



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
INVESTMENT MANAGEMENT

October 14, 2022

VIA ELECTRONIC MAIL

RESPONSE OF CHIEF ACCOUNTANT'S OFFICE
DIVISION OF INVESTMENT MANAGEMENT

Stephen E. Roth
Eversheds Sutherland (US) LLP
Email: steveroth@eversheds-sutherland.com

Re: Protective Life Insurance Company and Protective Life and Annuity Insurance Company

By letter dated October 14, 2022, you request permission under Regulation S-X §3-13 (“Rule 3-13”) for Protective Life Insurance Company (“Protective Life”) and Protective Life and Annuity Insurance Company (“PLAIC,” together with Protective Life, the “Companies” and each a “Company”) to file audited financial statements prepared in accordance with statutory accounting principles¹ (“SAP”), in place of financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), in registration statements on Form S-1 filed in the future for certain contracts in satisfaction of the financial information required by Form S-1, including the requirements of Items 11(e), 11(g), and 16(b) of Form S-1, as described in your letter. These contracts are indexed-linked annuity contracts that the Companies currently issue or may issue in the future and modified guaranteed annuity contracts with market value adjustment features that the Companies may issue in the future (together, the “Contracts”).

¹ You note that these principles are those that are prescribed or permitted by each Company’s domiciliary state regulator.

Background

The Companies

You state that Protective Life is a stock life insurance company domiciled in Tennessee and subject to regulation by the Tennessee Department of Commerce & Insurance. You further state that Protective Life currently prepares GAAP financial statements in connection with the currently effective Form S-1 registration statements for the Contracts, but does not prepare GAAP financial statements for any other purpose. You state that if the requested permission is granted, Protective Life intends to include SAP financial statements in the registration statements for its variable annuities and its variable life insurance policies.

You state that PLAIC is an insurance company domiciled in Alabama and subject to regulation by the Alabama Department of Insurance. You also state that PLAIC is a direct wholly-owned subsidiary of Protective Life. You further state that PLAIC currently does not have any Contracts registered on Form S-1 or Form S-3, is not required to file periodic reports under the Securities Exchange Act of 1934 (“Exchange Act”), and does not currently prepare GAAP financial statements. You state that PLAIC currently includes SAP financial statements in the registration statements for its variable annuities and its variable life insurance policies.

You state that Protective Life is directly wholly-owned by Protective Life Corporation (“PLC”), a U.S. insurance holding company, which in turn is a direct wholly-owned subsidiary of Dai-ichi Life Holdings, Inc. (“Dai-ichi”). You further state that although PLC is a private company and is not required by the federal securities laws to prepare GAAP financial statements, PLC prepares consolidated GAAP financial statements that PLC makes available to Dai-ichi.²

You state that Protective Life relies upon, and PLAIC will be eligible for and will rely upon, the exemption from filing periodic reports required by the Exchange Act provided by rule 12h-7 under the Exchange Act, and each Company will comply with the conditions of the rule so long as each Company relies on the requested permission.³ In this regard, you note that (1) each

² In this regard, you state that PLC does not require the Companies to provide GAAP financial statements or to prepare a GAAP reporting package or partial GAAP financial statements in connection with PLC’s consolidated GAAP financial statements. You note that PLC’s business is organized and managed by operating segments, and that PLC does not maintain a separate consolidated GAAP general ledger for its direct or indirect subsidiaries, including the Companies.

³ Rule 12h-7 exempts insurance companies from filing Exchange Act reports with respect to certain specified

Company is subject to supervision by the insurance regulator of its domiciliary state; (2) Protective Life files a statement of its annual condition with, and is supervised by and has its financial condition periodically examined by, the Tennessee Department of Commerce & Insurance, and (3) PLAIC files a statement of its annual condition with, and is supervised by and has its financial condition periodically examined by, the Alabama Department of Insurance.⁴

The Contracts

You state that the Contracts are standalone registered index-linked annuity contracts, combination annuity contracts that offer variable investment options as well as registered index-linked investment options (together, “RILA Contracts”), or modified guaranteed annuity contracts with market value adjustment features (“MVA Contracts”) that the Companies now offer or may offer in the future.

RILA Contracts. You state that the RILA Contracts provide returns associated with the performance of one or more market indexes or benchmarks, while providing some protection against negative market performance.⁵ The RILA Contracts may also have a market value adjustment feature that applies an adjustment to Contract value based on changes in prevailing interest rates upon surrender of the Contract or withdrawal during a term.⁶

MVA Contracts. You state that the MVA Contracts will be fixed deferred annuity contracts with market value adjustment features. You further state that these Contracts will guarantee a fixed

types of securities that are subject to state insurance regulation and are registered under the Securities Act if certain other conditions are satisfied. 17 CFR 240.12h-7.

⁴ Rule 12h-7(a) and (c) specify that an issuer qualifying under the rule is a corporation subject to the supervision of the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any State (as defined in the Exchange Act); and files an annual statement of its financial condition with, and is supervised and its financial condition examined periodically by, the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of the issuer's domiciliary State.

⁵ You state that these protection features include “floors” that establish the maximum negative market performance to which the Contract owner will be exposed in a specified period, or a “buffer” that establishes how much negative market performance the Company will absorb before the negative performance is applied to the Contract at the end of a stated term. You further state that each protection feature may have a corresponding “cap” that establishes the maximum positive market performance that may be credited to the Contract at the end of the stated term.

⁶ You state that proceeds payable to a Contract owner who withdraws Contract value or surrenders the Contract before the end of the stated term will reflect an adjustment made according to a prescribed formula and may also reflect a market value adjustment.

rate of interest on amounts that remain invested for a specified period or term. You also state that proceeds payable to a Contract owner who withdraws Contract value or surrenders the Contract before the end of the stated term would reflect a market value adjustment, which could be positive or negative depending on how prevailing interest rates have changed.

You state that (1) the Contracts do not and will not constitute an equity interest in the issuing Companies and will be subject to regulation under the insurance laws of each Company's domiciliary state;⁷ (2) the Contracts are not and will not be listed, traded, or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any other system, network, or publication for trading or quoting, and each Company will take steps reasonably designed to ensure that a trading market for the securities does not develop;⁸ and (3) prospectuses for the Contracts will disclose that the applicable Company relies on the relief provided by rule 12h-7.⁹

Discussion

You note that Rule 3-13 provides that the Commission may, upon the informal written request of the registrant, and where consistent with the protection of investors, permit the omission of one or more of the financial statements required by Regulation S-X or the filing in substitution therefor of appropriate statements of comparable character. You assert that, for the Form S-1 registration statement of the Contracts, SAP financial statements audited by an independent auditor¹⁰ are appropriate statements of a comparable character to GAAP financial statements and would be consistent with investor protection.

⁷ Rule 12h-7(b) specifies that the securities that would otherwise trigger Exchange Act reporting obligations must not constitute an equity interest in the issuer, and must either be securities subject to regulation under the insurance laws of the domiciliary State of the issuer or guarantees of securities that are subject to regulation under the insurance laws of that jurisdiction.

⁸ Rule 12h-7(d) requires that those securities must not be listed, traded, or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any other similar system, network, or publication for trading or quoting. Rule 12h-7(e) requires that an issuer take steps reasonably designed to ensure that a trading market for the securities does not develop.

⁹ Rule 12h-7(f) provides that the prospectus for the securities must contain a statement indicating that the issuer is relying on the exemption provided by the rule.

¹⁰ You state that the independent auditor engaged to audit the SAP financial statements will satisfy the independence standards of Article 2 of Regulation S-X and will be registered with and subject to inspection by the Public Company Accounting Oversight Board.

In support of this claim, you assert that investors in the Contracts will be most interested in information relevant to assessing the issuing Company's ability to fulfill its contractual obligations.¹¹ You assert that SAP financial statements would provide investors in the Contracts with sufficient information to assess the issuing Company's solvency and its ability to satisfy its contractual obligations.¹²

In this regard, you claim that SAP financial statements contain detailed information about each Company's assets and liabilities, as well as its regulatory capital and surplus, which serve as financial cushions for paying Contract owner claims. In addition, you claim that SAP financial statements enable state regulators to determine each Company's ability to meet Contract owner obligations based on the availability of readily marketable assets when obligations are due.

Based on the facts and representations set forth in your letter as summarized above, as well as the conditions outlined above, and without necessarily agreeing with all of your analysis, your request for permission under Rule 3-13 for the Companies to file SAP financial statements, audited by an independent auditor, in lieu of GAAP financial statements in registration statements filed for the Contracts on Form S-1, as it relates to the accounting basis of those financial statements only and as described above, is granted.¹³

¹¹ You note the Commission recognized, in proposing variable annuity registration forms, that contract owners, participants, and annuitants may not want or need disclosure about the financial performance of the insurance company, but instead may be interested only in the insurer's solvency. *Registration Form for Insurance Company Separate Accounts that Offer Variable Annuity Contracts*, Securities Act Release No. 6502 and Investment Company Act Release No. 13689 (Dec. 22, 1983).

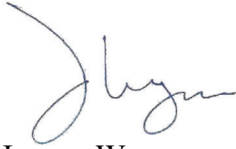
¹² You also note that, while GAAP financial statements assist investors in understanding a company's going concern value, investors in the Contracts do not need information regarding a Company's going concern value since there is no secondary market in the Contracts.

¹³ Our analysis underlying this assurance has been developed in consultation with the staff of the Commission's Office of the Chief Accountant.

This permission is provided for the Contracts described in your letter based on the facts disclosed therein, including that the Contracts seeking to rely on the permission are non-variable annuity contracts classified as market-value adjusted annuities, contingent deferred annuities, and/or indexed annuities. As to any Contract registered or materially amended in the future, this permission is subject to the Commission staff's assessment of the Contract's registration statement for consistency with the facts described in your letter and the intended product types. In this regard, you have stated that each Company will notify the staff, in a letter accompanying the filing of any new registration statement for a Contract or any post-effective amendment to an existing registration statement that reflects a material change to a Contract, of its intent to rely on the permission granted in this letter.

If you have any questions regarding this letter, please call the Chief Accountant's Office of the Division of Investment Management at (202) 551-6918.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jenson Wayne". The signature is fluid and cursive, with the first letter of the first name being a large, stylized "J".

Jenson Wayne

Chief Accountant

Division of Investment Management

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

October 14, 2022

Via E-Mail

Mr. Jenson Wayne
Chief Accountant
Division of Investment Management
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Protective Life Insurance Company and Protective Life and Annuity Insurance Company

Dear Mr. Wayne:

On behalf of Protective Life Insurance Company ("Protective Life") and Protective Life and Annuity Insurance Company ("PLAIC," together with Protective Life, the "Companies" and each a "Company"), we respectfully request that, pursuant to Rule 3-13 of Regulation S-X, the staff of the Division of Investment Management (the "Staff") permit each Company to file audited financial statements prepared in accordance with statutory accounting principles ("SAP") prescribed or permitted by its domiciliary state regulator in place of financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") in registration statements on Form S-1 for certain indexed-linked annuity contracts described in this letter that the Companies currently issue or may issue in the future ("RILA Contracts") and for certain modified guaranteed annuity contracts with market value adjustment features ("MVA Contracts") described in this letter that the Companies may issue in the future (together, the "Contracts") in satisfaction of the financial information required by Form S-1, including the requirements of Items 11(e), 11(g), and 16(b) of the Form.¹

Because the Contracts currently are or will be insurance products subject to state regulation, the Companies believe that SAP financial statements are of a comparable character to GAAP financial statements and will provide investors in the Contracts with sufficient information to assess each Company's ability to meet its obligations under the Contracts it issues, and that filing SAP financial statements in place of GAAP financial statements would be consistent with investor protection. Forms N-3, N-4 and N-6 already permit insurers to use SAP financial statements in registration statements for variable insurance products registered on those forms. That relief is intended to reduce the burden on insurance companies that otherwise would prepare GAAP financial statements *solely* to register variable insurance products. Because of the significant costs and administrative burdens associated with preparing GAAP financial statements, the relief permitting use of SAP financial statements in Forms N-3, N-4, and N-6 serves as a precedent for allowing the use of SAP financial statements in registration statements on Form S-1 for the Contracts.

Furthermore, the Companies note that the time and cost burdens of preparing GAAP financial statements solely for insurance contracts that must be registered on Form S-1, such as the Contracts, may impede many insurance companies from offering these products. Reducing these

¹ See "The Contracts", below. As noted there, the RILA Contracts may also have market value adjustment features.

burdens will increase the number of such products offered in the marketplace and broaden the choices available to retail investors among such products for retirement and other long term purposes.

Background

The Companies

Protective Life is a stock life insurance company founded in 1907 as an Alabama domiciled company, and then redomiciled to Tennessee in 1993. It is subject to regulation by the Tennessee Department of Commerce & Insurance. In conjunction with its insurance company subsidiaries, Protective Life provides life insurance, annuities, and guaranteed investment contracts through broker-dealers, independent agents and advisors in 50 states and the District of Columbia. Protective Life is directly wholly owned by Protective Life Corporation ("PLC"), a U.S. insurance holding company, which in turn is a direct wholly-owned subsidiary of Dai-ichi Life Holdings, Inc. ("Dai-ichi"). Protective Life, along with its insurance company subsidiaries, including PLAIC, represents the majority of PLC's business and operations.

PLAIC was organized as an Alabama company in 1978 and is subject to regulation by the Alabama Department of Insurance. PLAIC is authorized to transact business as an insurance company or a reinsurance company in 47 states (including New York) and Washington D.C. and offers a variety of individual life, individual and group annuity insurance products. PLAIC is a direct wholly owned subsidiary of Protective Life.

Before February 1, 2015, PLC was a publicly traded company registered with the U.S. Securities and Exchange Commission ("SEC"). PLC was also the issuer of certain common stock registered with the SEC on Form S-8 registration statements and issued in connection with certain deferred compensation and stock incentive plans. Upon its acquisition by Dai-ichi in February 2015, PLC became a direct wholly owned subsidiary of Dai-ichi and ceased to be a publicly traded company with reporting requirements under Section 15(d) of the Securities Exchange Act of 1934, as amended ("1934 Act"). It also suspended its 1934 Act reporting obligations related to its common stock securities as permitted by Section 15(d) of the 1934 Act.

As a private company, PLC does not have securities currently being offered or sold pursuant to the Securities Act of 1933, as amended ("1933 Act"). Although not required by the federal securities laws to prepare GAAP financial statements, PLC does prepare consolidated GAAP financial statements that it makes available to its parent, Dai-ichi. Protective Life currently prepares GAAP financial statements in connection with the currently effective Form S-1 registration statements for the Contracts, but as explained below neither Protective Life nor PLAIC prepare GAAP financial statements for any other purpose.²

² Protective Life has included its GAAP financial statements in periodic reports filed pursuant to Section 15(d) of the 1934 Act with the SEC, which reports were incorporated by reference in Form S-3 registration statements for the RILA Contracts that Protective Life currently offers, for certain RILA Contracts that the Company no longer offers for sale to new purchasers (the "Discontinued Contracts"), and for certain MVA Contracts with market value adjustment features.

In September 2020, Protective Life filed a post-effective amendment to the registration statement for the RILA Contracts currently being offered to convert that registration statement from Form S-3 to Form S-1. In July 2021, Protective Life also filed a post-effective amendment to the registration statement for the Discontinued Contracts to convert that registration statement from Form S-3 to Form S-1. Both of these post-effective amendments were declared effective. Following the transition from a Form S-3 registration statement to a Form S-1 registration statement for the RILA Contracts currently being offered and for the Discontinued Contracts, Protective Life relies on Rule 12h-7 under the 1934 Act in exempting it from 1934 Act reporting obligations related to the RILA Contracts currently offered and Discontinued Contracts registered on Form S-1.

PLC does not require its subsidiaries, Protective Life and PLAIC, to provide GAAP financial statements or to prepare a GAAP reporting package or partial GAAP financial statements in connection with the preparation of PLC's consolidated GAAP financial statements. Rather, PLC's business is organized and managed by operating segments rather than through a legal entity approach. The operating segments are defined by type of business and represent the combination of operations of Protective Life, PLAIC, and other subsidiaries of PLC. PLC does not maintain a separate consolidated GAAP general ledger for its direct or indirect subsidiaries, including Protective Life and PLAIC.

Dai-ichi is a top 20 global life insurance company organized as a kabushiki kaisha with its principal offices in Japan. Dai-ichi's stock is traded on the Tokyo Stock Exchange. It does not prepare U.S. GAAP financial statements.

As insurance companies domiciled in Tennessee and Alabama, Protective Life and PLAIC each must prepare SAP financial statements that are audited by an independent auditor and are filed with its domiciliary state insurance regulators and the National Association of Insurance Commissioners. These financial statements are reviewed by state regulators as part of a comprehensive regulatory program that focuses on the Company's solvency, with the goal of ensuring that the Company can fulfill its contractual obligations to policyholders. The ultimate objective of state solvency regulation is to ensure that an insurance company can pay contract owner liabilities when they come due and that the insurance company maintains capital and surplus at all times in such forms as required by state law to provide a margin of safety. With the objective of solvency regulation and contract owner protection, statutory accounting principles focus on an insurance company's balance sheet and emphasize the insurance company's liquidity.

Neither Company issues or has outstanding any publicly traded equity securities (i.e., common stock or preferred stock); nor does either Company have any publicly traded debt securities outstanding. Moreover, as noted above, the GAAP financial information related to each Company's operations that would otherwise be prepared in connection with the preparation of consolidated GAAP financial statements for PLC would not constitute a GAAP reporting package or partial GAAP financial statements. Following the transition of the Form S-3 registration statements for the RILA Contracts currently being offered and for the Discontinued Contracts to Form S-1 registration statements and suspension of Protective Life's reporting obligations related to the MVA Contracts previously registered on Form S-3, the only reason for Protective Life to prepare GAAP financial statements is for use in Form S-1 registration statements for the Contracts. Form N-4 and Form N-6, on which each Company registers its variable annuity contracts and variable life insurance policies, respectively, would permit the Company to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements in connection with SEC filings.³

In February 2021, Protective Life endorsed the MVA Contracts that were registered on Form S-3 to limit the effect of any negative market value adjustment so as not to invade principal and interest credited at an annual rate of 1% and rely on the Section 3(a)(8) exemption from federal securities law regulation for sales of these MVA Contracts to new owners and receipt of premium payments. In March 2021, Protective Life therefore suspended its 1934 Act reporting obligations as permitted by Rule 12h-3 under the 1934 Act insofar as those obligations related to the MVA Contracts.

PLAIC currently does not have any Contracts registered on Form S-1 or Form S-3, is not required to file periodic reports under the 1934 Act and does not currently prepare GAAP financial statements.

³ See Form N-4 Item 23(b), Instruction 1, and Form N-6 Item 24(b), Instruction 1.

If this request to file audited SAP financial statements in place of GAAP financial statements in registration statements filed on Form S-1 (for the Contracts) is granted, Protective Life also intends to include SAP financial statements in the registration statements for its variable annuities and its variable life insurance

Protective Life relies upon, and PLAIC will be eligible for and will rely upon, the exemption provided by Rule 12h-7 of the 1934 Act from the requirement to file periodic reports under that Act, and each Company will comply with the conditions of the rule as long as each Company relies on the permission requested by this letter.⁴ As required by Rule 12h-7, each Company is subject to supervision by the insurance regulator of its domiciliary state. Protective Life files a statement of its annual condition with, and is supervised by and has its financial condition periodically examined by, the Tennessee Department of Commerce & Insurance while PLAIC files a statement of its annual condition with, and is supervised by and has its financial condition periodically examined by, the Alabama Department of Insurance. The Contracts do not and will not constitute an equity interest in the issuing Companies and will be subject to regulation under the insurance laws of each Company's domiciliary state. The Contracts are not and will not be listed, traded, or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any other similar system, network, or publication for trading or quoting. Moreover, Protective Life has taken, and each Company will take steps reasonably designed to ensure that a trading market for the Contracts does not develop. The prospectuses for the Contracts will disclose that the applicable Company relies on the relief provided by Rule 12h-7.

The Contracts

The Contracts registered with the SEC on Form S-1 for which Protective Life and PLAIC request relief in this letter will either be standalone registered index-linked annuity contracts, combination annuity contracts that offer variable investment options as well as registered index-linked investment options (together, "RILA Contracts"), or modified guaranteed annuity contracts with market value adjustment features ("MVA Contracts") that Protective Life and PLAIC now offer or may offer in the future.

The RILA Contracts provide owners the potential for higher returns than traditional fixed annuity contracts by shifting some market risk to Contract owners. Similar to variable annuities, the RILA Contracts provide returns associated with the performance of one or more market indexes or benchmarks, but they also provide some protection against negative market performance. The RILA Contracts may also have a market value adjustment feature that applies an adjustment to Contract value based on changes in prevailing interest rates upon surrender of the Contract or withdrawal during a term.

During the accumulation phase of the RILA Contracts, Contract owners may select among a set of interest crediting options that are each linked to the performance of a different index or benchmark. These interest crediting options will offer different protection features, such as "floors" that establish the maximum negative market performance to which the Contract owner will be exposed in a specified period, or a "buffer" that establishes how much negative market performance the Company will absorb before the negative performance is applied to the Contract at the end of a stated term. Each protection feature may have a corresponding "cap" that establishes the maximum positive market performance that may be credited to the Contract at the end of the stated term. In general, a "floor" or "buffer" that exposes the Contract owner to greater risk will have a higher corresponding "cap" and the potential for higher credited interest. Index-linked investment options may include other forms of protection or limits on the maximum positive performance credited to the Contract. Proceeds payable to a Contract owner who withdraws Contract value or surrenders the Contract before the end of the stated term will

policies, as permitted under Forms N-4 and N-6. PLAIC currently includes SAP financial statements in the registration statements for its variable annuities and its variable life insurance policies.

⁴ 17 CFR 240.12h-7 (exempting insurance companies from filing 1934 Act reports with respect to certain specified types of securities that are subject to state insurance regulation and are registered under the 1933 Act, provided that certain conditions are met).

reflect an adjustment made according to a prescribed formula and may also reflect a market value adjustment.

The MVA Contracts will be fixed deferred annuity contracts with market value adjustment features. These Contracts will guarantee a fixed rate of interest on amounts that remain invested for a specified period or term. Proceeds payable to a Contract owner who withdraws Contract value or surrenders the Contract before the end of the stated term would reflect a market value adjustment, which could be positive or negative depending on how prevailing interest rates have changed.

The Companies' Request Pursuant to Rule 3-13

Rule 3-13 of Regulation S-X provides that the SEC "may, upon the informal written request of the registrant, and where consistent with the protection of investors, permit the omission of one or more of the financial statements required by Regulation S-X or the filing in substitution therefor of appropriate statements of comparable character." The Companies request permission pursuant to Rule 3-13 of Regulation S-X to file SAP financial statements in place of GAAP financial statements in the Form S-1 registration statements for the Contracts. For reasons stated herein, the Companies believe that SAP financial statements that have been audited by an independent auditor⁵ included in the Form S-1 registration statements for the Contracts are appropriate statements of a comparable character to GAAP financial statements and would be consistent with investor protection.

SAP financial statements will provide investors in the Contracts with sufficient information to assess Protective Life's or PLAIC's ability to meet its respective contractual obligations.

Forms N-3, N-4 and N-6 used to register variable insurance products under the 1933 Act already permit the use of SAP financial statements in place of GAAP financial statements if the insurance company issuing the variable insurance product meets certain criteria, including that it would not have to prepare GAAP financial statements except for use in registration statements on such forms. In proposing Forms N-3 and N-4 for variable annuity contracts with instructions permitting the use of SAP financial statements, the SEC recognized that guarantees associated with annuity payments and other benefits provided by the contracts—which are backed by the insurance company's general account—depend on the solvency of the insurance company, and that contract owners, participants, and annuitants who invest in the contracts may not want or need disclosure about the financial performance of the insurance company, but instead may be interested only in the insurer's solvency.⁶

Similar to investors in variable insurance products, Contract owners will be most interested in information relevant to the issuing Company's ability to fulfill its contractual obligations. SAP financial statements are designed specifically to provide this information to state regulators. SAP financial statements contain detailed information about each Company's assets and liabilities as well as its regulatory capital and surplus, which serve as financial cushions for paying Contract owner claims. Furthermore, SAP financial statements enable state regulators to determine each Company's ability to meet Contract owner obligations based on the availability of readily marketable assets when obligations are due. In contrast, GAAP financial statements assist investors in understanding a company's going concern value. Due to the absence of any

⁵ The auditor will satisfy the independence standards of Article 2 of Regulation S-X and be registered with and subject to inspection by the Public Company Accounting and Oversight Board.

⁶ See Registration Forms for Insurance Company Separate Accounts that Offer Variable Annuity Contracts Rel. Nos. 33-6502 and IC-13689 (December 23, 1983) (Proposing Release).

secondary market for the Contracts, investors in the Contracts do not need information regarding either Company's going concern value.

For these reasons, SAP financial statements would provide owners of their respective Contracts with sufficient information to assess the issuing Company's solvency and its ability to fulfill its contractual obligations. GAAP financial statements, on the other hand, would not provide additional informative value to Contract owners that justifies the significant costs and administrative burdens of preparing and auditing an additional set of financial statements solely to include in Form S-1 registration statements for the Contracts.

Conclusion

For the reasons discussed above, SAP financial statements are appropriate financial statements of a comparable character to GAAP financial statements and will provide Contract owners with sufficient information to assess the issuing Company's ability to meet its obligations under the Contracts. Moreover, filing SAP financial statements in place of GAAP financial statements would be consistent with investor protection.

We respectfully request on behalf of Protective Life and PLAIC that the Staff grant permission pursuant to Rule 3-13 of Regulation S-X to permit Protective Life and PLAIC to file SAP financial statements audited by an independent auditor in the registration statements on Form S-1 for the Contracts. Should you provide this permission, each Company will notify the Staff in a letter, accompanying the filing of any new registration statement for a Contract or any post-effective amendment to an existing registration statement that reflects a material change to a Contract, of its intent to rely on the permission granted in response to this letter.

Thank you for your attention to this matter. Please contact me at 202-383-0158, or Tom Bisset at 202.383.0118, if you need additional information or have questions concerning this request.

Sincerely,



Stephen E. Roth
Eversheds Sutherland (US) LLP

cc: Alexander Bradford
Michael Pawluk
Thomas Bisset
Brad Rodgers