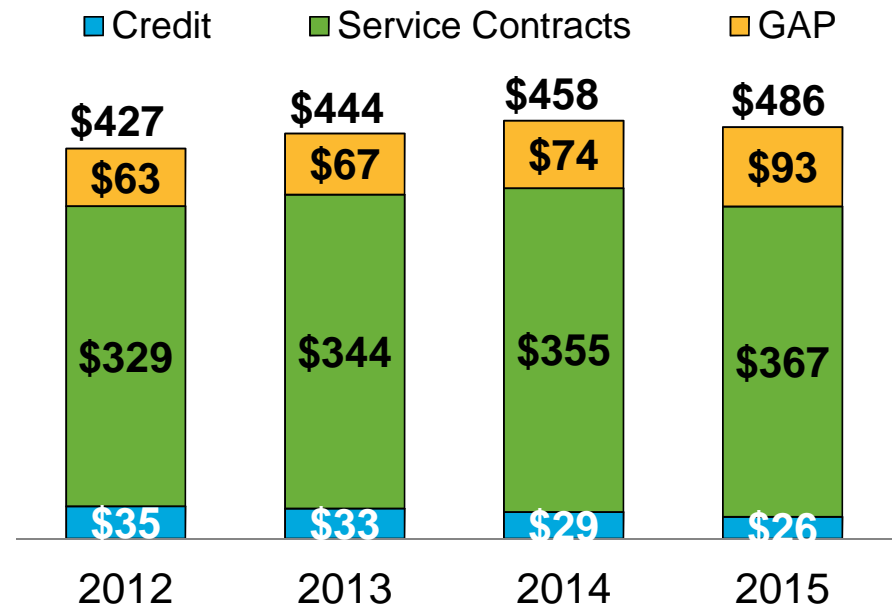
## Pre-tax Operating Earnings

\$ in millions



## Sales

\$ in millions



32 Note: 2015 earnings number reflects period from 02/01/15 – 12/31/15.  
2015 sales number reflects period from 01/01/15 – 12/31/15.



## Summary

- ▶ Our current financial position is very strong, and our solvency and liquidity position is robust
- ▶ We have a talented management team with a track record of delivering on plans
- ▶ We are delivering stand-alone earnings growth
- ▶ We have a strong parent that is committed to our future growth, capital management, and continued financial success



# Protective Life Insurance Company 2016 Company Update

## Forward-Looking Statements

This Presentation contains forward-looking statements. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties, risks and contingencies, many of which are beyond the Company's control and many of which are subject to change. Such statements include statements regarding the belief or current expectations of the management of the Company concerning its future financial condition and results of operations, including its expected operating and non-operating relationships, ability to meet debt service obligations and financing plans, product sales, distribution channels, retention of business, investment yields and spreads, investment portfolio, ability to manage asset-liability cash flows and strategic and financial targets. Any such forward-looking statements or targets are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements and targets as a result of various factors. Any forward-looking statements reflect the Company's views and assumptions as of the date of this Presentation and the Company disclaims any obligation to update forward-looking information. For additional information concerning risks, uncertainties and other factors that could affect the Company's future results, please refer to Part I, Item 1A, Risk Factors, of the Company's most recent Annual Report on Form 10-K.

This Presentation has been prepared, in part, from information supplied third-party sources, as indicated herein. Such third-party information has not been independently verified and the Company makes no representation or warranty, expressed or implied, as to the accuracy or completeness of such information. The summary descriptions and other information included in this Presentation are intended only for informational purposes and convenient reference. The information contained in this Presentation is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations.

Additional information regarding the Company is available at [www.protective.com](http://www.protective.com).