The Prospectus Supplement for Protective Life Insurance Company details the issuance of up to $4 billion in InterNotes through newly established Delaware statutory or common law trusts. Each trust will issue a single series of notes, with net proceeds used to purchase funding agreements from Protective Life, which will serve as collateral for the notes. These notes are non-recourse obligations of the issuing trust, meaning they are payable solely from the trust's assets and are not guaranteed by Protective Life or its affiliates. Interest on the notes may be paid in various frequencies and can be fixed, floating, or potentially non-interest-bearing, with specific terms outlined in a pricing supplement. The document emphasizes the importance of understanding the associated risks, as detailed in the accompanying prospectus, and advises potential investors to rely solely on the information contained within the official documents.

The policy specifies that during a non-default event, funds received by the issuing trust will first cover amounts due on its notes, followed by distributions according to the trust agreement. In the event of a default, payments will prioritize reasonable expenses for the indenture trustee, followed by amounts due on the notes. Each series of notes represents direct, non-recourse secured obligations of the issuing trust, secured by collateral held within the trust. The notes are not insurance contracts and do not benefit from insurance guaranty fund coverage. Maturities will range from nine months to 30 years, with principal and interest payments made solely from proceeds of the funding agreements. Redemption may occur if Protective Life redeems the funding agreements, and notes are generally not repayable at the holder's option before maturity, except under specific conditions such as a survivor’s option upon the death of the beneficial owner.

The document outlines the payment structure for principal and interest, specifying that payments will be made on the next business day if the due date falls on a non-business day, without additional interest accruing for such delays. Various types of notes are described, including CD Rate, Commercial Paper Rate, Federal Funds Rate, and LIBOR notes, each with specific interest calculation methods and fallback procedures. The policy also details the conditions for redemption and repayment, including optional redemption rights and survivor's options, with specific documentation required for exercising these options.

The insurance policy further discusses the handling of notes owned by deceased beneficial owners, requiring documentation to confirm ownership and authority of the representative acting on behalf of the deceased. The notes will be issued in book-entry form, and beneficial owners will not receive physical delivery of certificated notes. The document emphasizes the importance of the depositary's procedures for exercising rights and the communication of significant events through the depositary.

Funding agreements purchased with proceeds from the notes will be treated as unsecured obligations of Protective Life, with similar payment terms to the related notes. The policy outlines the tax implications for U.S. Holders, including the treatment of original issue discount (OID) and the potential classification of notes as contingent payment debt instruments. It also addresses the fiduciary responsibilities of individuals managing ERISA plans, emphasizing the necessity for investment prudence and compliance with governing documents.

The document concludes by addressing potential risks from changes in federal tax laws, litigation, and regulatory scrutiny, which may impact Protective Life's operations and financial condition. It highlights the competitive landscape and operational challenges faced by Protective Life, including the need to attract distribution channels and maintain low costs. The notes will be offered through various channels, and the document advises potential investors to consult their financial and legal advisors regarding the implications of investing in the notes. Overall, the policy provides a comprehensive overview of the terms, conditions, and risks associated with the issuance of notes by Protective Life through its trusts.