BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE

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Dept. Of Commerce & Insurance
Company Examinations

IN THE MATTER OF:	)	
	)	**No.: 06-063**
PROTECTIVE LIFE INSURANCE COMPANY	)	

ORDER ADOPTING EXAMINATION REPORT AS FILED WITH MODIFICATION AND DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of Protective Life Insurance Company (hereinafter also referred to as the "Company"), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2004, the examiner-in-charge filed with the Division, on the 19th day of April, 2006, a verified, written report on examination, and a copy of that report has been sent to Protective Life Insurance Company. (The Report on Examination of Protective Life Insurance Company is attached hereto and marked as Exhibit A). The Division received written rebuttal to said examination report from the Company on May 19, 2006. (A copy of the Company's written rebuttal is attached hereto and marked as Exhibit B.)

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of Protective Life Insurance Company, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 19th day of April, 2006, is hereby **ADOPTED** as filed with the following **MODIFICATIONS** and **DIRECTIVES**:

1. The Report on Examination is hereby **MODIFIED** by deleting the paragraph designated as "Recommendation 4.", which begins near the bottom of page fifty eight (58) and continues to page fifty nine (59).

2. The Company is **DIRECTED** to comply with Tenn. Code Ann. §§ 56-1-501(b) and 56-44-102 by completing and filing its Annual Statements in accordance with Annual Statement instructions as established by the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner"). Such compliance shall include, but not be limited to, the reporting of individual reinsurance agreements on separate lines, using the date that the agreement originally went into effect as the effective date for such agreements.

3. The Company is **DIRECTED** to comply with Tenn. Comp. R. & Regs., ch. 0780-1-62-.05 by ensuring that all reinsurance agreements (or amendments to prior reinsurance agreements) that are being used to reduce any liabilities found on the Company's financial statement for any period are either executed by the "as of" date of the financial statement, or that binding letters of intent to enter into such agreements are executed by such "as of" dates.

4. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-411(b) ensuring that the Commissioner, the Commissioner's Deputy and/or any other person appointed by the Commissioner has convenient and free access at its office to all books, records, securities, documents and any all papers relating to the property, assets, business and affairs of the Company. Such compliance shall include, but not be limited to, making any and all necessary changes to the Company's record-keeping system to allow it to track reinsurance premiums, reserves and credits by each individual reinsurance treaty, and shall further include making any such necessary changes to the system to allow that all data

requested relative to contract loans (including such data as dates, balances, paid-to-date amounts, etc.) may be made readily available upon request.

The company shall comply with the directives contained in this order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against Protective Life Insurance Company for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Modifications and Directives merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 15th day of June, 2006.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Mr. Robins H. Ledyard, Esq., Counsel to Protective Life Insurance Company, Bass, Berry & Sims, PLC, AmSouth Center, 315 Deaderick Street, Suite 2700, Nashville, Tennessee 37238-3001, and Protective Life Insurance Company, 2801 Highway 280 South, Birmingham, Alabama 35223, on this the 19th day of June, 2006.

Eric J. Stansell

Eric J. Stansell
Certifying Attorney