INDIVIDUAL ANNUITY APPLICATION

Protective Life Insurance Company

Select Product: ☑ Protective Indexed Annuity II

Send Applications to:
Overnight: 2801 Hwy 280 South, Birmingham, Alabama 35223
U. S. Mail: P. O. Box 10648, Birmingham, Alabama 35202-0648
(800) 456-6330

Contract #________________________

PRIMARY OWNER *(If mailing address is a P.O. Box, please provide a physical address in the 'Remarks' area.)*

Name: ______________________ Daytime Phone: ______________

Address: ______________________ City: ______________ State: _______ Zip: __________

SSN/Tax ID: ______________ DOB: ______________ ☐M ☐F Email: ______________________

JOINT OWNER *(If applicable.)*

Name: ______________________ Daytime Phone: ______________

Address: ______________________ City: ______________ State: _______ Zip: __________

SSN/Tax ID: ______________ DOB: ______________ ☐M ☐F Email: ______________________

ANNUITANT *(If different from Primary Owner. Must be a living person.)*

Name: ______________________ Daytime Phone: ______________

Address: ______________________ City: ______________ State: _______ Zip: __________

SSN/Tax ID: ______________ DOB: ______________ ☐M ☐F Email: ______________________

PLAN TYPE ☐ Non-Qualified ☐ Traditional IRA ☐ Roth IRA ☐ Other ______________
(Please choose one.)

TOTAL ESTIMATED INITIAL PURCHASE PAYMENT: $ ______________
(Minimum: $10,000)

FUNDING SOURCE: ☐ Transfer - $ ____________ ☐ Cash - $ ____________
(Please check all that apply.) ☐ Rollover - $ ____________ ☐ 1035 Exchange - $ ____________
☐ IRA or Roth IRA Contribution - $ ____________ for Tax Year ____________

WITHDRAWAL CHARGE PERIOD: ☐ 5 Years ☐ 7 Years ☐ 10 Years
(Please choose one.)

CONTRACT ALLOCATION:
(For the Initial Purchase Payment, only - Must equal 100%.)

_______ % Annual Point-to-Point Indexed Strategy
_______ % Annual Rate Cap for Term Indexed Strategy
_______ % Annual Trigger Indexed Strategy
_______ % Fixed Interest Strategy

SELECT THE OPTIONAL BENEFIT(S) TO BE INCLUDED IN YOUR CONTRACT – *Not Required.*

☐ **Optional *SecurePay SE* Protected Lifetime Income Benefit Rider:** *Check the box to add this rider for a quarterly fee. Not available if any Owner or Annuitant is younger than age 55 or older than age 85. While the rider is in force, Protective Life has the right to restrict the portion of contract value that may be allocated to the Fixed Interest Strategy.*

☐ **Optional *Principal Protection* Money-Back Guarantee:** *Check the box to add this benefit. There is no fee, but contracts with the Money-Back Guarantee may earn interest at a lower rate than those without the guarantee.*

REMARKS: ____

____

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An annuity contract is not a deposit or obligation of, or guaranteed by any bank or financial institution. It is not insured by the Federal Deposit Insurance Corporation or any other government agency.

IMPORTANT NOTICE

Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

REPLACEMENT:

- Will this annuity change or replace an existing life insurance policy or annuity contract? ☐ NO ☐ YES
- Do you currently have a life insurance policy or annuity contract? ☐ NO ☐ YES

(If 'YES', please provide the company name and policy or contract number below.)

Company - ______________________ Policy or Contract # ______________

Company - ______________________ Policy or Contract # ______________

Company - ______________________ Policy or Contract # ______________

NOT INSURED BY ANY GOVERNMENT AGENCY · NO BANK GUARANTEE · NOT A DEPOSIT

I understand this application will become part of my annuity contract. I have read the completed application and confirm that the information it contains is true and correct, to the best of my knowledge and belief. However, these statements are representations and not warranties. If this application has a Joint Owner, Protective Life may accept instructions from either Owner on behalf of both Owners.

I have read and understand the "Annuity Buyer's Guide" and the annuity Disclosure Statement provided to me by my financial advisor.

I believe this annuity meets my current needs and financial objectives.

I understand that I am purchasing an indexed annuity. I understand the product features, interest crediting elements, and the indexes upon which the interest calculations will be based. Any interest credited to an indexed strategy depends in part upon the performance of the strategy's independent index. I understand the value of the contract will be affected by the index, but the contract *does not* participate directly in any index or stock investment. I also understand that during the withdrawal charge period, withdrawals from the contract that exceed any available free-withdrawal amount are subject to a limited market value adjustment and a withdrawal charge.

Application signed at: ______________________ on ______________

(City and State) *(Date)*

SIGN HERE SIGN HERE SIGN HERE

Owner's Signature | Joint Owner's Signature (*if applicable*) | Annuitant's Signature (*if not an Owner*)

Federal law requires the following notice: We may request or obtain additional information to establish or verify your identity.

Use Administrative Form LAD-1225 to name or change a beneficiary anytime before the death of an owner.

PRODUCER REPORT:

*(To prevent delays processing this application, please complete **all** questions in this section.)*

To the best of your knowledge and belief:

- Does this annuity purchase change or replace any existing life insurance policy or annuity contract? ☐ NO ☐ YES
- Does the applicant have any existing life insurance policy(s) or annuity contract(s)? ☐ NO ☐ YES

Type of unexpired government issued photo I.D. used to verify the applicant's identity? ______________ *(Type)* ______________ *(Number)*

I determined the suitability of this annuity to the applicant's current financial needs, goals, and situation by asking about the applicant's financial status, tax status, financial goals and objectives, and other relevant information.

I have accurately recorded the information provided by the applicant(s). I have not used any written sales materials other than those approved by Protective Life. I have reasonable grounds to believe the purchase of this annuity is suitable for the applicant(s).

Producer Signature ______________ SIGN HERE Producer Printed Name ______________

Producer Number ______________ Agency/Broker Name ______________

Producer Phone # ______________ Florida Lic. # *(if applicable)* ______________

An annuity contract is not a deposit or obligation of, or guaranteed by any bank or financial institution. It is not insured by the Federal Deposit Insurance Corporation or any other government agency.

 Select Commission Option: __ A __ B __ C

Life and Annuity Division

Protective Life Insurance Company [1]
West Coast Life Insurance Company [1]
Protective Life and Annuity Insurance Company
Post Office Box 1928 / Birmingham, AL 35201-1928
Toll Free: 800-456-6330 / Fax: 205-268-6479

Beneficiary Information Request

Use this form for initial beneficiary designations.

Owner's Name: ______________________ Annuitant's Name: ______________________

Contract Number: ______________________ Owner's SSN/TIN: ______________________

PLEASE NOTE: If multiple beneficiaries are named, proceeds will be paid equally to all primary beneficiaries surviving the owner (or annuitant if non-material owner) unless instructed otherwise. If all primary beneficiaries have predeceased the owner, proceeds will be paid to the named contingent beneficiaries equally unless instructed otherwise. If there are no surviving beneficiaries, proceeds will be paid to the owner's estate.

BENEFICIARY INFORMATION:

Beneficiary Type: (select one) ☐ Primary ☐ Contingent	Name: ______________ Social Security Number: ______________ Address: ______________ Date of Birth: ______________ Telephone Number: ______________ Relationship to Owner: ______________ (select one) ☐ Spouse ☐ Non-spouse Percentage: _______%
Beneficiary Type: (select one) ☐ Primary ☐ Contingent	Name: ______________ Social Security Number: ______________ Address: ______________ Date of Birth: ______________ Telephone Number: ______________ Relationship to Owner: ______________ (select one) ☐ Spouse ☐ Non-spouse Percentage: _______%
Beneficiary Type: (select one) ☐ Primary ☐ Contingent	Name: ______________ Social Security Number: ______________ Address: ______________ Date of Birth: ______________ Telephone Number: ______________ Relationship to Owner: ______________ (select one) ☐ Spouse ☐ Non-spouse Percentage: _______%
Beneficiary Type: (select one) ☐ Primary ☐ Contingent	Name: ______________ Social Security Number: ______________ Address: ______________ Date of Birth: ______________ Telephone Number: ______________ Relationship to Owner: ______________ (select one) ☐ Spouse ☐ Non-spouse Percentage: _______%
Beneficiary Type: (select one) ☐ Primary ☐ Contingent	Name: ______________ Social Security Number: ______________ Address: ______________ Date of Birth: ______________ Telephone Number: ______________ Relationship to Owner: ______________ (select one) ☐ Spouse ☐ Non-spouse Percentage: _______%
Beneficiary Type: (select one) ☐ Primary ☐ Contingent	Name: ______________ Social Security Number: ______________ Address: ______________ Date of Birth: ______________ Telephone Number: ______________ Relationship to Owner: ______________ (select one) ☐ Spouse ☐ Non-spouse Percentage: _______%

SPECIAL INSTRUCTIONS:

SIGNATURES:

______________________ ______________________ __________
Owner's Name (please print) Owner's Signature Date

______________________ ______________________ __________
Joint Owner's Name (please print) Joint Owner's Signature Date

[1] Not authorized in New York

SUITABILITY FOR FIXED ANNUITIES

This form is an essential part of the application process. It helps your agent assess your insurance needs and financial objectives, and make recommendations appropriate to your situation. *All* questions must be answered, and the form *must* be signed by each applicant and the financial advisor.

APPLICANTS: *(If the contract will be jointly owned, provide both applicants' information.)*

Applicant 1 ______________________________ **Applicant 2** ______________________________

SSN/TIN ______________________ **Age** _______ **SSN/TIN** ______________________ **Age** ________

FINANCIAL PROFILE: *(If the contract will be jointly owned, applicants' information may be combined.)*

1. **Annual Gross Income:** ☐ $0 - $25k ☐ $25 - $75k ☐ $75k - $150k ☐ $150k+
   - **Sources of Income:** *(select all that apply)* ☐ Wages/Salary/Rents ☐ SSI ☐ IRA ☐ Pension ☐ Investments ☐ Interest/Dividends ☐ Other *(Specify)* ______________________
   - **My monthly income ...** ☐ is stable. *-or–* ☐ fluctuates.
2. **Federal Income Tax Rate:** ☐ <10% ☐ 15% ☐ 25% ☐ 28% ☐ 33% ☐ 35%+
3. **Expenses: Monthly expenses as a percentage of average monthly annualized income?** _______ %
   'Expenses' means recurring periodic expenditures for necessities, such as housing, utilities, food, transportation, health care costs, and medical & property insurance. Do not include discretionary items, such as travel and entertainment.
4. **Liquid Net Worth *(Total Assets – value of all real and tangible personal property)*:** $ ______________________
   Do not include the amount used to purchase *this* annuity.
   - **Sources of liquidity, *other than the proposed annuity purchase*:** *(select all that apply)* ☐ Bank *(checking/savings/CDs)* ☐ Stock ☐ Bonds ☐ Mutual Funds/ETFs ☐ Other *(Specify)* ______________________
5. **What other financial products do you currently own (or have previously owned)?** *(select all that apply)* ☐ None
   ☐ Permanent Life Insurance ☐ Variable Annuity ☐ Fixed Annuity ☐ Other *(Specify)* ______________________

PROPOSED ANNUITY:

6. **Reason for Purchase:** *(select all that apply)* ☐ Principal Preservation ☐ Growth/Wealth Accumulation ☐ Tax Deferral ☐ Income ☐ Inheritance/Leave to Beneficiary ☐ Other *(Specify)* ______________________
7. **Source of funds for this annuity purchase?** ☐ Current Income ☐ Cash/Savings/Other Investment
   ☐ IRA/Retirement Plan Rollover ☐ Loan/Reverse Mortgage ☐ Other *(Specify)* ______________________
8. **How long do you plan to keep this annuity?** ☐ 1-3 years ☐ 4-7 years ☐ 7+ years ☐ Lifetime
   - Do you plan to make additional purchase payments into *this* annuity? ☐ Yes ☐ No
9. **Are you using funds from *any* existing insurance product (life insurance/annuity) for *any* portion of the premium for this annuity?** ☐ Yes ☐ No
10. **If "*Yes*" to Q #9, above: a) How long has that/those insurance products been in force?** _____ years **b) Total amount of penalties, fees and surrender charges *of any kind* associated with liquidating those products?** $ ______________

CONTINUE TO CONFIRMATION & SIGNATURE SECTIONS ON NEXT PAGE

Protective Life Insurance Company
P. O. Box 10648, Birmingham, AL 35202-0648
Toll Free 800- 456-6330; Fax 205-268-3151

Protective Life Insurance Company is not licensed in New York.

OWNER'S CONFIRMATION I confirm that I provided the information above and that it is true and complete to the best of my knowledge. I discussed my current financial situation, anticipated financial needs and risk tolerance with my agent. I understand the annuity. I am applying for is a long term contract with substantial penalties for early withdrawal. Moreover, I have reviewed the product specific Disclosure Statement and understand the product features, its interest crediting elements and, if applicable, the indexes upon which the interest calculation will be based. My agent discussed with me the advantages and disadvantages of this annuity product. I have determined that purchasing this annuity supports my insurance needs and will assist me in meeting my financial goals and objectives.

Applicant 1: ____ **Date:** ________________

Applicant 2: ____ **Date:** ________________

PRODUCER'S CONFIRMATION I have made a reasonable effort to obtain the following information about the applicant(s): financial resources, net worth and liquidity, tax status, investment objectives, risk tolerance, time horizon, and financial goals and objectives. I have discussed with the applicant the advantages and disadvantages of this product in the context of that information.

Please check the box next to *one* of the statements below. The application *will not be accepted* if this section is incomplete.

☐ Based on the information the applicant supplied and the applicant's circumstances of which I am currently aware, I believe the recommended annuity is suitable, appropriate, and will help achieve the applicant's insurance needs and financial objectives.

☐ The applicant selected this product despite a contrary recommendation (or absence of a recommendation) from me.

(If this box is checked, the company will conduct a supplemental suitability review which may result in the application being declined.)

Producer: ____ **Date:** ________________

Protective Life Insurance Company
Post Office Box 10648, Birmingham, AL 35202-0648
Toll Free: 800-456-6330; Fax: 205-268-3151

PROTECTIVE LIFE INSURANCE COMPANY IS NOT LICENSED IN NEW YORK

Protective Indexed Annuity II
A Limited Flexible Premium Deferred Indexed Annuity
with a Limited Market Value Adjustment
Form Series: FIA-P-2010 & -2011

Protective Life Insurance Company
www.protective.com
2801 Hwy 280 South, Birmingham, AL 35223
800-456-6330

DISCLOSURE STATEMENT

This document reviews important points to consider before you buy a *Protective Indexed Annuity II.*
It is a summary document and not part of your contract with us. The contract governs your rights and our obligations.

WHAT IS AN ANNUITY?

An annuity is a legal contract between you and an insurance company. An annuity should be used to accumulate money for *long-term* financial goals, like retirement. An annuity is the only financial product that can create a stream of income payments *guaranteed to last as long as you live*.

The *Protective Indexed Annuity II* is a limited flexible premium deferred indexed annuity. *Limited flexible premium* means that you may – but are not required to – send us additional premium, but only during the first contract year. The minimum initial premium required to issue a contract is $10,000. Each additional premium must be at least $1,000. The maximum total premium we will accept is $1 million per contract. In a *deferred annuity*, the income payments you receive begin in the future. The interest credited to an *indexed annuity* is determined – in part – by the performance of a reference index. The reference index for this annuity is the S&P 500® Index (without dividends). You do not pay taxes on the interest earned until the money is actually paid to you.

DEFINITIONS

Annuitant – The person whose life is used to determine the income payments.

Annuity Date – The date on which the income payments begin.

Beneficiary – The person who will receive the death benefit if the owner dies before the annuity date.

Owner – The person who purchases a contract, and the person from whom we accept instructions regarding the contract.

HOW DOES MY ANNUITY EARN INTEREST?

You allocate the purchase payment (premium) to one or more *interest crediting strategies*, which are specific, defined methods used to calculate interest. The *initial* purchase payment includes all payments we receive within 14 days of the 'origination date', which is the date you purchase a contract. The initial purchase payment also includes amounts that result from an exchange, transfer or rollover from another annuity contract that we receive within 60 days of the origination date. Any portion of an initial purchase payment is applied directly to the interest crediting strategies on the day we receive it. *Additional* purchase payments are applied to a 'holding account' and remain there until the end of the current contract year, at which time the entire holding account value is transferred to the interest crediting strategies. We credit interest to the holding account at rates we declare, but it *is not* an interest crediting strategy.

- *Fixed Interest Crediting Strategy* – Interest is credited daily at a fixed annual rate that we declare in advance each year. The declared rate for this strategy will not be less than 1%.

- *Annual Point-to-Point Indexed Interest Crediting Strategy* – The annual interest rate is based on the performance of the S&P 500 Index each contract year. It is the *lesser* of the index performance or the interest rate cap. We declare the interest rate cap in advance each year. The interest rate cap will not be less than 1%.

- *Annual Rate Cap for Term Indexed Interest Crediting Strategy* – The annual interest rate is based on the performance of the S&P 500 Index each contract year. It is the *lesser* of the index performance or the interest rate cap. We declare one interest rate cap in advance to apply for each year during the withdrawal charge period. Thereafter, we declare the interest rate cap in advance each year. The interest rate cap will not be less than 1%.

- *Annual Trigger Indexed Interest Crediting Strategy* – The annual interest rate is based on the performance of the S&P 500 Index each contract year. If the index performance is 0% or more, the annual interest rate for the strategy is the trigger interest rate. We declare the trigger interest rate in advance each year. It will not be less than 1%.

- *Performance* – Performance is the percentage change in the S&P 500 Index from the beginning to the end of each contract year. Negative performance does not reduce the contract value, but simply results in no indexed interest credited that contract year.

- Generally, you may re-allocate contract value among the interest crediting strategies, but only on contract anniversaries.
- Any time before the annuity date, the contract value is equal to the sum of all purchase payments and all interest credited, minus withdrawals from the contract (including applicable withdrawal charges and any market value adjustment), and minus any applicable premium tax.
- The contract value is the basis used to determine the surrender or withdrawal payments, death benefit and the income payments. *The contract value <u>cannot go down</u> unless withdrawals are taken.*
- To protect against prolonged periods of negative performance (when no indexed interest is credited) the annuity provides a *<u>minimum surrender value</u>*. When the contract is terminated by a surrender, death of an owner, or on the annuity date, the contract value *<u>will not be less</u>* than the sum of:

  a) each purchase payment accumulated at 1%; minus,

  b) each withdrawal accumulated at 1%; minus,

  c) any additional withdrawal charges that may apply at that time.

IMPORTANT LIMITS ON THE ANNUAL RATE CAP FOR TERM INDEXED INTEREST CREDITING STRATEGY

Because the interest rate cap for the Annual Rate Cap for Term strategy is guaranteed for the entire withdrawal charge period, allocations to this strategy – and transfers of contract value into and out of it are restricted.

- You may allocate all or part of your *<u>initial</u>* purchase payment to this strategy, but we will not accept or execute any instruction to *<u>allocate</u>* additional purchase payments to this strategy. If any part of your initial purchase payment is allocated to this strategy and you make any additional purchase payments, on the next contact anniversary the holding account value attributable to them will be allocated proportionally among the *<u>other</u>* interest crediting strategies according to your then current contract allocation instructions.
- Prior to the end of the withdrawal charge period, you may not transfer amounts out of this strategy into a different interest crediting strategy. Nor will we permit you to transfer contract value from another interest crediting strategy into this strategy on a contract anniversary that occurs during the withdrawal charge period.

HOW DO I GET MONEY OUT OF MY ANNUITY BEFORE THE INCOME PAYMENTS BEGIN?

The *Protective Indexed Annuity II* is designed to grow your contract value during the accumulation period and on the annuity date, convert the contract value to a regular, predictable stream of income payments according to your instructions. However, you may access all or a portion of the contract value before the annuity date by taking a withdrawal, or surrendering the annuity.

- *<u>Free-Withdrawal Amount</u>* – Each contract year, you may withdraw up to 10% of the contract value as of each withdrawal date, minus the free-withdrawal amount previously withdrawn during that contract year, if any, without having the market value adjustment ("MVA") applied or incurring a withdrawal charge. (During the 1st contract year, you may withdraw up to 10% of the initial purchase payment.) Aggregate withdrawals during any contract year *<u>that exceed the free-withdrawal amount</u>* are subject to the MVA and the withdrawal charge, which are described below.
- *<u>Market Value Adjustment ("MVA")</u>* – The market value adjustment ("MVA") adjusts the amount we deduct from the contract value to satisfy your withdrawal request. When it applies, it can increase, decrease, or have no effect on that amount. Including an MVA in the contract means you participate in changes in market interest rates if you request a withdrawal (in excess of the free-withdrawal amount) during the contract's withdrawal charge period.

  We calculate the MVA according to the formula described in your contract. In general, however, if interest rates are *<u>higher</u>* on the withdrawal date than on the contract's issue date, the MVA will ***<u>increase</u>*** the amount we deduct from the contract value to satisfy your withdrawal request. Conversely, if interest rates are *<u>lower</u>* on the withdrawal date than on the issue date, the MVA will ***<u>decrease</u>*** the amount we deduct from the contract value. The MVA formula also includes a component that reduces the impact of the MVA over time. So, if all other things are equal, a withdrawal taken later in the withdrawal charge period will have a smaller MVA than the same withdrawal taken earlier.
- *<u>Withdrawal Charge</u>* – You select the contract's withdrawal charge period when you purchase the annuity. Longer withdrawal charge periods are typically associated with the opportunity to earn interest at higher rates. The *Protective Indexed Annuity II* offers withdrawal charge periods from 5 to 10 years, inclusive, though all periods may not be available at all times. Your financial professional will advise you about the withdrawal charge periods currently being offered.

The withdrawal charge is a set percentage of the net reduction to the contract value needed to satisfy your withdrawal request (in excess of the free-withdrawal amount), including the MVA described. The withdrawal charge ***increases*** the total amount we deduct from the contract value.

- *Withdrawal Charge Percentage* – The withdrawal charge percentage that applies each contract year is a function of the number of complete contract years that have elapsed since the contract issue date.

# of Complete Years Elapsed Since the Contract Issue Date	0	1	2	3	4	5	6	7	8	9	10+
5-Year Withdrawal Charge Period	9%	9%	8%	7%	6%	0%	0%	0%	0%	0%	0%
7-Year Withdrawal Charge Period	9%	9%	8%	7%	6%	5%	4%	0%	0%	0%	0%
10-Year Withdrawal Charge Period	9%	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%

- *MVA and Withdrawal Charge Waivers* – Neither the market value adjustment nor the withdrawal charge apply after the withdrawal charge period for your contract expires. Subject to state approval, we also waive any MVA and withdrawal charge that would otherwise apply if, after the contract issue date, you or your spouse meet the qualifying conditions described in the contract and…

  a) enter a nursing home or are diagnosed with a terminal illness that is expected to result in death within 12 months; or

  b) become unemployed.

  Finally, the MVA and withdrawal charge do not apply when we pay the death benefit or when, on the annuity date, the contract value is withdrawn, surrendered or applied to an annuity option.

All withdrawals reduce the contract value, death benefit and future income payments. Withdrawals are subject to income tax and may be subject to a 10% federal tax penalty if taken before age 59½. You should consult a professional to assess the impact to your personal tax situation of a withdrawal from the contract.

IS THERE A DEATH BENEFIT?

- *Death Benefit* – The contract pays a death benefit to the beneficiary if an owner dies before the annuity date. The death benefit is the greater of the contract value or the minimum surrender value, described above.

- *Payment of the Death Benefit* –The Internal Revenue Code controls how the death benefit must be paid. The death benefit may be taken in one lump sum immediately, and the contract will terminate. If not taken immediately, the death benefit will continue to earn interest according to the terms of the contract and must be fully distributed either: a) within 5 years of the owner's death; or, b) over the life (or life expectancy) of the beneficiary with payments beginning within one year of the owner's death.

- *Additional Option for a Spouse* – If the deceased owner's spouse is the *sole primary beneficiary*, instead of taking the death benefit, the surviving spouse may continue the contract and become the owner. Note, however, that *unmarried* civil union or domestic partners are not treated as spouses under ***federal*** law. Therefore, this 'spousal continuation' option is not available even though these relationships may be fully recognized in your state.

HOW DO I BEGIN INCOME PAYMENTS?

- *Annuity Date* – On the annuity date, you may apply the contract value (or the minimum surrender value, if greater) to an annuity option and begin the income payments. Or, you may take that amount in a lump sum. The latest annuity date is the oldest owner's or annuitant's 95th birthday, but you may choose an earlier date, provided it occurs after the first contract anniversary.

- *Income Payments* – You customize the income payments by selecting the annuity option and the payment frequency. Once established, however, your income payments may not be altered or surrendered. Two basic annuity options are available: Income payments for a specified time (called a "certain period"); or, Income payments for life, with or without a certain period.

- *Payment Frequency* – Income payments must occur at least once a year, but you may have them made monthly, quarterly or semi-annually. More frequent payments will result in slightly lower annual amounts than less frequent payments. So, for example, the sum of 12 monthly payments will be a little bit less than the sum of 4 quarterly payments which, in turn, will be smaller than a single annual payment.

- *Payments for a Certain Period* – We will make periodic income payments for the entire certain period you select. No certain period may be less than 10 years, unless we agree to a shorter period.

- *Payments for Life with or without a Certain Period* – Income payments can be based on the life of either one or two living persons called 'annuitants'. Income payments under a 'single life' annuity option end upon the death of the annuitant. Income payments under a 'joint life' option end when the last surviving annuitant dies. If you select a joint life option, you may – but are not required – to specify a reduction in the income payments to a surviving annuitant.

  You may add a certain period to either a single or joint life annuity option. If you do, the income payments are guaranteed for at least as long as the certain period you select, and continue beyond that time for as long as the annuitant (or if joint life, the last surviving annuitant) lives.

- *Default Annuity Option* – If you do not selected an annuity option, on the annuity date we will begin making monthly income payments for the life of the named annuitant with a 10-year certain period.

- *Minimum Annuity Rates* – The minimum annuity rates for the annuity options are described in the contract and guaranteed. If, at the time your income payments begin, we are offering higher rates for the same annuity option, your income payments will be based on the higher rates.

HOW DOES THIS ANNUITY AFFECT MY FEDERAL INCOME TAXES?

The information is this section is based on information you provide and our understanding of current federal tax law. Protective Life does not provide tax advice. You should always consult with a trusted professional to determine the impact of any financial transaction on your personal tax situation.

- *Tax Status* – You have indicated your contract will be: ☐ Non-Qualified ☐ IRA, or other Tax Qualified Plan

- *Deferred Taxation of Interest Earned* – An annuity contract is a tax deferred financial instrument. You are not taxed on the interest credited to the contract until it is paid to you. At that time, you will pay tax at the same rate as other ordinary income. You may also be subject to a 10% federal tax penalty if the withdrawal occurs before age 59½, unless an exception applies (*e.g.*, death, disability, substantially equal periodic payments, etc.).

- *Tax-Qualified Plans* – If this annuity is a traditional IRA (or other tax qualified plan), you will pay taxes on the entire amount withdrawn because – generally – the money that funds the contract has not yet been taxed. *These plans provide the same tax deferral as an annuity contract,* so the annuity *does not* provide any additional tax benefits. However, an annuity may have other valuable features that enhance these plans.

- *Tax-Free Exchanges* – You can exchange one tax-deferred annuity for another without paying taxes on the earnings when you made the exchange. Before you do, compare the benefits, features, and costs of the two annuities. You may be assessed a charge by the company who issued your current annuity, and you may be subject to company charges under the new annuity if you take withdrawals from it.

WHAT ELSE SHOULD I KNOW ABOUT THIS ANNUITY?

- *Fees and Charges* – We do not charge a fee to issue a contract, and there are no ongoing or annual fees associated with owning it. The market value adjustment and withdrawal charge (explained above) are the only charges we will assess, and you may avoid them by not withdrawing more than the free withdrawal amount in any contract year during the withdrawal charge period.

- *Dividends* – This contract does not pay dividends, nor does it share in our surplus or profits.

- *Contract Changes* – We may change the contract to comply with any federal or state statutes, rules or regulations. If this occurs, we will notify you about the changes in writing.

- *Sales Commission* – We pay a commission to the financial professional who sells the annuity to you. In some cases, the commission paid for selling this annuity may be more than the commission earned by selling another product.

- *Right to Cancel* – If you purchase a contract, you may cancel it for any reason within a specified number of days (not less than 10) after the date you receive it by returning it to us or the person who sold it to you with a written request for cancellation. If cancelled, we will promptly return all the money you paid to purchase the contract.

- *Optional Benefit Riders* – The *Protective Indexed Annuity II* may be offered with the optional *SecurePay SE* protected lifetime income benefit rider, for an additional fee. If this option is available with your contract, a separate disclosure statement (LAD-1231SE) will accompany this document and the NAIC Fixed Annuity Buyer's Guide.

Protective Life Insurance Company
www.protective.com
2801 Hwy 280 South, Birmingham, AL 35223
800-456-6330

DISCLOSURE STATEMENT

This document reviews important points to consider before you add the _optional_ *SecurePay SE* protected lifetime income benefit rider to a *Protective Indexed Annuity II.* It is a summary document and not part of your contract with us.

The *SecurePay SE* rider governs your rights and our obligations.

WHAT IS A 'PROTECTED LIFETIME INCOME BENEFIT'?

Sometimes referred to as a 'guaranteed lifetime withdrawal benefit' or simply as a 'living benefit', *SecurePay SE* is an _optional_ rider that can be added to your *Protective Indexed Annuity II* for an extra charge. *SecurePay SE* provides an additional layer of protection to your annuity investment by creating a 'benefit base' that will grow over a specified period of time, regardless of the performance of the underlying annuity contract. That benefit base can be used to create a guaranteed stream of income for your life (or for the lives of you and your spouse), even if the contract value is completely depleted.

The definitions below are important terms that apply to the *SecurePay SE.*

DEFINITIONS

Annual Withdrawal Amount – The maximum aggregate *SecurePay* withdrawal you can take each contract year *after the Benefit Election Date* without reducing the benefit base. These withdrawals are not subject to a withdrawal charge or market value adjustment, but they count against the contract's free withdrawal amount and also reduce the contract value and death benefit.

Benefit Base – The amount used to calculate the Annual Withdrawal Amount and the quarterly rider fee. The benefit base is not the contract value or death benefit, and may only be accessed through *SecurePay* withdrawals.

Benefit Election Date – The date you may begin taking *SecurePay* withdrawals.

Covered Person – The person (or persons) on whose lives the *SecurePay* withdrawals are based.

SECUREPAY SE

Buying the Rider – Generally, you may only buy *SecurePay SE* when you purchase your *Protective Indexed Annuity II* contract, and only if each owner and the annuitant is at least 55 years old. There is no up-front charge for the rider, but we will deduct a quarterly fee from your contract value as long as the rider remains in force. Currently, the annual rider cost is equal to 0.85% (85 basis points) of the benefit base. Each quarterly fee deduction is ¼ of that amount.

We can increase the fee with 30-days prior written notice to you, but not more than the maximum charge, which is 2.00% (200 basis points) annually. You may decline the fee increase, but your rider will no longer be eligible for the Annual Step-Up and Annual Roll-Up benefit base increases described in the section below.

Fee deductions reduce the contract value and death benefit, but ***will not***:

- count against the contract's free withdrawal amount;
- be subject to the withdrawal charge or market value adjustment;
- impact the contract's minimum surrender value calculation; or,
- affect the benefit base or Annual Withdrawal Amount.

Determining the Benefit Base – When you buy a *Protective Indexed Annuity II* with a *SecurePay SE* rider, we immediately create a benefit base equal to your purchase payment. We increase the benefit base dollar-for-dollar for each additional purchase payment you make. If you take a withdrawal from your contract before the benefit election date, we will make a pro rata adjustment to the benefit base. The adjustment reduces the benefit base by the same proportion that the amount deducted to satisfy the withdrawal request reduced the contract value.

In addition to increases resulting from purchase payments, your benefit base has two other growth opportunities:

- Annual Roll-Up – Your benefit base will increase by 7% of the '*_roll-up base_*' on each contract anniversary during the '*_roll-up period_*'. The roll-up base is equal to the aggregate purchase payments applied to the contract through the contract anniversary, minus a pro rata adjustment for each withdrawal made through that date. (The adjustment reduces the roll-up base in the same proportion that the amount deducted to satisfy the withdrawal request reduced the contract value.) The *roll-up period* begins when you purchase the rider and ends on the ***earlier of*** the 10th contract anniversary after the rider purchase date, or the benefit election date.

  If, however, on any contract anniversary your benefit base is reset equal to the contract value due to the Annual Step-Up (described below), that amount will become the roll-up base. Going forward, increases for purchase payments and reductions for withdrawals apply to the reset roll-up base, and your benefit base will increase by 7% of the reset roll-up base on each contract anniversary for the remainder of the roll-up period.

- Annual Step-Up – On each contract anniversary, we compare the benefit base to the contract value. If the contract value is higher than the benefit base, we increase the benefit base to equal the contract value.

During the roll-up period, *only the larger* of the Annual Roll-up *or* Annual Step-Up (not both) apply. After the roll-up period, only the Annual Step-Up opportunity can increase the benefit base.

Taking *SecurePay* Withdrawals – You decide when to begin *SecurePay* withdrawals by selecting the benefit election date and telling us whether the withdrawals will be based on your life, or the joint lives of you and your spouse. You may not begin *SecurePay* withdrawals until you are at least 60 years old (or until you *and* your spouse are each at least 60 years old, if the withdrawals will be based on both lives). If you do not begin taking *SecurePay* withdrawals by the oldest owner's or annuitant's 95th birthday, we will automatically start them for you, as described in the rider.

Your Annual Withdrawal Amount – the maximum you may withdraw each contract year without reducing the benefit base – is a set percentage of the benefit base. The withdrawal percentage is determined by the age of the (younger) covered person on the benefit election date, as shown in the table below.

Withdrawal Percentages

(FOR CALCULATION OF ANNUAL WITHDRAWAL AMOUNTS ON AND AFTER THE BENEFIT ELECTION DATE)

Attained Age of (younger) Covered Person on the Benefit Election Date	One Covered Person	Two Covered Persons
at least 60 but less than 65 years old	4.5%	4.0%
at least 65 but less than 70 years old	5.0%	4.5%
at least 70 but less than 75 years old	5.5%	5.0%
at least 75 but less than 80 years old	6.0%	5.5%
at least 80 but less than 85 years old	6.5%	6.0%
85 years old or older	7.0%	6.5%

The Annual Withdrawal Amount is initially determined on the benefit election date, and recalculated using the same percentage on each contract anniversary thereafter, as long as a covered person is alive.

> ***Example:*** Suppose you want *SecurePay* withdrawals for both you and your spouse, and the younger of you is 76 on the benefit election date. If your benefit base were $100,000 at that time, you could withdraw up to $5,500 ($100,000 x 5.5% = $5,500) between the benefit election date and the contract anniversary that occurs after that date.
>
> Then, assuming your benefit base does not change, you and your spouse may continue to withdraw up to $5,500 every contract year as long as either of you live, even if the contract value is reduced to $0 solely from *SecurePay* withdrawals and the rider fees.

Excess Withdrawals – On or after the benefit election date, any amount withdrawn from a contract that exceeds the Annual Withdrawal Amount is an '*excess withdrawal*'. An excess withdrawal reduces the benefit base in the same proportion that the amount deducted to satisfy the withdrawal request reduced the contract value. That means, the smaller the contract value is in relation to the benefit base, the larger the impact of an excess withdrawal on the benefit base, and on future Annual Withdrawal Amounts.

> ***Example:*** Continuing the example above, suppose you take an excess withdrawal of $10,000 when your remaining contract value is $20,000. The excess withdrawal would reduce the contract value by 50% to $10,000. Assuming no prior change to the $100,000 benefit base, the excess withdrawal would immediately reduce the benefit base by 50% to $50,000. (Any additional withdrawal that contract year would also be an excess withdrawal and further reduce the benefit base.) If you take no other withdrawal that contract year, the Annual Withdrawal Amount would be reduced to $2,750 ($50,000 x 5.5% = $2,750) beginning on the next contract anniversary.

If an *excess withdrawal* reduces your contract value to $0, the contract and rider will terminate.

OTHER IMPORTANT FACTS TO CONSIDER

Contract Allocation Restrictions – Although there are no current plans to do so, if you purchase *SecurePay SE,* we have the right to impose limitations on how you allocate contract value among the interest crediting strategies. If we do this in the future, you would be required to change your contract allocation to conform to our requirements or your rider may terminate.

Rider Termination – If you purchase *SecurePay SE,* you may not voluntarily terminate it for 10 years. After the benefit election date, you may not add, remove or change any covered person, or name an annuitant who is not a covered person. Doing so will terminate the rider. After termination, we will no longer deduct the quarterly rider fee from your contract value, but will not refund any fees previously deducted.

If the rider terminates, you may take withdrawals from the contract, but you will no longer have the lifetime withdrawal guarantee the rider provides.

Product features and availability may vary by state. All benefits and guarantees are subject to the claims paying ability of Protective Life Insurance Company.

You should consult with your advisor and seek competent tax advice prior to making any financial or investment decision.

PROTECTIVE LIFE INSURANCE COMPANY
P.O. BOX 190648
BIRMINGHAM, ALABAMA 35202-0648
TELEPHONE: 800-456-6330

NOTICE REGARDING REPLACEMENT OF LIFE INSURANCE AND ANNUITIES

You have indicated that you intend to replace existing life insurance or annuity coverage in connection with the purchase of our life insurance or annuity policy. As a result, we are required to send you this notice. Please read it carefully.

Whether it is to your advantage to replace your existing insurance or annuity coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and your existing insurance or annuity coverage.

You may want to contact your existing life insurance or annuity company or its agent for additional information and advice or discuss your purchase with other advisors. Your existing company will provide this information to you. The information you receive should be of value to you in reaching a final decision.

If either the proposed coverage or the existing coverage you intend to replace is participating, you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases. Under your existing policy, the period of time during which the issuing company could contest the policy because of a material misrepresentation or omission concerning the medical information requested in your application, or deny coverage for death caused by suicide, may have expired or may expire earlier than it will under the proposed policy. Your existing policy may have options which are not available under the policy being proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash values and dividends, if any, may grow slower initially because the company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.

If you are considering borrowing against your existing policy to pay the premiums on the proposed policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.

After we have issued your policy, you will have 20 days from the date the new policy is received by you to notify us you are cancelling the policy issued on your application and you will receive back all payments you made to us.

You are urged not to take action to terminate or alter your existing life insurance or annuity coverage until you have been issued the new policy, examined it and have found it acceptable to you.

Insurer *as it appears on the policy or contract*	Insured *as it appears on the policy or contract*
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________
Policy or Contract Number	Insured Birthdate
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________
____________________ Agent's Signature	____________________ Applicant's Signature
____________________ Date	____________________ Date

Life and Annuity Division

Request for Transfer or Exchange of Assets

Protective Life Insurance Company [1]
West Coast Life Insurance Company [1]
Protective Life and Annuity Insurance Company
Post Office Box 10648 / Birmingham, AL 35202-0648
Toll Free: 800-456-6330 / Fax: 205-268-3151

Existing Protective Contract Number: _________________ (for additional payments only)

☐ Check here and complete Box 4 if this is being submitted for a Rate Lock only. (If Rate Lock request is for a CD, you **must** include proof of maturity from the Financial Institution.)
Please *do not* select this option for the *Protective Indexed Annuity*, because the interest crediting elements for that product are determined as of the date the contract is purchased.

Complete this form to transfer assets to Protective Life Insurance Company, West Coast Life Insurance Company or Protective Life and Annuity Insurance Company (each, the "Company") for the issuance of a new annuity contract.

EXISTING ACCOUNT, CONTRACT OR POLICY TO BE TRANSFERRED

Company Name ______________________ Telephone Number ______________________

Email Address ______________________ Fax Number ______________________

Company (Overnight) Address ______________________

Contract/Account Owner's Name ______________________ Contract/Account Number ______________________ Owner's SSN/Tax ID ______________________

The contract is: ☐ attached ☐ lost or destroyed

☐ Please check this box if the existing contract being surrendered is a Fixed Annuity. (If box is checked, and your new Protective Life annuity is being issued in the state of Nevada, please complete form A-1128-NEV-Annuity.)

EXISTING ACCOUNT, CONTRACT OR POLICY TO BE TRANSFERRED

Non-Qualified:	Qualified:		
☐ 1035 Exchange	1. Plan Type:		2. Transfer Type:
☐ Non-1035 Exchange	☐ IRA	☐ CD	☐ Trustee Transfer
☐ Mutual Fund	☐ 401(k)	☐ Roth IRA	☐ Direct Rollover
☐ Bank CD	☐ Mutual Fund	☐ 403(b)/TSA	
☐ Other Non-1035 Exchanges		☐ Other _____________	

Proposed Plan Type: ☐ Non-Qual ☐ IRA ☐ Roth IRA ☐ Other _________________________

TRANSFER INSTRUCTIONS

1. Amount to be transferred: ☐ Complete: Liquidate and transfer all assets in my account, contract or policy
   ☐ Partial: Liquidate and transfer assets totaling $______________________
2. When should transfer occur: ☐ Immediately
   ☐ Upon maturity date of ______/______/______ (mm/dd/yy)
3. Current estimated value of the assets to be transferred are $__________________
4. **RATE LOCK** ☐ I wish to lock in the interest rate that is in effect when this signed form is received by the Company. **If this box is not checked, you will receive the interest rate in effect on the day we receive the transferred amounts.**
   (Please *do not* select this option for the *Protective Indexed Annuity*, because the interest crediting elements for that product are determined as of the date the contract is purchased.)

[1] Not authorized in New York

Complete 1035 Exchange: I hereby make a complete and absolute assignment and transfer all rights, title and interest of every nature in the above contract to the accepting insurance company indicated below.

Partial 1035 Exchange: I hereby direct the issuer of the above-referenced existing annuity contract to process a partial 1035 exchange to the accepting insurance company indicated below. I intend for this transaction to qualify as a tax-free exchange for Federal income tax purposes.

Based on our understanding of IRS guidance in Rev. Proc. 2011-38, if a contract is involved in a tax-free partial exchange under Internal Revenue Code section 1035 that is completed on or after October 24, 2011, and an amount is withdrawn from or received in surrender of either contract within 180 days of the exchange, the IRS will apply general tax principles to determine the substance, and hence the treatment of the partial exchange and the subsequent withdrawal or surrender. Such a withdrawal or surrender could affect how the partial exchange and the withdrawal or surrender is reported to you and the IRS.

For Other Transfers: Unless it is noted above to hold for a future date, I request the surrendering company to immediately complete the transfer or rollover. Do not withhold any amount for taxes from the proceeds.

SIGNATURES:

Owner's Signature	Date	Joint Owner's Signature	Date
Annuitant's Signature	Date		

FOR HOME OFFICE USE ONLY

NOTICE OF ACCEPTANCE: The Company will accept the assets and credit them to an annuity contract as described above. The Company has received an application from the Owner to establish an annuity contract for this transaction.

Authorized Signature	Title	Date

SETTLEMENT: Please make check payable for the proceeds and mail to:

- ☐ Protective Life Insurance Company
- ☐ Protective Life and Annuity Insurance Company (New York Only)
- ☐ West Coast Life Insurance Company

Mailing Address:	PO Box 10648 Attn: 3-1 Annuity New Business Birmingham, AL 35202-0648	Overnight Address:	2801 Highway 280 South Attn: 3-1 Annuity New Business Birmingham, AL 35223

NAIC Buyer's Guide for Fixed Deferred Annuities

It's important that you understand how annuities can be different from each other so you can choose the type of annuity that's best for you. The purpose of this Buyer's Guide is to help you do that. This Buyer's Guide isn't meant to offer legal, financial, or tax advice. You may want to consult independent advisors that specialize in these areas.

This Buyer's Guide is about fixed deferred annuities in general and some of their most common features. It's not about any particular annuity product. The annuity you select may have unique features this Guide doesn't describe. It's important for you to carefully read the material you're given or ask your annuity salesperson, especially if you're interested in a particular annuity or specific annuity features.

This Buyer's Guide includes questions you should ask the insurance company or the annuity salesperson (the agent, producer, broker, or advisor). Be sure you're satisfied with the answers before you buy an annuity.

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What Is an Annuity?

An annuity is a contract with an insurance company. All annuities have one feature in common, and it makes annuities different from other financial products. ***With an annuity, the insurance company promises to pay you income on a regular basis for a period of time you choose***—including the rest of your life.

When Annuities Start to Make Income Payments

Some annuities begin paying income to you soon after you buy it (an **immediate** annuity). Others begin at some later date you choose (a **deferred** annuity).

How Deferred Annuities Are Alike

There are ways that *most* deferred annuities are alike.

- They have an **accumulation** period and a **payout** period. During the accumulation period, the value of your annuity changes based on the type of annuity. During the payout period, the annuity makes income payments to you.
- They offer a basic death benefit. If you die during the accumulation period, a deferred annuity with a basic death benefit pays some or all of the annuity's value to your survivors (called beneficiaries) either in one payment or multiple payments over time. The amount is usually the greater of the annuity account value or the minimum guaranteed surrender value. If you die after you begin to receive income payments (**annuitize**), your chosen survivors may not receive anything *unless*: 1) your annuity guarantees to pay out at least as much as you paid into the annuity, or 2) you chose a payout option that continues to make payments after your death. For an extra cost, you may be able to choose enhanced death benefits that increase the value of the basic death benefit.
- You usually have to pay a charge (called a **surrender** or **withdrawal charge**) if you take some or all of your money out too early (usually before a set time period ends). Some annuities may not charge if you withdraw small amounts (for example, 10% or less of the account value) each year.
- Any money your annuity earns is **tax deferred.** That means you won't pay income tax on earnings until you take them out of the annuity.
- You can add features (called **riders**) to many annuities, usually at an extra cost.
- An annuity salesperson must be licensed by your state insurance department. A person selling a variable annuity also must be registered with FINRA[1] as a representative of a broker/dealer that's a FINRA member. In some states, the state securities department also must license a person selling a variable annuity.

Sources of Information

Contract: *The legal document between you and the insurance company that binds both of you to the terms of the agreement.*

Disclosure: *A document that describes the key features of your annuity, including what is guaranteed and what isn't, and your annuity's fees and charges. If you buy a variable annuity, you'll receive a prospectus that includes detailed information about investment objectives, risks, charges, and expenses.*

Illustration: *A personalized document that shows how your annuity features might work. Ask what is guaranteed and what isn't and what assumptions were made to create the illustration.*

1. FINRA (Financial Industry Regulatory Authority) regulates the companies and salespeople who sell variable annuities.

- Insurance companies sell annuities. You want to buy from an insurance company that's financially sound. There are various ways you can research an insurance company's financial strength. You can visit the insurance company's website or ask your annuity salesperson for more information. You also can review an insurance company's rating from an independent rating agency. Four main firms currently rate insurance companies. They are A.M. Best Company, Standard and Poor's Corporation, Moody's Investors Service, and Fitch Ratings. Your insurance department may have more information about insurance companies. An easy way to find contact information for your insurance department is to visit *www.naic.org* and click on "**States and Jurisdictions Map**."

- Insurance companies usually pay the annuity salesperson after the sale, but the payment doesn't reduce the amount you pay into the annuity. You can ask your salesperson how they earn money from the sale.

How Deferred Annuities Are Different

There are differences among deferred annuities. Some of the differences are:

- Whether you pay for the annuity with one or more than one payment (called a **premium**).

- The types and amounts of the **fees**, **charges**, and **adjustments**. While almost all annuities have *some* fees and charges that could reduce your account value, the types and amounts can be different among annuities. ***Read the Fees, Charges, and Adjustments section in this Buyer's Guide for more information.***

- Whether the annuity is a **fixed** annuity or a **variable** annuity. How the value of an annuity changes is different depending on whether the annuity is fixed or variable.

  Fixed annuities guarantee your money will earn at least a minimum interest rate. Fixed annuities may earn interest at a rate higher than the minimum but only the minimum rate is guaranteed. The insurance company sets the rates.

  Fixed indexed annuities are a type of fixed annuity that earns interest based on changes in a market index, which measures how the market or part of the market performs. The interest rate is guaranteed to never be less than zero, even if the market goes down.

  Variable annuities earn investment returns based on the performance of the investment portfolios, known as "subaccounts," where you choose to put your money. The return earned in a variable annuity isn't guaranteed. The value of the subaccounts you choose could go up or down. If they go up, you could make money. But, if the value of these subaccounts goes down, you could lose money. Also, income payments to you could be less than you expected.

- Some annuities offer a **premium bonus**, which usually is a lump sum amount the insurance company adds to your annuity when you buy it or when you add money. It's usually a set percentage of the amount you put into the annuity. Other annuities offer an **interest bonus**, which is an amount the insurance company adds to your annuity when you earn interest. It's usually a set percentage of the interest earned. You may not be able to withdraw some or all of your premium bonus for a set period of time. ***Also, you could lose the bonus if you take some or all of the money out of your annuity within a set period of time.***

Value of a Deferred Annuity

How Does the Value of a Deferred Annuity Change?

Fixed Annuities

Money in a fixed deferred annuity earns interest at a rate the insurer sets. The rate is **fixed** (won't change) for some period, usually a year. After that rate period ends, the insurance company will set another fixed interest rate for the next rate period. ***That rate could be higher or lower than the earlier rate.***

Fixed deferred annuities *do* have a guaranteed minimum interest rate—the lowest rate the annuity can earn. It's stated in your contract and disclosure and can't change as long as you own the annuity. Ask about:

- The *initial interest* rate – What is the rate? How long until it will change?
- The *renewal interest* rate – When will it be announced? How will the insurance company tell you what the new rate will be?

Fixed Indexed Annuities

Money in a fixed indexed annuity earns interest based on changes in an index. Some indexes are measures of how the overall financial markets perform (such as the S&P 500 Index or Dow Jones Industrial Average) during a set period of time (called the **index term**). Others measure how a specific financial market performs (such as the Nasdaq) during the term. The insurance company uses a formula to determine how a change in the index affects the amount of interest to add to your annuity at the *end of each index term*. Once interest is added to your annuity for an index term, those earnings usually are locked in and changes in the index in the next index term don't affect them. If you take money from an indexed annuity before an index term ends, ***the annuity may not add all of the index-linked interest for that term to your account.***

Insurance companies use different formulas to calculate the interest to add to your annuity. They look at changes in the index over a period of time. See the box "*Fixed Deferred Indexed Formulas*" that describes how changes in an index are used to calculate interest.

The formulas insurance companies use often mean that interest added to your annuity is based on only *part* of a change in an index over a set period of time. **Participation rates, cap rates,** and **spread rates** (sometimes called margin or asset fees) all are terms that describe ways the amount of interest added to your annuity may not reflect the full change in the index. But ***if the index goes down over that period, zero interest is added to your annuity.*** Then your annuity value won't go down as long as you don't withdraw the money.

Fixed Deferred Indexed Formulas

Annual Point-to-Point – *Change in index calculated using two dates one year apart.*

Multi-Year Point-to-Point – *Change in index calculated using two dates more than one year apart.*

Monthly or Daily Averaging – *Change in index calculated using multiple dates (one day of every month for monthly averaging, every day the market is open for daily averaging). The average of these values is compared with the index value at the start of the index term.*

Monthly Point-to-Point – *Change in index calculated for each month during the index term. Each monthly change is limited to the "cap rate" for positive changes, but not when the change is negative. At the end of the index term, all monthly changes (positive and negative) are added. If the result is positive, interest is added to the annuity. If the result is negative or zero, no interest (0%) is added.*

When you buy an indexed annuity, you aren't investing directly in the market or the index. Some indexed annuities offer you more than one index choice. Many indexed annuities also offer the choice to put part of your money in a fixed interest rate account, with a rate that won't change for a set period.

What Other Information Should You Consider?

Fees, Charges, and Adjustments

Fees and charges reduce the value of your annuity. They help cover the insurer's costs to sell and manage the annuity and pay benefits. The insurer may subtract these costs directly from your annuity's value. Most annuities have fees and charges but they can be different for different annuities. Read the contract and disclosure or prospectus carefully and ask the annuity salesperson to describe these costs.

A **surrender** or **withdrawal charge** is a charge if you take part or all of the money out of your annuity during a set period of time. The charge is a percentage of the amount you take out of the annuity. The percentage usually goes down each year until the surrender charge period ends. Look at the contract and the disclosure or prospectus for details about the charge. Also look for any waivers for events (such as a death) or the right to take out a small amount (usually up to 10%) each year without paying the charge. If you take all of your money out of an annuity, you've surrendered it and no longer have any right to future income payments.

How Insurers Determine Indexed Interest

Participation Rate – *Determines how much of the increase in the index is used to calculate index-linked interest. A participation rate usually is for a set period. The period can be from one year to the entire term. Some companies guarantee the rate can never be lower (higher) than a set minimum (maximum). Participation rates are often less than 100%, particularly when there's no cap rate.*

Cap Rate – *Typically, the maximum rate of interest the annuity will earn during the index term. Some annuities guarantee that the cap rate will never be lower (higher) than a set minimum (maximum). Companies often use a cap rate, especially if the participation rate is 100%.*

Spread Rate – *A set percentage the insurer subtracts from any change in the index. Also called a "margin or asset fee." Companies may use this instead of or in addition to a participation or cap rate.*

Some annuities have a **Market Value Adjustment (MVA).** An MVA could increase or decrease your annuity's account value, cash surrender value, and/or death benefit value if you withdraw money from your account. In general, if interest rates are ***lower*** when you withdraw money than they were when you bought the annuity, the MVA could ***increase*** the amount you could take from your annuity. If interest rates are ***higher*** than when you bought the annuity, the MVA could ***reduce*** the amount you could take from your annuity. Every MVA calculation is different. Check your contract and disclosure or prospectus for details.

How Annuities Make Payments

Annuitize

At some future time, you can choose to **annuitize** your annuity and start to receive guaranteed fixed income payments for life or a period of time you choose. After payments begin, you can't take any other money out of the annuity. You also usually can't change the amount of your payments. For more information, see *"Payout Options"* in this Buyer's Guide. If you die before the payment period ends, your survivors may not receive any payments, depending on the payout option you choose.

Full Withdrawal

You can withdraw the cash surrender value of the annuity in a lump sum payment and end your annuity. *You'll likely pay a charge to do this if it's during the surrender charge period.* If you withdraw your annuity's cash surrender value, your annuity is cancelled. Once that happens, you can't start or continue to receive regular income payments from the annuity.

Partial Withdrawal

You may be able to withdraw *some* of the money from the annuity's cash surrender value without ending the annuity. Most annuities with surrender charges let you take out a certain amount (usually up to 10%) each year without paying surrender charges on that amount. Check your contract and disclosure or prospectus. Ask your annuity salesperson about other ways you can take money from the annuity without paying charges.

Living Benefits for Fixed Annuities

Some fixed annuities, especially fixed indexed annuities, offer a **guaranteed living benefits** rider, usually at an extra cost. A common type is called a guaranteed lifetime withdrawal benefit that guarantees to make income payments you can't outlive. While you get payments, the money still in your annuity continues to earn interest. You can choose to stop and restart the payments or you might be able to take extra money from your annuity. Even if the payments reduce the annuity's value to zero at some point, you'll continue to get payments for the rest of your life. If you die while receiving payments, your survivors may get some or all of the money left in your annuity.

How Annuities Are Taxed

Ask a tax professional about your individual situation. The information below is general and should not be considered tax advice.

Current federal law gives annuities special tax treatment. Income tax on annuities is deferred. That means you aren't taxed on any interest or investment returns while your money is in the annuity. This isn't the same as tax-free. You'll pay ordinary income tax when you take a withdrawal, receive an income stream, or receive each annuity payment. When you die, your survivors will typically owe income taxes on any death benefit they receive from an annuity.

There are other ways to save that offer tax advantages, including Individual Retirement Accounts (IRAs). You can buy an annuity to fund an IRA, ***but you also can fund your IRA other ways and get the same tax advantages.*** When you take a withdrawal or receive payments, you'll pay ordinary income tax on all of the money you receive (not just the interest or the investment return). You also may have to pay a 10% tax penalty if you withdraw money before you're age 59½.

Annuity Fees and Charges

Contract fee – *A flat dollar amount or percentage charged once or annually.*

Percentage of purchase payment – *A front-end sales load or other charge deducted from each premium paid. The percentage may vary over time.*

Premium tax – *A tax some states charge on annuities. The insurer may subtract the amount of the tax when you pay your premium, when you withdraw your contract value, when you start to receive income payments, or when it pays a death benefit to your beneficiary.*

Transaction fee – *A charge for certain transactions, such as transfers or withdrawals.*

Payout Options

You'll have a choice about how to receive income payments. These choices usually include:

- *For your lifetime*
- *For the longer of your lifetime or your spouse's lifetime*
- *For a set time period*
- *For the longer of your lifetime or a set time period*

Finding an Annuity That's Right for You

An annuity salesperson who suggests an annuity must choose one that they think is right for you, based on information from you. They need complete information about your life and financial situation to make a suitable recommendation. Expect a salesperson to ask about your age; your financial situation (assets, debts, income, tax status, how you plan to pay for the annuity); your tolerance for risk; your financial objectives and experience; your family circumstances; and how you plan to use the annuity. If you aren't comfortable with the annuity, ask your annuity salesperson to explain why they recommended it. Don't buy an annuity you don't understand or that doesn't seem right for you.

Within each annuity, the insurer ***may*** guarantee some values but not others. Some guarantees may be only for a year or less while others could be longer. Ask about risks and decide if you can accept them. For example, it's possible you won't get all of your money back ***or*** the return on your annuity may be lower than you expected. It's also possible you won't be able to withdraw money you need from your annuity without paying fees ***or*** the annuity payments may not be as much as you need to reach your goals. These risks vary with the type of annuity you buy. All product guarantees depend on the insurance company's financial strength and claims-paying ability.

Questions You Should Ask

- Do I understand the risks of an annuity? Am I comfortable with them?
- How will this annuity help me meet my overall financial objectives and time horizon?
- Will I use the annuity for a long-term goal such as retirement? If so, how could I achieve that goal if the income from the annuity isn't as much as I expected it to be?
- What features and benefits in the annuity, other than tax deferral, make it appropriate for me?
- Does my annuity offer a guaranteed minimum interest rate? If so, what is it?
- If the annuity includes riders, do I understand how they work?
- Am I taking full advantage of all of my other tax-deferred opportunities, such as 401(k)s, 403(b)s, and IRAs?
- Do I understand all of the annuity's fees, charges, and adjustments?
- Is there a limit on how much I can take out of my annuity each year without paying a surrender charge? Is there a limit on the ***total*** amount I can withdraw during the surrender charge period?
- Do I intend to keep my money in the annuity long enough to avoid paying any surrender charges?
- Have I consulted a tax advisor and/or considered how buying an annuity will affect my tax liability?
- How do I make sure my chosen survivors (beneficiaries) will receive any payment from my annuity if I die?

If you don't know the answers or have other questions, ask your annuity salesperson for help.

When You Receive Your Annuity Contract

When you receive your annuity contract, carefully review it. Be sure it matches your understanding. Also, read the disclosure or prospectus and other materials from the insurance company. Ask your annuity salesperson to explain anything you don't understand. In many states, a law gives you a set number of days (usually 10 to 30 days) to change your mind about buying an annuity after you receive it. This often is called a **free look** or **right to return** period. Your contract and disclosure or prospectus should prominently state your free look period. If you decide during that time that you don't want the annuity, you can contact the insurance company and return the contract. Depending on the state, you'll either get back all of your money or your current account value.

Life and Annuity Division

Protective Life Insurance Company[1]
West Coast Life Insurance Company[1]
Protective Life and Annuity Insurance Company
Post Office Box 1928 / Birmingham, AL 35201-1928
Toll Free: 800-456-6330 / Fax: 205-268-6479

Pre-Determined Death Benefit Payout Election Form

Owner's Name: ______________________________ Contract Number: ________________

This election is made at the Owner's request. The company reserves the right to modify or disregard an election if necessary to comply with applicable laws and regulations in effect at the time of the Owner's death (or the Annuitant's death if there is a non-natural Owner). After we receive and acknowledge this form, a copy will be returned for the Owner's records. (Other options may be available. Contact us for special cases.)

1. Name of Beneficiary to whom this election applies. NOTE: This form does not change your current Beneficiary designation. The name below must match a Beneficiary designation or this election will have no legal effect.

   Beneficiary Name: ______________________ Date of Birth: ____________________

   Address & Telephone No: ____

   Relationship: ________________ Percentage: ________ Social Security No: ________________

   Beneficiary Type: ☐ Primary ☐ Contingent

2. The Beneficiary named may take up to ______% as a lump sum withdrawal immediately upon proof of death. (Whole percentages only) The balance will be paid as designated below.

3. Apply this option to the remaining portion of the death benefit payable to the Beneficiary named above:

   ☐ Payments guaranteed for ______ years. (5 - 30 years)*

   ☐ Payments for a Fixed Amount $ _________. (Fixed amount payments may not be made for less than 5 years or more than 30 years.* The Company reserves the right to adjust the payment amount to meet these restrictions.)

   ☐ Payments for the Beneficiary's lifetime.

   ☐ Life with Cash Refund *(not available with Single Premium Whole Life products)*

   ☐ Life with Installment Refund *(not available with Single Premium Whole Life products)*

   ☐ Payments for the Beneficiary's lifetime and guaranteed for ______ years. (5 - 30 years)*

4. Payment Mode (Please select one): ☐ Monthly ☐ Semi-Annually ☐ Quarterly ☐ Annually

   * Payout period may not exceed the Beneficiary's life expectancy. If the selected payout period exceeds the Beneficiary's life expectancy, we will adjust the payout period to the longest allowable period. *(If monthly payments are less than $50, payments may be made quarterly, semi-annually or annually at the Company's option.)*

SIGNATURES: I / We request and authorize the Company to act on this election. I understand that neither the Beneficiary nor the Company can modify this election except the Company may modify or disregard this election if necessary to comply with any applicable law or regulation in effect at the time of Owner's death.

Owner's Signature	Date	Spouse or Joint Owner's Signature	Date
Registrar	Date Recorded		

SIGNATURES: I / We hereby cancel the election with respect to the Beneficiary named above. I / We understand this cancellation removes any pre-determined death benefit payout option election made for this Beneficiary prior to the date entered next to my / our signature below and that a new election may now be made on a new form.

Owner's Signature	Date	Spouse or Joint Owner's Signature	Date
Registrar	Date Recorded		

[1] Not authorized in New York.

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Taxpayer Identification Number and Certification

Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification; check only **one** of the following seven boxes:

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _______

Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.

☐ Other ▶

Exemptions (codes apply only to certain entitles, not individuals):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _______________

(Applies to accounts maintained outside the U.S.)

Address (number, street, and apt, or suite no.)

Requester's name and address (optional)

City, State, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions of the W-9 instructions at website listed below. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on the W-9 instructions at website listed below.

Note. If the account is in more than one name, please refer to the W-9 instructions for guidelines on whose number to enter. Also, see *What Name and Number to Give the Requester* for guidelines on whose number to enter.

Social security number

☐☐☐ - ☐☐ - ☐☐☐☐

Employer identification number

☐☐ - ☐☐☐☐☐☐☐

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or) I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person , and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN.

Sign Here	Signature of U.S. person ▶	Date ▶

IMPORTANT – if any part of the payment made to you could be subject to backup withholding and we do not receive this completed form, we will do backup withholding of 24% on those amounts.

IRS W-9 form instructions can be used for clarification in completing this form. See www.irs.gov/pub/irs-pdf/fw9.pdf