Allocation Adjustment

Limiting risk. Enhancing value.

Protect Tomorrow. Embrace Today.™

CAC.1114 (05.14)

Not a Deposit	Not Insured By Any Federal Government Agency	
No Bank or Credit Union Guarantee	Not FDIC/NCUA Insured	May Lose Value

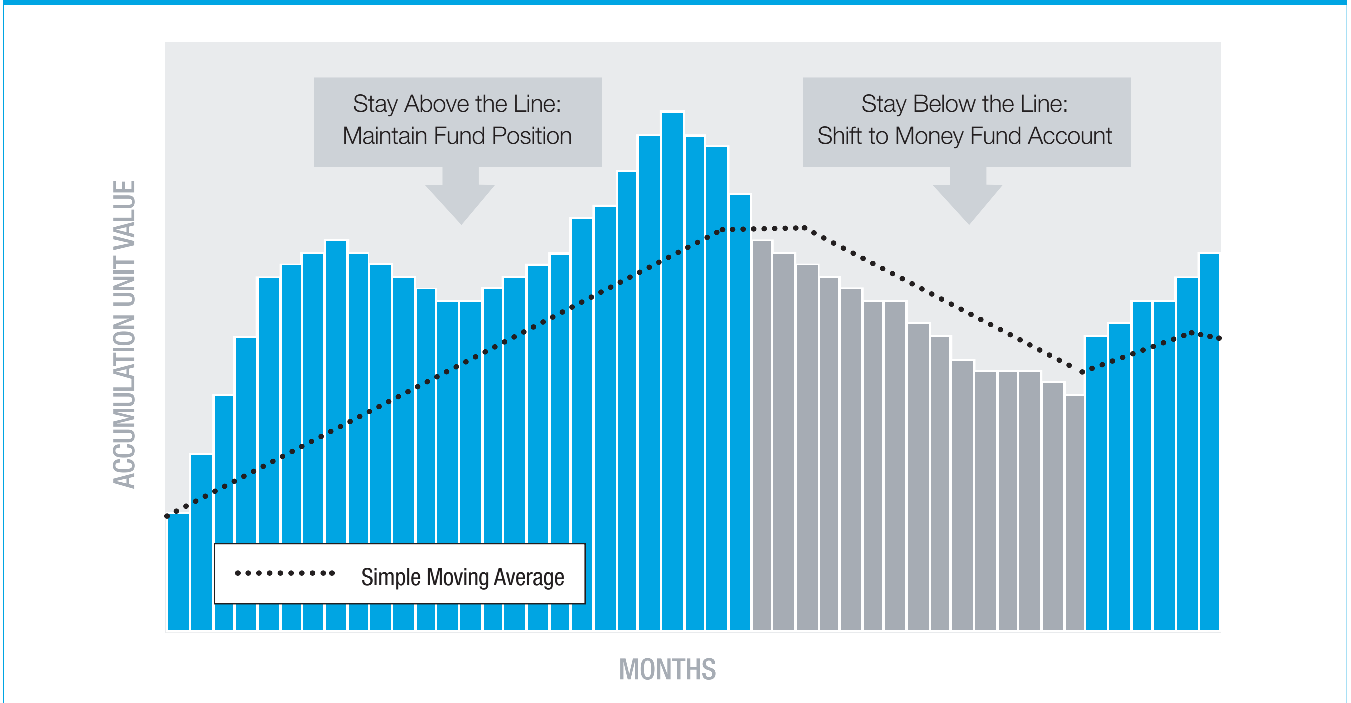
Optional protected lifetime income benefits, available with Protective Life variable annuities, offer you the opportunity to participate in the securities markets with added protection and to provide for a lifetime of retirement income. Protective Life assumes an amount of risk to back these guarantees. To better limit company risk, meet our obligations and enhance customer value, our optional protected lifetime income benefits require an Allocation Adjustment feature. It is designed to help manage the volatility of variable annuity investment options (which invest in underlying mutual funds) and preserve contract value during extended down markets.

Keep in mind that variable annuities are long-term investments intended for retirement planning and involve market risk and the possible loss of principal. Investments in variable annuities are subject to fees and charges from the insurance company and the investment managers.

What is Allocation Adjustment?

Beginning with your 13th contract month after purchasing an optional protected lifetime income benefit, the Allocation Adjustment feature monitors the selected variable annuity investment options within Categories 2 and 3 of the Allocation by Investment Category (AIC) Program. When the performance of a monitored investment option begins to fall below a specified level, its value is automatically transferred to a money fund account until fund performance later recovers beyond that specified level. While the Allocation Adjustment feature is a relatively simple way to protect affected investment option values from additional price volatility, there is no guarantee that it will protect against loss, and it may also limit gains during periods of growth in the market.

ALLOCATION ADJUSTMENT



This chart is hypothetical and intended solely to demonstrate how the Allocation Adjustment feature works. It is not indicative of the performance of any variable annuity fund allocation, does not reflect any actual accumulation unit values nor does it reflect any fees associated with Protective Life's variable annuities.

How It Works

The Accumulation Unit Value (AUV) measures the daily value of variable annuity investment options. AUVs are used to determine the rolling 12-month Simple Moving Average (SMA) for each of these that are monitored. The calculated SMA for any given month is always the average of the 12 most recent monthly AUVs. Once a month, we compare the AUV of each monitored investment option to its 12-month SMA to determine if it should become restricted under the optional Allocation Adjustment program. When the AUV is equal to, or lower than, the 12-month SMA, the monitored investment option is restricted, and any contract value allocated to it is reallocated to the money fund account.

ACCUMULATED MARKET VALUE			
Contract Month	Accumulation Unit Value ($)	12-Month Simple Moving Average ($)	Fund Restricted? (Move to Money Market)
12	6.17	6.16	No
13	6.24	6.17	No
14	5.76	6.14	Yes
15	5.41	6.09	Yes
16	5.35	6.03	Yes
17	4.53	5.87	Yes
18	3.73	5.62	Yes
19	2.94	5.33	Yes
20	3.33	5.08	Yes
21	3.15	4.85	Yes
22	2.89	4.62	Yes
23	3.29	4.40	Yes
24	3.81	4.21	Yes
25	4.19	4.04	No

For this month, the AUV is lower than the 12-month SMA. The fund becomes restricted, and values are transferred to the money fund account.

The AUV recovers and is higher than the 12-month SMA. The fund once again becomes unrestricted, and values are automatically transferred from the money fund account and back to the original allocation.

This chart is hypothetical and intended solely to demonstrate how the Allocation Adjustment feature restricts underperforming funds. It is not indicative of the performance of any variable annuity investment, does not reflect any actual accumulation unit values nor does it reflect any fees associated with Protective Life's variable annuities.

We continue to compare the AUV of the monitored investment option to its 12-month SMA on a monthly basis. When the AUV once again rises above the 12-month SMA, the previously restricted investment option becomes unrestricted. The contract value in the money fund account attributable to the value transferred from the previously restricted investment option is then automatically transferred from the money fund account back to the previously restricted investment option.

Flexibility

You maintain control since only monitored investment options that are underperforming are affected by transferring values to the money fund account.

When this occurs, you have two options:

OPTION 1: Leave the transferred value in the money fund account, and we will automatically return it to the original allocation when a monthly AUV betters the 12-month SMA.

OR

OPTION 2: Reallocate the transferred value to any unrestricted investment option at that time by submitting new contract allocation instructions and satisfying the AIC Program requirement.

In other words, you have the flexibility to determine how long to stay out of the market while you continue shaping your retirement.

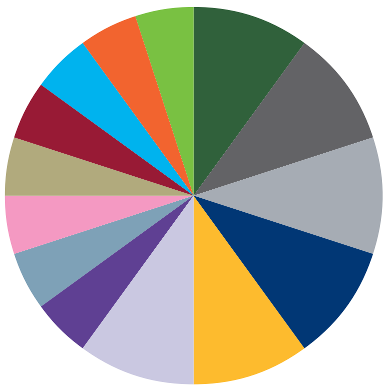
Please see the **Investment Options Guide** and product prospectus for more information regarding the AIC Program.

Consider This Hypothetical Example

At age 65, you have $100,000 to invest for your retirement and decide to purchase a Protective Life variable annuity. Your $100,000 is allocated utilizing the Growth and Income model portfolio, shown below.

See how Allocation Adjustment would have affected your contract value over the 10-year period from December 31, 2003 to December 31, 2013. On the next two pages, we'll compare a portfolio with and without Allocation Adjustment.

GROWTH AND INCOME -- TARGET ALLOCATION: 65% EQUITY / 35% FIXED INCOME



Franklin U.S. Government Securities VIP Fund	5.0%	= $5,000
Lord Abbett Series Fund, Inc. Bond Debenture Portfolio	10.0%	= $10,000
PIMCO VIT Real Return Portfolio	10.0%	= $10,000
PIMCO VIT Total Return Portfolio	10.0%	= $10,000
Franklin Mutual Shares VIP Fund	10.0%	= $10,000
MFS® VIT Value Series	10.0%	= $10,000
Invesco V.I. Equity and Income Fund	5.0%	= $5,000
Invesco V.I. Growth and Income Fund	10.0%	= $10,000
Fidelity VIP Mid Cap Portfolio	5.0%	= $5,000
Lord Abbett Series Fund, Inc. Fundamental Equity Portfolio	5.0%	= $5,000
MFS® VIT New Discovery Series	5.0%	= $5,000
Oppenheimer Global Fund/VA	5.0%	= $5,000
Royce Capital Fund–Small-Cap Portfolio	5.0%	= $5,000
Goldman Sachs VIT Mid Cap Value Fund	5.0%	= $5,000
	TOTAL 100%	= $100,000

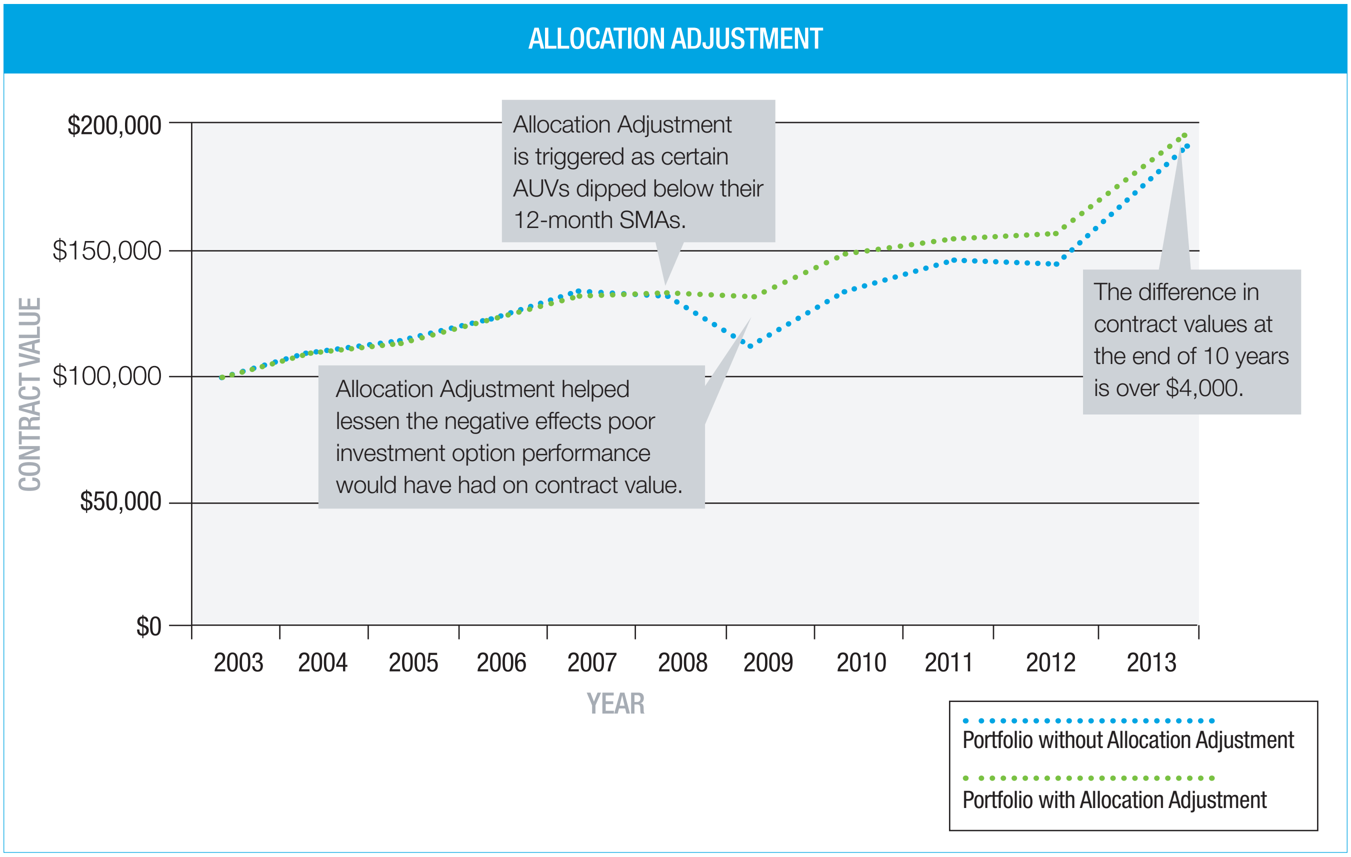
Standardized Performance of the Variable Annuity Investments Represented

VARIABLE ANNUITY FUNDS	ONE YEAR	FIVE YEARS	TEN YEARS	LIFE OF SUBACCOUNT	FUND INCEPTION DATE	SUBACCOUNT INCEPTION DATE
Franklin U.S. Government Securities VIP Fund	-9.17%	0.51%	2.30%	2.25%	3/14/1989	5/1/2007
Lord Abbett Series Fund, Inc., Bond Debenture Portfolio	-0.46%	11.62%	5.91%	6.59%	12/3/2001	5/1/2002
PIMCO VIT Real Return Portfolio	-15.24%	4.03%	3.21%	2.36%	4/10/2000	11/2/2009
PIMCO VIT Total Return Portfolio	-9.57%	4.03%	4.07%	2.30%	4/28/2000	11/2/2009
Franklin Mutual Shares VIP Fund	10.67%	16.18%	5.38%	3.78%	11/8/1996	5/1/2006
MFS® VIT Value Series	13.87%	17.34%	7.05%	13.17%	1/2/2002	11/2/2009
Invesco V.I. Equity and Income Fund	8.01%	14.13%	6.01%	6.67%	5/1/2003	6/2/2003
Invesco V.I. Growth and Income Fund	13.22%	17.67%	6.34%	5.22%	12/23/1996	5/1/2000
Fidelity VIP Mid Cap Portfolio	15.66%	19.37%	9.16%	9.46%	12/28/1998	2/2/2004
Lord Abbett Series Fund, Inc., Fundamental Equity Portfolio	12.05%	16.71%	7.00%	12.97%	4/20/2003	11/2/2009
MFS VIT New Discovery Series	11.44%	25.96%	8.00%	8.46%	5/1/1998	11/5/1998
Oppenheimer Global Fund/VA	10.68%	18.09%	6.77%	8.06%	11/12/1990	11/5/1998
Royce Capital Fund – Small-Cap Portfolio	17.08%	20.13%	7.91%	13.42%	12/27/1996	11/2/2009
Goldman Sachs VIT Mid Cap Value Fund	13.34%	20.61%	8.13%	8.78%	5/1/1998	12/19/2003

Performance data for periods prior to the Subaccount Inception Date (e.g., pre-dating the offering of the fund/portfolio as an investment option in the variable annuity) is hypothetical. It is based on the actual results of the underlying fund/portfolio less the contract fees & charges noted below and assumes full surrender at the end of each applicable period. Annual average returns as of March 31, 2014. Returns reflect the underlying fees and charges for the Protective Variable Annuity B Series (in the state of New York, the Protective Variable Annuity NY B Series), including management fees, a maximum M&E and Administration Charge of 1.30%, the maximum applicable withdrawal charge of 7% and the annual contract maintenance fee of $35 (in the state of New York, $30). The results do not reflect fees for optional riders, which if included, would lower the performance shown. The value of an investment in the variable annuity funds will fluctuate, so that an investor's units, when redeemed, may be worth more or less than their original cost. This performance data represents past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than performance shown. Performance information current to the end of the most recent month may be obtained by visiting www.protective.com.

10 Years of Fluctuating Market Performance.

As shown below, Allocation Adjustment had little impact on contract value until 2008. Investment option performance then significantly declined due to poor market conditions. Because Allocation Adjustment would have reallocated the values of monitored investment options that were underperforming to the money fund account early during the market downturn, the contract value did not fall as far as it would have otherwise.



This chart is hypothetical and solely intended to demonstrate how the Allocation Adjustment feature could affect underlying investment option rates of return and the annuity contract values. Actual results shown are not guaranteed and could be higher or lower. See the product prospectus for complete information about the applicable variable annuity.

The illustration assumes $100,000 invested and allocated according to the Growth and Income model portfolio from 12/31/2003 to 12/31/2013. The rate of return reflects variable annuity fees for the Protective Variable Annuity B Series (in the state of New York, the Protective Variable Annuity NY B Series), including an M&E and Administration charge of 1.30%. The results do not reflect fees for optional riders, which if included, would lower the performance shown. Assumes annual portfolio rebalancing. It does not reflect any withdrawals. Withdrawal charges would apply if withdrawals exceeded the contract's free withdrawal amount.

The Allocation Adjustment Effect

Allocation Adjustment is about limiting company risk and helping to preserve contract value when needed. Notice below, in our hypothetical, how the contract value with and without Allocation Adjustment grew very similarly for the first few years.

Market conditions then worsened, and the contract value dipped in 2008. Allocation Adjustment transferred the values of underperforming investment options to a money fund account, significantly lessening the amount of loss they would have otherwise experienced in the original allocation.

Conditions improved in 2009. While Allocation Adjustment made it slower to capture gains, the contract value did not have as much loss to recover. Allocation Adjustment actually helped preserve more contract value by the end of the 10-year period with over a $4,000 difference.

	PORTFOLIO WITHOUT ALLOCATION ADJUSTMENT		PORTFOLIO WITH ALLOCATION ADJUSTMENT	
YEAR	CONTRACT VALUE	ANNUAL TOTAL RETURN	CONTRACT VALUE	ANNUAL TOTAL RETURN
2003	$100,000.00		$100,000.00	
2004	$111,319.37	11.32%	$111,319.37	11.32%
2005	$119,067.72	6.96%	$119,062.09	6.96%
2006	$130,416.96	9.53%	$129,295.65	8.60%
2007	$136,239.80	4.46%	$135,746.07	4.99%
2008	$102,735.45	-24.59%	$131,298.94	-3.28%
2009	$128,750.42	25.32%	$151,423.69	15.33%
2010	$145,337.18	12.88%	$158,643.49	4.77%
2011	$144,119.03	-0.84%	$155,233.40	-2.15%
2012	$159,283.31	10.52%	$162,713.31	4.82%
2013	$190,099.55	19.35%	$194,193.15	19.35%

Market conditions turned, and Allocation Adjustment was triggered to help protect from losses before they worsened.

Allocation Adjustment systematically reinvests affected values as the monthly AUV improves beyond the 12-month SMA. Net rates of return were equal or less, but the contract value didn't have as much from which to recover - resulting in a better overall return.

This chart is intended to demonstrate how the Allocation Adjustment feature would affect the rate of return and contract values. It is for illustrative purposes only and solely intended to demonstrate how the underlying investment options would have affected the variable annuity's contract value. Actual results could be higher or lower.

The illustration assumes $100,000 invested and allocated according to the Growth and Income model portfolio from 12/31/2003 to 12/31/2013. The rate of return reflects variable annuity fees for the Protective Variable Annuity B Series (in the state of New York, the Protective Variable Annuity NY B Series), including an M&E and Administration charge of 1.30%. The results do not reflect fees for optional riders, which if included, would lower the performance shown. Assumes annual portfolio rebalancing. It does not reflect any withdrawals. Withdrawal charges would apply if withdrawals exceeded the contract's free withdrawal amount. Please see the prospectus for complete information about the applicable variable annuity Past performance is no guarantee of future results.

What You Should Know About Variable Annuities

Protective Life offers a suite of variable annuities to meet a variety of retirement needs. Whether you are retired now, retiring soon or retiring years from now, you'll discover a wealth of options to help secure your personal financial future.

In simple terms, a variable annuity is a long-term contract between you and a life insurance company. Variable annuities are designed for retirement planning and are one of the few investments that can provide a stream of payments for life with options that can help protect against market risk. They offer a combination of investment and insurance benefits, such as:

- *Tax-deferred growth*
- *Variety of asset classes and professionally managed investments*
- *Access to your money*
- *Choice of annuity income payment options, including income for life*
- *Protected growth and income benefits*
- *Estate planning benefits*

What You Should Know About Optional Protected Lifetime Income Benefits

Often referred to as Guaranteed Lifetime Withdrawal Benefits (GLWB), optional protected lifetime income benefits may be added to your variable annuity for an additional fee to provide another layer of protection for your investment. They allow you to remain invested in the variable annuity with opportunities to capture market gains but with added protection from downside risk. Additionally, optional protected lifetime income benefits provide retirement income options that are guaranteed to last your lifetime or over the joint lifetime of you and your spouse. For more complete information, please see the product prospectus.

For tax purposes, optional protected lifetime income benefit payments are usually assumed to be a withdrawal of earnings first. The full amount of withdrawals related to earnings is subject to ordinary income tax. All guarantees are subject to the claims-paying ability of the issuing company. Optional protected lifetime income benefits are available at an additional cost with certain requirements and restrictions that may affect the underlying annuity contract features.

Please note that hypothetical examples throughout this brochure use the Protective Variable Annuity B Series. In the state of New York, this product is known as the Protective Variable Annuity NY B Series.

Adding an optional protected lifetime income benefit to your variable annuity creates a powerful retirement income tool by providing flexibility and growth opportunities. The automatic Allocation Adjustment feature enables us to enhance value by limiting company risk – all in an effort to provide you with guaranteed protected lifetime income.

Talk with your financial advisor today, and discover how a variable annuity with an optional protected lifetime income benefit featuring Allocation Adjustment can help protect you from extended down markets – and help secure your retirement.

Protect Tomorrow. Embrace Today.™

Investors should carefully consider the investment objectives, risks, charges and expenses of a variable annuity, any GLWB rider, and the underlying investment options before investing. This and other information is contained in the prospectuses for a variable annuity and its underlying investment options. Investors should read the prospectuses carefully before investing. Prospectuses may be obtained by contacting PLICO or PLAICO at (800) 456-6330.

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