

**Protective
Survivor Select
ULSM III
Product Guide**



Protective 
Life Insurance Company
Doing the right thing is smart business.®



Make Life Insurance Part of Your Financial Plan

It's hard for most of us to find the time today to do the sort of planning that's really needed to ensure long-term financial security. Tending to the concerns of the moment and the issues of the day understandably takes precedence. Without careful planning, it's simply impossible to adequately prepare for our most important long-term objectives.

In going about your long-term planning, you should ask yourself some critical questions about how your absence would impact those most important to you. Would their long-term financial security be jeopardized in the event of your death? Could their plans, and your own, still be realized?

Life insurance can provide unique solutions by ensuring that funds are available to help fulfill your dreams, even after you're gone.

Universal Life Insurance

Universal life insurance is a versatile type of life insurance designed to help solve a variety of long-term needs. Its flexible features can be useful for many different financial planning purposes. With careful planning and expert financial advice, you may find that universal life insurance can help you address both immediate and long-term financial protection and security needs.

Features of universal life insurance policies include flexible premium payments, adjustable death benefit coverage, proceeds payable directly to your named beneficiaries, tax-deferred growth on policy values, and access to policy values through policy loans and withdrawals.¹

¹ The tax treatment of life insurance is subject to change. Neither Protective Life nor its representatives offer legal or tax advice. Individuals should consult their attorney or tax adviser regarding their individual situation.

You've spent years building your life, working hard, and carefully securing your financial future. *Protective Survivor Select ULSM III* can help provide financial protection for your beneficiaries for both personal and business purposes. *Protective Survivor Select ULSM III* is a second-to-die universal life insurance policy, insuring two lives under one policy, with the death benefit payable to the designated beneficiary following the surviving insured's death.

With so many types of life insurance policies available, it is important to consult with your financial adviser about any potential life insurance purchase, to ensure that you're choosing a policy that best meets your needs.

Consider *Protective Survivor Select ULSM III* to help secure the financial needs of those you love.¹

- **Estate planning:** Death benefits can provide funds for estate taxes and other liabilities, and may help your beneficiaries avoid the sale of a home or business in order to meet those obligations.
- **Asset accumulation:** The tax-deferred accumulation potential of universal life insurance can be a major advantage when compared to traditional taxable investments, which require you to pay income taxes on the growth of your money each year.
- **Wealth preservation:** A properly structured life insurance policy may provide a benefit that can help secure your assets to help pass as much inheritance to your loved ones as possible.
- **Business protection and continuation:** A "buy/sell" agreement, funded with life insurance proceeds, can be a powerful tool to ensure business continuity.

Not a Deposit	Not Insured By Any Federal Government Agency	
No Bank Guarantee	Not FDIC Insured	May Lose Value

Although recent legislation temporarily increased the amount excluded from estate taxes¹, in 2011 and thereafter these improvements are repealed. By then, inflation may have made the same assets you own today much more valuable. As a result, planning ahead still seems to be the best strategy to help manage the burden of these taxes at death.

Protective Survivor Select ULSM III is a universal life insurance policy that provides death benefit proceeds precisely when you and your spouse need them — for protecting inheritance gifts. A properly structured life insurance plan can help provide the cash needed to assist in paying estate taxes so more of your estate can pass intact to your intended beneficiaries.

With the Estate Tax Repeal Endorsement, Protective Life will waive surrender charges on *Protective Survivor Select ULSM III* policies surrendered within 90 days of either a minimum 3-year extension of the current estate tax repeal or a permanent estate tax repeal, provided that any such repeal takes place before December 31, 2010.²

Another special product feature offered by *Protective Survivor Select ULSM III* is the Estate Protection Endorsement. This rider provides a level term benefit amount of 122% of the initial face amount of the base plan in the event of the last death of the insureds within 4 years of the policy issue date. The Estate Protection Endorsement is automatically included at no additional cost.³

Primarily designed for estate planning, the *Protective Survivor Select ULSM III* also works well for wealth preservation, probate avoidance, and in the business market for some business continuation planning situations.

- 1) The tax treatment of life insurance is subject to change. Individuals should consult their legal or tax adviser before making any decisions.
- 2) This endorsement may not be available in all states, including Massachusetts.
- 3) Benefit provided up to age 75 if neither insured is rated above Table 4. Insured may choose to opt out of endorsement. Not available in all states.
- 4) In order for the lapse protection to be in force, accumulated premiums paid (*less loans and withdrawals*) must be equivalent to or greater than the accumulated minimum monthly guaranteed premium. If only the minimum monthly guaranteed premium is paid, there may be little or no surrender value upon maturity. Subject to a 2-year contestable and suicide period.

Policy Flexibility

Flexible Underwriting

In most cases individuals can be covered even if one has developed certain health problems, or in some cases, is even uninsurable. And for those in good health, it is possible you may qualify for the competitive rates in the “Preferred” underwriting category.

Lifetime Lapse Protection

This built-in lapse protection provision can guarantee death benefit coverage up to age 120 of the younger insured provided the minimum premium requirements are met (*net of loans and withdrawals*) to keep the policy in force.⁴ The minimum lapse protection period will vary according to the age, gender, and underwriting class (*health status*) of the proposed insureds.

Catch-up Provision

If your situation alters or you fall behind on premium payments, you can catch-up the lapse protection by paying any missed premiums plus interest (*subject to the premium requirements of the lapse protection provision*). The catch-up provision is available as long as the policy is still in-force (*or in the 61-day Grace Period*).

Premium Flexibility

Premium payments can be increased, decreased, or even skipped, depending on such factors as the amount of premium you have paid into the policy, the policy value, any loans or withdrawals, and the current interest rate.

Death Benefit Coverage Changes

The death benefit amount may be adjusted, within the plan limits, without having to buy a new, separate policy. This can reduce costs and simplify the process of changing your coverage. You retain the lapse protection at the higher coverage level simply by paying the additional premium required to keep the guarantee.



Death Benefit Coverage

Protective Survivor Select ULSM III may help protect your loved ones through its death benefit. Life insurance death benefits are generally income-tax free, making life insurance policies an effective and efficient means to protect the lives you love. Any benefits payable at death are transferred directly to your named beneficiaries. Please note that estate taxes may apply.

Affordable Coverage

Coverage is based on two lives, but under one policy, so premiums are generally lower than if two separate policies were purchased.

Non-taxable Death Benefit Proceeds

Among the many advantages of life insurance is that death benefits are generally received free of federal and state income taxes by the beneficiaries. With careful planning and structuring, estate taxes may also be reduced or eliminated.¹

Death Benefit Proceeds Direct to Beneficiaries

You can designate that the death benefit proceeds be paid directly to your beneficiaries. The death benefit is transferred directly to the named beneficiaries, avoiding the cost, delay, and publicity of probate. Most states have enacted laws that make life insurance safe from creditors.

Product Specifications

Availability ▼

Protective Survivor Select ULSM III may not be available in all states. Please check with your adviser for availability in your state. Protective Survivor Select ULSM III is not available in NY.

Issue Ages and Underwriting Rate Classes ▼

18 – 85 (Preferred); 0 – 85 (Non-Tobacco)

15 – 85 (Tobacco)

Please note: At least one proposed insured must be age 20 or greater.

Minimum Face Amount ▼

\$250,000 (all classes)

Premium Payments ▼

You may specify the amount of your premium payment(s). Premium payments are subject to minimum payment amounts specified in the policy and maximums defined by the Internal Revenue Code. Quarterly, semi-annual, or annual payment modes are available. For monthly pre-authorized checking (PAC) via automatic bank draft, the minimum payment that will be accepted is \$10.

Access to Policy Values

Tax-deferred growth ▼

A portion of each premium payment goes into the “policy value” which is the part of the policy that earns interest. This interest accumulates on a tax-deferred basis.

Access to policy value ▼

Cash surrender value can provide a source of funds for the policy owner through loans with low interest rate spreads and/or a partial surrender. Either choice will affect the death benefit amount, lapse protection, policy value, and taxation. Individuals should consult their attorney or tax adviser regarding their individual situation.

Withdrawals

Withdrawals are available after the first policy year. They are subject to a withdrawal charge of \$25. Withdrawals may reduce the face amount. A partial surrender may not reduce the face amount less than the minimum face amount. A partial surrender will reduce the total paid premium amount used to test for the minimum monthly premium required for the lapse protection provision.

Loan Details

Loan interest rate charges in years 1 through 10 of the policy. In policy years 11 and thereafter, there will be a zero (0.0%) percent net interest rate charge. Loans and/or withdrawals may negatively impact policy performance, the death benefit, and any lapse protection.

¹ The tax treatment of life insurance is subject to change. Neither Protective Life nor its representatives offer legal or tax advice. Individuals should consult their attorney or tax adviser regarding their individual situation.



Special Product Features

Estate Protection Endorsement (Form L601) ▼

This rider provides a level term benefit amount of 122% of the initial face amount of the base plan in the event of the last death of the insureds within 4 years of the policy issue date. The Estate Protection Endorsement is automatically included at no additional cost.¹

Estate Tax Repeal Endorsement (Form L605) ▼

Protective Life will waive surrender charges on *Protective Survivor Select ULSM III* policies surrendered within 90 days of either a minimum 3-year extension of the current estate tax repeal or a permanent estate tax repeal, provided that any such repeal takes place before December 31, 2010.²

Policy Split Option (Form L587) ▼

Certain unforeseeable events may cause you to no longer need a last survivor policy. If any of these situations arise (*divorce, certain changes in estate tax laws, or business dissolution between insureds*), the Policy Split Option provides you with the opportunity to divide the *Protective Survivor Select ULSM III* policy into two individual Protective Life UL, VUL, or term policies. This may result in higher premium payments and is subject to underwriting.

- 1) Benefit provided up to age 75 if neither insured is rated above Table 4. Insured may choose to opt out of endorsement. Not available in all states.
- 2) This endorsement may not be available in all states, including Massachusetts.
- 3) State variations may apply. Not available in all states, including New York and Massachusetts.

Terminal Illness/Accelerated Death Benefit³ (Form L584) ▼

A portion of the death benefit can be accessed if the insured has a qualifying terminal illness and meets certain terms and conditions within this benefit. The early payment of a portion of the policy provides funds to help cope with the financial costs that may be associated with a terminal illness. While there is no cost or premium charge for this benefit, the death benefit will be reduced by the amount of benefit paid plus accumulated interest.

Staying Informed About Your Policy

What will I see in the policy form? ▼

The policy form will provide basic information about the policy and endorsements that govern all benefits provided. The policy form will provide basic policy information in relation to premium payments, the minimum monthly premium test, the table of guaranteed values, the guaranteed interest rate, and other provisions and charges contained in the policy.

How will I know if my policy is performing? ▼

After each policy anniversary, a personalized annual report will be sent to the policy owner. The report will show premium payments, interest credits, cost of insurance charges, and expense charges since the last policy anniversary. It will also show loans, partial surrenders, surrender value, and policy value as of the anniversary date.

What does “lapse protection” mean?

The lapse protection provision guarantees that the policy will remain in force for a specified period of time or up to the lifetime of the surviving insured, regardless of policy value (*subject to the requirements explained below*). As long as you pay a premium sufficient (*net of any loans and withdrawals*)¹ to satisfy the required accumulated Minimum Monthly Premium, the policy will not lapse even if the cash value of the policy is zero.

How is Lapse Protection determined?

Protective Life performs a Minimum Monthly Premium Test on the Monthly Anniversary Date for each *Protective Survivor Select ULSM III* policy and compares the results to the actual premiums received (*net of any loans and withdrawals*) to check for lapse protection.

What is the Minimum Monthly Premium Test?

This test is used to determine the status and availability of the lapse protection provision. When the results of the test conclude that the required accumulated Minimum Monthly Premium for that month has been met, the policy qualifies for guaranteed coverage under the lapse protection provision and will not lapse, even if the cash value of the policy is zero.

This test is performed each month regardless of whether the policy passed or failed the test in prior months. The monthly test is for internal testing purposes only and has no bearing on the policy value or cash value accumulation.

How is the required Minimum Monthly Premium calculated?

The calculation used to determine the required Minimum Monthly Premium needed to maintain lapse protection is comprised of three components: (1) the Minimum Monthly Premium; (2) the Annual Threshold Value; and (3) the interest rate factor listed on page 3C in your policy contract.

1) In order for the lapse protection to be in force, accumulated premiums paid (*less loans and withdrawals*) must be equivalent to or greater than the accumulated minimum monthly guaranteed premium. If only the minimum monthly guaranteed premium is paid, there may be little or no surrender value upon maturity. This policy is subject to a two-year contestable and suicide period.

How does Protective Life determine if the policy qualifies for lapse protection?

Each month, as a part of Protective Life’s normal monthly processing, we perform the Minimum Monthly Premium test to each *Protective Survivor Select ULSM III* policy. A comparison of the following calculations (A and B) is used to determine the status of the guaranteed lapse protection provision:

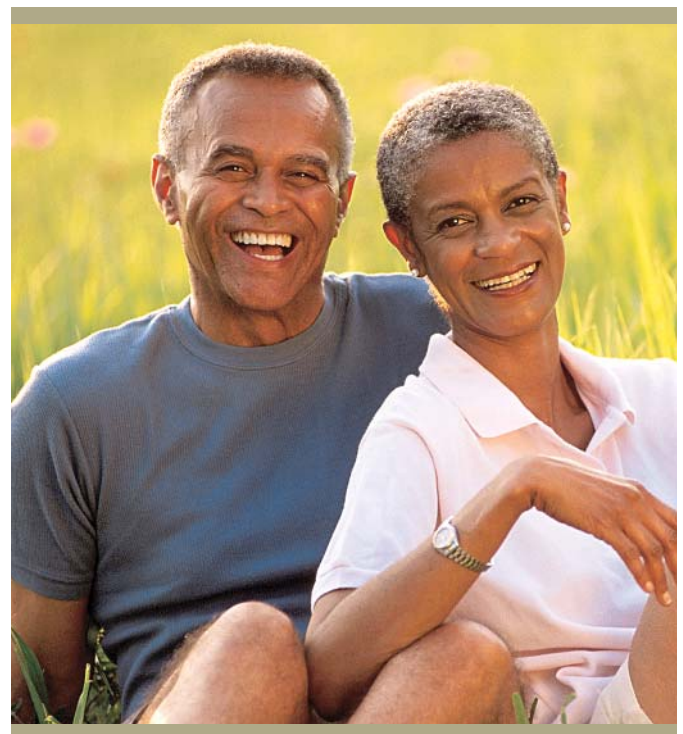
- (A) the cumulative premium payments received (*net of loans and withdrawals*) plus interest credited (*factor listed on page 3C of the policy contract*)
- (B) the required accumulated Minimum Monthly Premium

As long as (A) equals or exceeds (B), the policy will qualify for lapse protection. This means for that month, your policy is guaranteed not to lapse, even if the cash value is zero.

What happens if the policy fails the test in a given month?

If the policy has sufficient cash value for monthly deductions, it will continue in force just like any other universal life policy.

If your cumulative premiums (A) are less than the policy’s required Minimum Monthly Premium (B), the policy will not have lapse protection for that month, and if policy cash values are insufficient to cover current monthly deductions, the policy will enter the grace period (*i.e. pre-lapse*).



Why is the timing of premium payments so important?

The Minimum Monthly Premium test uses an interest factor when determining the required premium to maintain lapse protection. If the premium is not received by the Monthly Anniversary Date of the Minimum Monthly Premium test [calculation (A)], the interest that would have been earned for that month is lost, and the lapse protection may terminate earlier than originally illustrated. For this reason, it is extremely important that all planned premiums are paid in full on or before the policy date. Therefore, Monthly Pre-authorized Checking (PAC) bank draft dates are limited to a date on or before the monthly policy effective date.

Can I “catch up” premiums needed for lapse protection?

Yes. If your policy fails to meet the lapse protection test, premiums can be paid to “catch-up” the required Minimum Monthly Premium. You have the option to “catch-up” premiums anytime during the life of the policy. The “catch-up” premium amount will include back premiums and interest in order to meet the Minimum Monthly Premium test. The lapse protection would then continue as long as future Minimum Monthly Premium tests are met. If a payment is late or skipped, Protective Life can determine the effect, if any, to the lapse protection duration of the contract and calculate the “catch-up” premium amount if needed.

What if I do not want lifetime lapse protection?

You can elect any length of lapse protection duration as long as it meets the minimum policy requirements based on both insureds’ age, gender, and underwriting class (health status).

Can I adjust the face amount and still have lapse protection?

Yes. However, changes to the face amount result in a change to the Minimum Monthly Premium required to keep the lapse protection. If the death benefit is increased, subject to underwriting, the lapse protection provision can continue at the higher coverage level simply by paying the new required Minimum Monthly Premium.

Does Protective Survivor Select ULSM III have cash values? If so, can I take withdrawals or borrow against the policy?

Yes. A portion of each premium payment goes into the “policy value” which is the part of the base policy that earns interest. Cash values accumulate on a tax-deferred basis, and the policy surrender value is available for partial surrenders or loans when the policy has a positive cash surrender value. Neither the policy value nor cash value has an impact on the Minimum Monthly Premium Provision.

Are riders included in the lapse protection guarantee?

Riders are not covered by the lapse protection guarantee. If the policy is being kept in force under the lapse protection provision, all riders immediately terminate.

At what age does the policy mature?

The policy matures at age 120 of the younger insured. There are zero costs at the younger insureds’ attained age 100 and thereafter for cost of insurance (COIs), monthly administration fee, and base policy ratings.

If my policy is in force under the lapse protection provision at age 100, what is the death benefit?

The initial death benefit will be maintained to the maturity age of 120 of the younger insured in accordance with the contract.



About Protective Life

Protective Life Insurance Company was established on a profound belief in the American dream. Since 1907, Protective Life Insurance Company has remained true to its core beliefs: quality, serving people, and growth. This unwavering commitment to treating people the way we would like to be treated has been rewarded with stable, long-term relationships, and growth. Today, Protective Life is one of the nation's leading insurance companies, proving the wisdom of our Company's vision: *Doing the right thing is smart business.*[®]

Protective Life Insurance Company has more than \$150 billion of coverage in force to date* and has insurer financial strength ratings** of:

- A+ (Superior, 2nd highest of 15 ratings) from A.M. Best
- AA (Very Strong, 3rd highest of 21 ratings) from Standard & Poor's
- AA- (Very Strong, 4th highest of 22 ratings) from Fitch
- Aa3 (Excellent, 4th highest of 21 ratings) from Moody's Investors Service

Each of these independent rating agencies has assigned its rating based on a variety of factors including Protective Life Insurance Company's operating performance, asset quality, financial flexibility, and capitalization.

Protective Life Insurance Company is also a member of the Insurance Marketplace Standards Association (IMSA) and has adopted its Principles of Ethical Market Conduct. IMSA is a voluntary membership organization created by life insurance chief executives to establish a uniform set of standards against which companies can verify that they have appropriate market conduct policies and procedures in place for their individual life and annuity products. Its central goal is to maintain high standards of ethical company behavior in the life insurance marketplace.

* As of 12/31/04

** These ratings are current as of October 2005. For more current information, please visit www.protective.com.



Policy form UL-12, and state variations thereof, are flexible premium second-to-die universal life insurance policies. Product features and availability may vary by state. Subject to underwriting. Consult policy for benefits, riders, limitations, and exclusions. Subject to a 2 year contestable and suicide period. Benefits adjusted for misstatements of age or gender. Protective Life does not render legal or tax advice. Information in this summary is based on current tax laws that are subject to change. May not be available in all states. Guarantees are subject to the claims paying ability of Protective Life Insurance Company.

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