

CAUSE NO. D-1-GV-07-000410

STATE OF TEXAS,
Plaintiff,

v

PROTECTIVE LIFE INSURANCE
COMPANY,
Defendant

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IN THE DISTRICT COURT OF
TRAVIS COUNTY, TEXAS

200TH JUDICIAL DISTRICT

Filed in the District Court
of Travis County, Texas

DEC 05 2007
At
Amalia Rodriguez-Mendoza Clerk

ASSURANCE OF VOLUNTARY COMPLIANCE

This Assurance of Voluntary Compliance (“AVC”) is made and entered into by and between the State of Texas, acting through its Attorney General Greg Abbott, and Protective Life Insurance Company, as follows:

1.0

RECITALS

1.1 Protective Life Insurance Company (hereinafter referred to as “Protective Life”) writes credit life and credit accidental and health insurance policies in Texas, pursuant to Tex. Ins. Code § 1153, through a network of motor vehicle dealers that it has appointed as agents, pursuant to Tex. Ins. Code § 4055.104. With few exceptions, if any, all policies sold by Defendant to motor vehicle buyers are “single premium policies” where the entire period of insurance coverage, which can be as much as seven years, is paid for up front in one payment and the sum is financed as part of the insured’s retail installment loan.

1.2 The Consumer Protection and Public Health Division of the Office of the Attorney General (“CPD”) is charged with enforcement of Texas law with respect to Texas residents and authorized to investigate and bring actions on behalf of the state of Texas for

possible violations of the Deceptive trade Practices – Consumer Protection Act (“DTPA”), Tex. Bus. & Com. Code Ann. § 17.41, *et seq.*, the Tex Ins. Code Ann. § 541, *et seq.* (formerly Tex Ins. Code Ann. Art. 21.21, *et seq.*) and the rules and regulations promulgated thereunder (“Section 541”).

1.3 On October 21, 2004, CPD initiated an investigation of Protective Life regarding its practices relating to unearned premium refunds. CPD issued Civil Investigative Demands (“CIDs”) to Protective Life pursuant to § 17.61 of the DTPA and sent related CIDs to motor vehicle creditors, requesting information about retail installment loans that were paid off prior to their scheduled maturity date.

1.4 Protective Life cooperated in the investigation, fully responding to its CID and the Attorney General’s Office’s requests for information. Certain motor vehicle creditors objected to the CIDs leading ultimately to the entry of protective orders regarding use of the information.

1.5 Comparing common points between the data provided by Protective Life with the data provided by the automobile finance companies, the Attorney General’s Office identified at least 7,339 Protective Life insureds whose retail installment loans had terminated early at some point between the years 2002 through 2006, but had not received refunds of unearned premiums. The total amount of the refunds that may be owed to these presently identified insureds is estimated to be \$1,572,826.00.

1.6 This law suit was commenced by the State of Texas on March 13, 2007, with Plaintiff’s Original Petition complaining of Protective Life, and alleging violations of the Texas Deceptive Trade Practices - - Consumer Protection Act, TEX. BUS. & COM. CODE § 17.41, *et seq.* and TEX. INS. CODE §541.001, *et seq.* with respect to Protective Life’s sale of credit

insurance through Texas motor vehicle dealers. The CPD investigation and the lawsuit do not include Protective Life's sale of credit insurance through financial institutions in Texas.

2.0

ATTORNEY GENERAL'S ALLEGATIONS

2.1 With regard to the typical single premium credit insurance policy, the insurance company fully earns the premium upon completion of the policy term; however, if the policy is canceled by the insured or if the underlying debt is paid off prior to the expiration of the term, a portion of the premium is "unearned" and a refund of that unearned premium is due to the insured.

2.2 In the relevant part regarding the refund of unearned premiums, Protective Life's policy for single premium credit insurance sold through motor vehicle dealers states:

If any insurance is terminated prior to the scheduled maturity date of the indebtedness, We will refund any unearned premium to the Creditor. The Creditor will then refund or credit to Your account the proportionate amount of the premium paid by You.

Protective Life Policy PACI-1P3200-TX 11/04 (1153).

2.3 Regarding the refund of unearned premiums, the Texas Insurance Code states that each individual or group policy issued in Texas "shall provide that if the underlying debt or the insurance terminates before the scheduled maturity date of the debt, including the termination of a debt by renewing or refinancing the debt, the refund of any amount paid by or charged to the debtor for insurance shall be paid or credited to the person entitled to the refund." TEX. INS. CODE § 1153.202. During the relevant period of CPD's investigation, the inclusion of a notice of provision in Texas policies requiring Texas consumers to notify the credit insurer of early termination of the underlying debt was not permitted.

2.4 The Attorney General alleges that the Texas Insurance Code and Texas Administrative Code provisions relating to credit insurance require Protective Life to (a) promptly refund any unearned credit insurance premiums due to their insureds upon the early termination of their insureds' underlying debts, (b) establish procedures to determine when their insureds have terminated their motor vehicle contracts prior to their scheduled maturity date, and (c) distribute refund schedules to creditors who hold the retail installment contracts of Protective Life insureds; however, the Texas Insurance Code and Texas Administrative Code do not require any affirmative act on the part of insureds, including providing notice to the credit insurance company of the early termination of their underlying retail installment loans, as a condition precedent to a premium refund.

2.5 Protective Life has not made refunds of unearned credit insurance premiums due to all eligible insureds, pursuant to the requirements of the Texas Insurance Code and the Texas Administrative Code, and has retained these premiums in violation § 17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541.

2.6 Protective Life has failed to establish procedures to make certain that it will be timely informed by creditors holding the motor vehicle retail installment loans of its insureds, that the insureds' motor vehicle retail installment loans have been paid off early, in violation of § 17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541.

2.7 Protective Life has failed to adequately supervise the performance of motor vehicle dealers in making premium refunds, in violation of § 17.46 (a) and (b) of the DTPA and TEX. INS. CODE Chapter 541.

3.0

PROTECTIVE LIFE'S DENIAL

3.1 Protective Life has denied and continues to deny the Attorney General's allegations, but in the interest of avoiding the time, expense, and uncertainty of litigation, desires to settle and compromise its disputes and differences regarding the Attorney General's allegations. This is a compromise of a disputed claim and Protective Life enters into this AVC without admitting any liability, which liability is expressly denied, and without agreement by any party to any of the allegations or defenses made by another party. Nothing contained herein shall be deemed an admission of liability or wrongdoing of any kind.

4.0

PARTIES' AGREEMENT

4.1 In consideration of the mutual promises and covenants herein contained, the State of Texas and Protective Life agree as follows:

WAIVER OF CLASS ACTION RELEASE

4.2 Protective Life shall waive enforcement of any release contained in any class action settlement agreement related to Protective Life's unearned credit insurance premium refund practices approved by any state or federal court after the effective date of the AVC, solely as to Protective Life insureds who purchased credit insurance in the State of Texas. Said waiver shall be solely and exclusively for the limited, express purpose of carrying out the provisions of this AVC. Protective Life does not waive enforcement of the release set forth in any class action settlement regarding unearned credit insurance premiums to any other extent or for any other purpose.

PREMIUM REFUNDS TO KNOWN INDIVIDUALS

4.3 Contemporaneous with the execution of this AVC, the Attorney General shall provide Protective Life with a report (hereinafter referred to as "first report") in electronic format, listing certain Protective Life insureds who purchased credit insurance in the State of Texas and whose retail installment loans terminated early between January 1, 2002, and December 31, 2006, but who did not receive refunds of unearned credit insurance premiums. This first report was developed by the Attorney General's Legal Technical Support Division utilizing data provided by Protective Life and data provided by major motor vehicle creditors in response to CIDs. Upon the execution of this AVC by Protective Life and before receiving the report, Protective Life shall present to the Attorney General signed protective orders or confidentiality agreements governing the use of information provided by creditors AmeriCredit Corporation, Fort Motor Credit Company, DaimlerChrysler Financial Services America, LLC, Mitsubishi Motors Credit of America, Inc., First Investors Financial Services, Inc., and Capital One Auto Finance, Inc. Apart from its specific obligations under said protective orders and confidentiality agreements, Protective Life shall maintain the information contained in this report in confidence under proper safeguards and will use it solely for the purpose of complying with this AVC. Distribution of the information in the report within Protective Life will be limited to those individuals involved in carrying out Protective Life's duties under this AVC. Protective Life shall inform these individuals that the information may not be disclosed other than to Protective Life employees or agents participating in the carrying out of the terms of the AVC and with respect to information pertaining to a specific customer, to that customer. In order to effectuate the terms of the AVC and when not prohibited by any protective order governing the

use of information set forth in the report, Protective Life may share information regarding loan termination dates and refund amounts due with its motor vehicle producers and reinsurers.

4.4 Data in the first report will be grouped by creditor and year of payoff and shall include the following information: name and address of the insured, name of the auto dealer who sold the policy, the effective or contract date of the policy, the scheduled maturity date of the policy, the pay off date of the policy (as provided by the listed creditor), the Protective Life policy number, and the estimated refund amount, which represents the original premium refund owed by Protective Life plus 7% simple interest on that amount, calculated on an annual basis, beginning sixty (60) days from the date the insured's retail installment loan was paid off and ending with the effective date of this AVC. All estimated premium refund amounts calculated by the Attorney General will be calculated pursuant to Texas law (life premium refunds calculated pursuant to the Rule of Anticipation; disability premium refunds calculated as the mean of the Rule of 78 and pro rata methods).

4.5 Protective Life shall have one hundred days (100) days from the effective date of this AVC to review the first report and research its records to determine if the insureds listed in the report have already received premium refunds from Protective Life, or its agents, or if the insureds were not due refunds pursuant to 28 TAC §§3.5901-3.5906 and §3.5104. Not later than the one hundred and first (101st) day following the effective date of the AVC, Protective Life shall submit to the Attorney General proposed revisions to the report, if any, including a list of insureds that Protective Life contends have already received premium refunds, or did not qualify for refunds, and proof supporting these contentions. Proof shall consist of the documents described below, each of which may be produced in electronic format, provided the Attorney General agrees to that format:

- (a) receipts evidencing cash payment of a refund;
- (b) documents, including spread sheet compilations, that evidence the premium refund check number, date of the check, bank name, and insured to whom the premium refund check was mailed;
- (c) documents evidencing that an insured's premium refund was credited to the insured's indebtedness, provided that such credit was applied to the indebtedness to which the insurance charges were attributable;
- (d) documents evidencing that a credit life benefit was paid on the insured's policy;
- (e) documents evidencing that credit accident and health benefits were used to pay off the indebtedness of an insured in a single payment;
- (f) documents evidencing that an insured's loan terminated because the insured's automobile was repossessed, and that a premium refund check or credit was sent to the insured or the insured's creditor;
- (g) Protective Life electronic records evidencing cancellation and a life or accident and health premium refund to the insured or the insured's creditor;
- (h) records that show the premium refund is \$3.00 or less.

All proof submitted that an insured, or the insured's creditor, has already received a refund or was not qualified to receive a refund, should reference the specific policy number and type of insurance (credit life, credit accident and health) to which it applies and be accompanied by a brief narrative explanation.

4.6 The Attorney General shall review the information submitted by Protective Life for each insured Protective Life contends does not qualify under this AVC to receive a refund and shall make a good faith determination on whether the insured is or is not entitled to the refund.

All decisions on whether an insured is entitled to a refund shall be completed within one hundred and twenty-five (125) days of the effective date of the AVC. If the Attorney General determines that an insured is entitled to a refund, then the name of the insured shall be included in the Attorney General's "first revised report," referenced below, and payment shall be made to all insureds listed therein in accordance with the procedures set out in section 4.8 *infra*. Protective Life's and the Attorney General's determinations shall not be binding upon individual insureds and any right or cause of action that they may assert in any other proceeding.

4.7 Within One Hundred and twenty-five (125) days from the effective date of the AVC, the Attorney General shall present a revised first report ("revised first report") in electronic format to Protective Life with the names of those insureds who shall receive premium refunds under the terms of this AVC.

4.8 Within sixty (60) days of the receipt of the revised first report, Protective Life shall issue a refund check or draft to each individual listed on the revised first report. (Nothing shall preclude Protective Life from issuing the refund checks or drafts on a rolling basis upon receipt of the first report if Protective Life determines that the customers have not already received premium refunds). The amount of this refund will be calculated pursuant to the methods described in paragraph 4.4, plus 7% interest calculated on an annual basis beginning sixty (60) days from the date the policy was effectively canceled and ending on the effective date of the AVC, minus any amounts paid to the insured as a result of any claim filed on the same credit insurance policy in any class action against Protective Life.

4.9 Each check or draft sent to insureds listed in the revised first report shall be mailed by first class mail with address correction requested to the address listed for the insured in the revised first report. All payments received from Protective Life with a corrected address

shall be forwarded to such corrected address. Any checks or drafts returned to Protective Life that are undeliverable shall be subject to TEX. PROP. CODE ANN. §§72.001-74.710. Protective shall pay all costs in connection with issuing refunds under this AVC.

4.10 Each refund check or draft issued to insureds listed in the revised report shall be accompanied by a letter in the form attached hereto as **Exhibit A**. The letter and check and/or draft shall be mailed in a standard Protective Life business envelope, displaying the name and logo for Protective Life, which shall also state prominently on the outside, "IMPORTANT INFORMATION REGARDING YOUR PREMIUM REFUND."

**NOTICE AND CLAIM PROCEDURE FOR INSUREDS
ENTITLED TO PREMIUM REFUND BUT NOT YET IDENTIFIED**

4.11 Protective Life shall maintain a claims website (the "claims website") beginning ninety (90) days from the execution of the AVC and continuing until the three hundredth (300th) day following the execution of the AVC. The claims website will inform potential claimants of their right to file a claim for premium refunds pursuant to this AVC and to request a "claims package," which shall consist of **Exhibits B, C, and D**, attached hereto. A link to the claims website entitled, "Protective Life Agreement With Texas Attorney General" shall be maintained at Protective Life's main corporate website, www._____.com beginning ninety days from the execution of the AVC and continuing for a period of three hundred (300) days following the execution of the AVC.

4.12 The claims website shall include the content of the attached **Exhibit E**, a link to a form for ordering a "claims package" and a section for "Frequently Asked Questions." Visitors to the website may request the "claims package" referenced in paragraph 4.13, by entering their name and address in the website form. Protective Life shall mail the "claims package" referenced in paragraph 4.11, no later than three days from the date an online request is received. Protective

Life shall send to the Attorney General's Office an email confirmation of each online request for a claim form, listing the name and address of the claimant, a unique request number, and the date the claims package was requested, to the following e-mail address www._____.com.

4.13 Protective Life shall also mail a claims package to any individual requesting it by telephone, or by mail, no later than three business days after receipt of such request. Protective Life shall begin mailing the claims package beginning on the effective date of the AVC and continuing for a period of three hundred (300) days from the effective date of the AVC. Individuals making a claim need provide only their name and address, either verbally, or in writing, to receive a claims package. Protective Life shall maintain a log of all requests for claim packages whether made online, by telephone, or by mail. Protective life shall provide an updated copy of the log to the Attorney General monthly, beginning sixty (60) days from the effective date of the AVC and continuing for a period of three hundred (300) days from the effective date of the AVC. The report shall be provided via electronic mail to the e-mail address referenced in paragraph 4.14.

4.14 All claims packages sent pursuant to this AVC shall be mailed in a standard Protective Life business envelope which shall display the name and logo for Protective Life and which shall also state prominently on the outside of the envelope, "IMPORTANT INFORMATION REGARDING PREMIUM REFUND CLAIMS." Each claims package shall be mailed by first class mail with address correction requested and shall be accompanied by a postage pre-paid return envelope addressed to Protective Life. All claims packages returned because of an incorrect address shall be mailed to the corrected address. Not later than three hundred and thirty (330) days from the effective date of the AVC, Protective Life shall present the Attorney General in electronic and paper format a list of individuals (including their

addresses) to whom claims packages were sent and the date of the mailing for each, a list of individuals to whom claims packages were sent to corrected addresses, and a list of individuals to whom claims packages were sent, but were returned as undeliverable.

4.15 Protective Life shall accept claims submitted on the form attached as **Exhibit C** (“claim form”) for a period of up to ninety five (95) days from the date that Protective Life mailed the claims package. The claim form provides two options for individuals making a claim. For each claim form received by Protective Life prior to the ninety-fifth day (95th) on which it was mailed where the insured has selected “Option One,” Protective Life shall have up to sixty (60) days from receipt of the claim to make a good faith determination if a refund should be made to the claimant in accordance with the requirements of 28 TAC §§3.5901-3.5906, and §3.5104. If Protective Life has failed to make a determination within this time period, then the presumption shall be that the insured is entitled to a refund and payment shall be made to the insured according to the procedures set out in paragraph 4.18. For each “Option One” claim form submitted, the following documents shall be accepted as *prima facie* proof of a loan payoff by Protective Life: (1) a copy of a payoff notice from a motor vehicle creditor, (2) copy of a motor vehicle title showing a lien release date that is earlier in time than the scheduled maturity date of the motor vehicle retail installment loan, (3) a copy of a cover letter showing the transmittal to the insured of a clear motor vehicle title, and (4) any other document from a motor vehicle creditor that provides information on the date that a customer’s motor vehicle retail installment loan was paid off. Failure of any of Protective Life’s insureds to submit a claim form within ninety five (95) days shall in no way limit individual insureds from asserting any private right or cause of action that they may assert in any other proceeding.

4.16 If Protective Life determines that the document providing proof of payoff are insufficient and fail to provide the customer's name, address, and payoff date, Protective Life shall treat the claim as being made under Option Two of **Exhibit C**, and proceed according to the procedures for Option Two claims set out in paragraph 4.17 of the AVC.

4.17 For each of the claim forms received by Protective Life where the insured selected Option Two, as described in **Exhibit C**, Protective Life or its agents/automobile dealers shall make a good faith effort through a search of its records, and those of its agents, to determine if the claimants' retail installment loans terminated prior to their scheduled termination date and whether they are owed a premium refund, completing that research no later than sixty (60) days after receiving the claim. Based on the customer's signed consent, this research shall at a minimum involve contacting the insured's original motor vehicle dealer and the holder of the insured's motor vehicle retail installment loan by telephone, or in writing, to determine when the insured's retail installment loan was terminated or acquiring the customer's credit report based on the customer's authorization pursuant to **Exhibit D**.

4.18 After completing its review of Option One and Option Two claims, Protective Life shall issue refund checks for the full amount of unearned credit insurance premiums to each and every insured it has determined to have paid off his or her motor vehicle retail installment loan prior to its maturity date and to be owed a refund of unearned credit insurance premium in accordance with the requirements of 28 TAC §§ 3.5901-3.5906 and 3.6101(b). These refunds shall be processed no later than sixty five (65) days after receipt of a claim for refund, and ninety days after receiving an Option One claim treated as Option Two claim pursuant to section 4.17 of this AVC. The amount of these unearned premium refunds shall include simple interest in the amount of 7% calculated annually, beginning sixty (60) days from the date the insureds retail

installment loan was paid off and ending with the effective date of the AVC. Such refunds will be accompanied by a letter in the form attached as **Exhibit F** and mailed in the type of envelope described in paragraph 4.10. Any checks or drafts returned to Protective Life that are undeliverable shall be subject to TEX. PROP. CODE ANN. §72.001-74.710. Protective Life shall pay all costs in connection with the issuing of refunds under the AVC.

4.19 If Protective Life has in good faith determined that a claimant selecting either Option One or Option Two does not qualify for a premium refund under the terms of this AVC or has already received a premium refund, Protective Life shall send the claimant the letter attached as **Exhibit G**, identifying the reason for the denial no later than sixty five (65) days from the receipt of their claim, or ninety days if the claim is an Option One claim being treated as an Option Two claim under paragraph 4.17 of the AVC. Such letter will also be mailed in the type of envelope described in paragraph 4.10. Protective Life's determination that a claimant is not owed a refund under the terms of this AVC is not binding as to any individual right or cause of action that may be asserted any other proceeding or cause of action.

4.20 Twelve (12) months after the effective date of this AVC, Protective Life shall file with the Attorney General a verified report under oath which shall state:

- (a) the total dollar amount of premium refunds, including interest, mailed to insureds pursuant to this AVC;
- (b) the total number of claims for refund submitted, the number of claims where refunds were owed, and the number of claims where no refunds were owed;
- (c) the total number of insureds to whom checks or drafts were mailed;
- (d) the total number and dollar amount of negotiated checks or drafts;

- (e) the total number and dollar amount of returned checks or drafts;
- (f) a list of insureds to whom premium checks were sent, including the addresses of the individual insureds and the amount of interest paid to each individual insured as part of their refund;
- (g) a list of claimants who were determined not be owed premium refunds, including their names and addresses, and a short explanation of why they were not entitled to a refund;
- (h) the total number and dollar amount of premium refund checks turned over to the abandoned property fund pursuant to TEX. PROP. CODE ANN. §72.001.

4.21 Each check or draft issue pursuant to the terms of this AVC may also include on the back of the check or draft a release as follows: "I release Protective Life Insurance Company and its agents from any and all liability related to or arising out of this premium refund."

CHANGES TO PREMIUM REFUND PROCEDURES

4.22 From the effective date of this AVC forward, Protective Life shall conform its current procedures to comply with TEX. INS. CODE Chapter 1153 (and any subsequent re-codification or re-numbering of this Chapter) and all rules and regulations promulgated under Chapter 1153 by the Texas Department of Insurance, including any amendments or modifications to those regulations made after the effective date of this AVC, and any rules not yet promulgated by the Texas Department of Insurance as of the effective date of this AVC.

4.23 Before January 1, 2008, Protective Life shall send to each of its insureds who, between February 1, 2007 and August 31, 2007, purchased from a Texas motor vehicle dealer credit insurance covering a motor vehicle retail installment loan – with the exception of those

insureds who already received refunds of unearned credit insurance premiums or whose policies are no longer active – a letter in the form attached hereto as **Exhibit H**.

CONTACT INFORMATION

4.24 To the extent that the terms or context of this AVC, or the exhibits attached hereto, require that Protective Life provide a 1-800 number or an address to receive inquiries, requests of information, Protective Life shall take all necessary steps to establish and maintain the number or address in order to effectuate this AVC, including providing sufficient staff and resources to efficiently receive and process information and respond to inquiries and requests.

ATTORNEY'S FEES AND COSTS OF INVESTIGATION

4.25 On or before December 17, 2007, Protective Life shall pay \$100,000 to the Office of the Attorney General as its attorneys' fees, expenses, and costs of investigation. Failure to pay within the designated time period shall be a material breach of this agreement.

5.0

COURT APPROVAL

5.1 The parties agree that they will submit this AVC to a court of competent jurisdiction in Travis County and request that the court approve and enter this AVC pursuant to the terms set forth herein and Tex. Bus. & Com. Code § 17.58.

5.2 The "effective date" of the AVC shall be the day it is approved by the District Court. If the court does not approve this AVC, this AVC shall become null and void.

5.3 If any federal or Texas law, rule or regulation creates a new statutory or regulatory provision that materially conflicts with the terms of this AVC, then this AVC shall be automatically modified to reflect and incorporate that law, rule, or regulation prospectively from the date the new law, rule or regulation becomes effective. For the purposes of this AVC, a

material conflict exists if conduct prohibited by the AVC is required by any such new Texas or federal law, or if conduct required by the AVC is prohibited by any such new Texas or federal law.

5.4 Nothing in the AVC shall be construed as a waiver of any private rights, causes of action, or remedies of any person against Protective Life with respect to their practices alleged herein.

5.5 The parties hereto release and discharge each other and Protective Life's past and present agents, employees, affiliates, officers, representatives, successors, parents, subsidiaries and divisions, from any and all claims for damages or other relief arising out of Protective Life's failure to refund unearned premiums due to its insureds which may have accrued on or before December 31, 2006, whether or not asserted by the parties, in their pleadings in this case or otherwise.

5.6 The parties represent and warrant, each to the other, that each has the authority to enter into and make this AVC, and to bind themselves to this AVC. Protective Life and the Attorney General agree that nothing in this AVC shall create any private rights, causes of action or remedies of any other individual or entity against Protective Life.

5.7 This AVC shall be governed by Tex. Bus. & Com. Code § 17.58.

5.8 Any and all taxable costs of court are taxed against Protective Life.

6.0

MISCELLANEOUS PROVISIONS

6.1 Neither this AVC nor any related negotiations, statements or court proceedings shall be construed as, offered as, received as, used as or deemed to be evidence or an admission

or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including the parties hereto, or as a waiver by Protective Life of any applicable defenses.

6.2 To seek a modification or termination of this AVC for any reason, Protective Life shall send a written request to the Attorney General. The Attorney General shall make a good faith evaluation of the then existing circumstances, and after collecting information the Attorney General deems necessary, make a prompt decision as to whether to agree to the modification or termination of this AVC. In the event the Attorney General timely denies the modification or termination, Protective Life reserves all rights to pursue any legal or equitable remedies available to it. No waiver, termination, modification, or amendment of the terms of this AVC shall be binding unless made by order of the Court; provided, however, the parties may agree to an extension of any time periods in this AVC without an order of this court.

6.3 This AVC may be executed in any number of counterparts and each of which when so executed shall be deemed an original and all of which taken together shall constitute one and the same AVC.

EXECUTED this 5th day of December, 2007.

GREG ABBOTT
Attorney General of Texas

KENT C. SULLIVAN
First Assistant Attorney General

JEFF L. ROSE
Deputy First Assistant Attorney General

PAUL D. CARMONA
Chief, Consumer Protection and
Public Health Division



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ATTORNEYS FOR THE STATE OF TEXAS

By: Will D. Davis
[Attorney for Protective Life]
State Bar No. 05563000

By: [Signature]
[Authorized Senior Officer]
Title: SENIOR VICE PRESIDENT

THE STATE OF ALABAMA)
)
COUNTY OF)

On this 29 day of November 2007, before me, the undersigned authority, personally appeared Brent Griggs, who is personally known to me and acknowledged himself/herself to be an agent for Protective Life Insurance Company, and he/she, as such an agent, being authorized to do so, executed the foregoing instrument for the purpose and consideration therein contained by signing for the Protective Life Insurance Company by himself/herself as an agent for such.

In witness whereof, I hereunto set my hand and official seal.

Margaret Lococo
Notary Public, State of ~~Alabama~~ MISSOURI

My Commission Expires: 2-27-09

MARGARET E. LOCOCO
Notary Public - Notary Seal
STATE OF MISSOURI
St. Charles County
Commission #08672881
My Commission Expires: 2-27-09

EXHIBIT A

[CUSTOMER NAME]

[Protective Life Policy #]

[Effective Date of the Policy]

NOTICE OF SETTLEMENT

Protective Life Insurance Company (“Protective Life”) and Texas Attorney General Greg Abbott have recently reached an agreement regarding Protective Life’s procedures for refunding unearned credit insurance premiums. As such, Protective Life and the Texas Attorney General have agreed on a new procedure for Protective Life to refund unearned premiums to eligible policyholders who paid off their motor vehicle loans early. Protective Life has additionally agreed to pay interest on the refund in the amount of seven percent (7%) simple interest per annum, starting sixty (60) days from the date the motor vehicle loan ended and ending on the effective date of the agreement between the Attorney General and Protective Life.

With the assistance of the Attorney General’s Office, it has been determined that your motor vehicle loan ended early and that you are entitled to a refund of unearned credit insurance premium from Protective Life. Enclosed please find a check or draft for your refund. This check or draft reflects the amount of unearned credit insurance premium refund that is due plus interest at 7% per annum.

If you have any questions about the enclosed check, please call Protective Life at [insert phone number].

Enclosure: Check#

EXHIBIT B

CUSTOMER NAME]

[Protective Life Certificate #]

[Effective Date of the Certificate]

**NOTICE OF SETTLEMENT AND CLAIM PROCEDURES
FOR PROTECTIVE LIFE INSURANCE POLICY HOLDERS**

Protective Life Insurance Company (“Protective Life”) and Texas Attorney General Greg Abbott have recently reached an agreement regarding Protective Life’s procedures for handling refunds of unearned credit insurance premiums. Protective Life has agreed to refund to eligible policyholders the unearned premiums due to them because their motor vehicle loans **were paid off early between January 1, 2002 and December 31, 2006.** Protective Life has additionally agreed to pay interest on the refunds in the amount of seven percent (7%) per annum, starting sixty (60) days from the date the auto loan was paid off and ending on the effective date of the agreement between the Attorney General and Protective Life.

You may be an eligible policyholder if your motor vehicle loan insured by Protective Life was paid off early between January 1, 2002 and December 31, 2006 and you purchased a credit insurance policy from Protective Life in Texas.

If you believe that you are eligible for a refund of your credit insurance premium, please fill out and mail the attached claim form to Protective Life. If possible, attach to your claim form documents showing proof that your loan was paid off early. **Claimants attaching such proof may receive their refunds more quickly.** The following documents are acceptable: (1) a copy of a payoff notice from a motor vehicle creditor; (2) a copy of a motor vehicle title showing a lien release date; (3) a copy of a cover letter showing the transmittal to the policyholder of a clear motor vehicle title; and (4) any document or letter from a motor vehicle creditor that provides information on the date that a customer’s motor vehicle loan was paid off. This form also includes an authorization that will allow your creditor to share proof of your motor vehicle loan contract with Protective Life for the purpose of determining your eligibility for a refund.

**YOU MUST FILL OUT AND MAIL THE ATTACHED CLAIM FORM WITHIN
THIRTY (30) DAYS OF THE POSTMARKED DATE ON THE CLAIM ENVELOPE.**

If you have any questions concerning the settlement between the Attorney General and Protective Life and the claim procedure describe above, please call [INSERT TOLL FREE NUMBER].

EXHIBIT C
CLAIM FORM FOR PROTECTIVE LIFE INSURANCE COMPANY
CREDIT INSURANCE PREMIUM REFUND

Read the following options, and check the one that applies to your circumstances.

OPTION ONE

_____ I believe that my motor vehicle loan that was insured by a Protective Life Insurance Company ("Protective Life") credit insurance policy was paid off early between January 1, 2002 and December 31, 2006 and that I have not received a refund of any unearned premium. I am attaching one of the following as proof of the loan payoff: a copy of a document sent by my creditor informing me of the payoff and listing the payoff date; a copy of a motor vehicle title showing a lien release date; or any other type of document that proves the date the loan was paid off. I am requesting that Protective Life evaluate the enclosed documentation and its files to determine whether I am entitled to a refund of unearned premium and, if so, to issue a premium refund check. I agree that if Protective Life determines that the documentation I have provided is insufficient, I request that Protective Life perform the research described in Option Two and have included a signed Insured's Authorization permitting Protective Life to do so.

OPTION TWO

_____ I believe that my auto loan insured by a Protective Life Insurance Company ("Protective Life") credit insurance policy was paid off early between January 1, 2002 and December 31, 2006 and that I have not already received a refund of any unearned premium but I do not have any documents in my possession that show this payoff. I am requesting that Protective Life perform research to determine if my loan was paid off early, and I will sign the attached Insured's Authorization authorizing the holder of my motor vehicle retail installment contract to provide information as to the payoff date of the loan to Protective Life or its authorized agent, and authorizing Protective Life to request a copy of my credit report, if necessary.

You must the sign Insured's Authorization to qualify for a refund under Option Two.
PLEASE PRINT LEGIBLY

Insured's Name:

Certificate Number (if available):

Insured's Current Address:

Date Auto Loan Commenced (if available):

Insured's Address at Time Policy Was Purchased
(if different from address above):

Date Auto Loan Terminated (if available):

Insured's Telephone Number:

Place Where Policy was Purchased (e.g. Name
and Location of Car Dealership, if available):

Insured's Date of Birth:

Insured's Signature:

Signed this DATE:

[For Option One claims, please attach copies of documents showing early loan payoff to the back of this form. If you need more space, please attach a separate sheet of paper.]

EXHIBIT D
INSURED'S AUTHORIZATION

I hereby authorize any company or entity that held and serviced my retail installment motor vehicle loan to disclose non-public information to PROTECTIVE LIFE INSURANCE COMPANY ("Protective Life") or its authorized agents regarding the date the loan or retail installment loan was paid off, for the sole purpose of determining my eligibility for a premium refund. This authorization is intended to serve as a consent to disclose non-public information pursuant to the Graham-Leach-Bliley Act, 15 U.S.C. § 6802 (e)(2).

This request for information by Protective Life is made pursuant to its Assurance of Voluntary Compliance Agreement with the Texas Attorney General's Office, which settled the lawsuit captioned *State of Texas v. Protective Life Insurance Company*, Cause No. D-1GV-07-410, in the 200th Judicial District Court, Travis County, a lawsuit regarding Protective Life's credit insurance premium refund practices.

I further authorize Protective Life to obtain my credit report, solely for the purpose of verifying my eligibility for a refund.

In making these authorizations, I understand that I waive all federal, state, and local privacy laws, statutes, and regulations as to any and all authorized actions taken by Protective Life in confirming my eligibility for a refund.

Signed this _____, day of _____, 2007.

Full Name and Social Security Number

Phone Number

Current Address

EXHIBIT E
NOTICE OF SETTLEMENT AND CLAIM PROCEDURES
FOR PROTECTIVE LIFE INSURANCE COMPANY
POLICYHOLDERS

Protective Life Insurance Company, (“Protective Life”) and Texas Attorney General Greg Abbott have recently reached an agreement regarding Protective Life’s handling of unearned credit insurance premiums. Protective Life has agreed to refund to eligible policyholders the unearned premiums due to them because their motor vehicle loans **were paid off early between January 1, 2002 and December 31, 2006.** Protective Life has additionally agreed to pay interest on the refunds in the amount of seven percent (7%) per annum, starting sixty (60) days from the date the auto loan was paid off and ending on the effective date of the agreement between Protective Life and the Attorney General. **You may be an eligible policyholder under the terms of this agreement if your motor vehicle loan insured by Protective Life was paid off early between January 1, 2002 and December 31, 2006, and you purchased your credit insurance policy in Texas.**

If you believe that you are eligible for a refund of your credit insurance premium, you may order a claim form by clicking on the “claim form link” and entering your name and address, and, at your option, your phone number. Protective Life will mail a claim form within three (3) business days after receipt of your request. You must fill out and sign the claim form within thirty (30) days of the postmarked date on the claims envelope.

If you prefer to request the claim form by mail, please send a letter to [Insert Protective Life Address] stating, “Please send me a claim form for State of Texas v. Protective Life Insurance Company, providing your name and address. You may also request a claim form by calling [INSERT TOLL FREE NUMBER] and providing your name and address over the phone.

If you have any questions concerning the settlement between the Attorney General and Protective Life or the claim procedure described above, you may view the Frequently Asked Questions about Claim Procedure Link, or contact _____, at [INSERT TOLL FREE NUMBER].

EXHIBIT F

[CUSTOMER NAME]

[Protective Life Policy #]

[Effective Date of the Policy]

NOTICE OF PREMIUM REFUND

You recently filed a claim for a premium refund in connection with the agreement between Protective Life Insurance Company ("Protective Life") and Texas Attorney General Greg Abbott regarding Protective Life's premium refund practices. Enclosed please find a check from Protective Life for a refund of unearned credit insurance premiums on the policy listed above. The amount of the check reflects the original amount of the premium refund owed, plus 7% simple interest calculated beginning sixty days after your loan was terminated through the effective date of the agreement between Protective Life and the Texas Attorney General.

If you have any questions about this settlement check, please contact Protective Life at [INSERT TOLL FREE NUMBER].

EXHIBIT G

Date:

[Customer Name and Address]

Re: Claim for Premium Refund

Dear Claimant:

You filed a claim for a premium refund pursuant to the agreement between Protective Life Insurance Company ("Protective Life") and Texas Attorney General Greg Abbott regarding Protective Life's premium refund practices. After researching your claim, Protective Life regrets to inform you that you are not owed a premium refund because of one of the reasons listed below:

- ___ 1. Protective Life records show that you, or your creditor, were already issued a premium refund check(s).
- ___ 2. You were not entitled to a premium refund because the refund amount was less than three (3) dollars.
- ___ 3. Your motor vehicle contract was not terminated early.
- ___ 4. Creditor records indicate that your refund was applied to the payoff amount of your loan.
- ___ 5. Other: _____

If you have any questions about the claim, please call INSERT TOLL FREE NUMBER.

EXHIBIT H

[Current Date]

Dear Mr/Ms [Insert Name]:

Re: Policy # [Insert Certificate Number] Dated [Insert Date]

Automobile Dealer Name

Expiring [Insert Date]

Thank you for being a valued policyholder! We trust that we have served your needs to the fullest.

If you paid off or refinanced your loan before its original maturity date of [insert maturity date], you may be due a refund of unearned premium. You may, at your option, contact our office at [INSERT TOLL FREE NUMBER] if your loan was paid off early and you have not received a refund of unearned premium. Proof of an early loan payoff may be provided by the payoff notice or any document showing that your loan was paid off early.

If you do not know if your loan was paid off early, you may sign on the back of this letter the Authorization to Disclose Non-Public Information, giving us permission to contact your lender to determine if the loan was paid off early.

Sincerely,

Protective Life Insurance Company
Credit Insurance Division

[To be included on reverse side of Exhibit H]

AUTHORIZATION TO DISCLOSE NON-PUBLIC INFORMATION

I hereby authorize any company or entity that held and serviced my retail installment loan to disclose non-public information to Protective Life Insurance Company or its authorized agents regarding the date the loan or retail installment loan was terminated, for the sole purpose of determining my eligibility for a premium refund. This authorization is intended to serve as a consent to disclose non-public information pursuant to the Graham-Leach-Bliley Act, 15 U.S.C. § 6802 (e)(2).

Signed this _____, day of _____, 2007.

Name and Social Security Number

Phone Number

Current Address
The Following Information is Optional:

Name, Address and Phone Number of Lender (If Known)