UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2015

or

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number 001-11339

PROTECTIVE LIFE CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	**95-2492236**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

2801 HIGHWAY 280 SOUTH

BIRMINGHAM, ALABAMA 35223

(Address of principal executive offices and zip code)

Registrant s telephone number, including area code **(205) 268-1000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of accelerated filer , and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated Filer o
Non-accelerated filer o	Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

Number of shares of Common Stock, $0.01 Par Value, outstanding as of April 23, 2015: 1,000

Table of Contents

PROTECTIVE LIFE CORPORATION

QUARTERLY REPORT ON FORM 10-Q

FOR QUARTERLY PERIOD ENDED MARCH 31, 2015

TABLE OF CONTENTS

PART I

PART II

Table of Contents

PROTECTIVE LIFE CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(Unaudited)

	Successor Company February 1, 2015 to March 31, 2015 (Dollars In Thousands)	Predecessor Company January 1, 2015 to January 31, 2015 (Dollars In Thousands)	For The Three Months Ended March 31, 2014
Revenues			
Premiums and policy fees	$ 509,008	$ 261,866	$ 815,896
Reinsurance ceded	(141,401)	(89,956)	(327,713)
Net of reinsurance ceded	367,607	171,910	488,183
Net investment income	288,872	175,180	538,163
Realized investment gains (losses):			
Derivative financial instruments	33,641	(123,274)	(105,350)
All other investments	(35,056)	81,153	72,114
Other-than-temporary impairment losses		(636)	(423)
Portion recognized in other comprehensive income (before taxes)		155	(1,168)
Net impairment losses recognized in earnings		(481)	(1,591)
Other income	67,263	36,421	99,039
Total revenues	722,327	340,909	1,090,558
Benefits and expenses			
Benefits and settlement expenses, net of reinsurance ceded: (2015 Successor - $117,208; 2015 Predecessor - $87,674; 2014 Predecessor - $304,832)	486,299	267,287	728,519
Amortization of deferred policy acquisition costs and value of business acquired	27,897	4,072	55,582
Other operating expenses, net of reinsurance ceded: (2015 Successor - $35,036; 2015 Predecessor - $17,056; 2014 Predecessor - $43,766)	115,304	68,368	181,252
Total benefits and expenses	629,500	339,727	965,353
Income before income tax	92,827	1,182	125,205
Income tax expense (benefit)	29,966	(327)	41,566
Net income	$ 62,861	$ 1,509	$ 83,639
Net income - basic		$ 0.02	$ 1.05
Net income - diluted		$ 0.02	$ 1.03
Cash dividends paid per share		$	$ 0.20
Average shares outstanding - basic		80,452,848	79,608,461
Average shares outstanding - diluted		81,759,287	80,872,152

See Notes to Consolidated Condensed Financial Statements

Table of Contents

PROTECTIVE LIFE CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Successor Company	Predecessor Company	
	February 1, 2015 to March 31, 2015	January 1, 2015 to January 31, 2015	For The Three Months Ended March 31, 2014
	(Dollars In Thousands)	(Dollars In Thousands)	
Net income	$ 62,861	$ 1,509	$ 83,639
Other comprehensive income (loss):			
Change in net unrealized gains (losses) on investments, net of income tax: (2015 Successor - $(157,355); 2015 Predecessor - $259,738; 2014 Predecessor - $259,589)	(292,233)	482,370	482,093
Reclassification adjustment for investment amounts included in net income, net of income tax: (2015 Successor - $(131); 2015 Predecessor - $(2,244); 2014 Predecessor - $(2,023))	(242)	(4,166)	(3,756)
Change in net unrealized gains (losses) relating to other-than- temporary impaired investments for which a portion has been recognized in earnings, net of income tax: (2015 Successor - $0; 2015 Predecessor - $(131); 2014 Predecessor - $2,429)		(243)	4,511
Change in accumulated (loss) gain - derivatives, net of income tax: (2015 Successor - $(12); 2015 Predecessor - $5; 2014 Predecessor - $316)	(23)	9	587
Reclassification adjustment for derivative amounts included in net income, net of income tax: (2015 Successor - $31; 2015 Predecessor - $13; 2014 Predecessor - $235)	59	23	436
Change in postretirement benefits liability adjustment, net of income tax: (2015 Successor - $0; 2015 Predecessor - $(6,475); 2014 Predecessor - $(632))		(12,025)	(1,173)
Total other comprehensive income (loss)	(292,439)	465,968	482,698
Total comprehensive income (loss)	$ (229,578)	$ 467,477	$ 566,337

See Notes to Consolidated Condensed Financial Statements

Table of Contents

PROTECTIVE LIFE CORPORATION

CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

	Successor Company As of March 31, 2015 (Dollars In Thousands)	Predecessor Company As of December 31, 2014 (Dollars In Thousands)
Assets		
Fixed maturities, at fair value (amortized cost: 2015 Successor - $38,170,605; 2014 Predecessor - $33,738,242)	$ 37,642,607	$ 36,775,989
Fixed maturities, at amortized cost (fair value: 2015 Successor - $528,828; 2014 Predecessor - $485,422)	551,320	435,000
Equity securities, at fair value (cost: 2015 Successor - $739,207; 2014 Predecessor - $778,744)	741,532	803,230
Mortgage loans (related to securitizations: 2015 Successor - $441,624; 2014 Predecessor - $455,250)	5,589,795	5,133,780
Investment real estate, net of accumulated depreciation (2015 Successor - $21; 2014 Predecessor - $246)	7,435	5,918
Policy loans	1,735,370	1,758,237
Other long-term investments	618,546	514,639
Short-term investments	256,303	250,645
Total investments	47,142,908	45,677,438
Cash	454,773	379,411
Accrued investment income	484,090	474,522
Accounts and premiums receivable	95,462	84,458
Reinsurance receivables	5,712,449	6,106,113
Deferred policy acquisition costs and value of business acquired	1,314,647	3,294,570
Goodwill	735,712	102,365
Other intangibles, net of accumulated amortization (2015 Successor - $6,886)	676,114	
Property and equipment, net of accumulated depreciation (2015 Successor - $1,449; 2014 Predecessor - $118,487)	103,623	52,853
Other assets	148,505	316,207
Income tax receivable		
Assets related to separate accounts		
Variable annuity	13,339,653	13,157,429
Variable universal life	857,167	834,940
Total assets	$ 71,065,103	$ 70,480,306

See Notes to Consolidated Condensed Financial Statements

Table of Contents

PROTECTIVE LIFE CORPORATION

CONSOLIDATED CONDENSED BALANCE SHEETS

(continued)

(Unaudited)

	Successor Company As of March 31, 2015 (Dollars In Thousands)	Predecessor Company As of December 31, 2014 (Dollars In Thousands)
Liabilities		
Future policy benefits and claims	$ 30,158,669	$ 29,944,890
Unearned premiums	691,119	1,574,077
Total policy liabilities and accruals	30,849,788	31,518,967
Stable value product account balances	1,923,684	1,959,488
Annuity account balances	10,846,606	10,950,729
Other policyholders funds	1,340,943	1,430,325
Other liabilities	1,835,545	1,621,168
Income tax payable	65,091	23,901
Deferred income taxes	1,406,560	1,545,478
Non-recourse funding obligations	641,600	582,404
Repurchase program borrowings	510,123	50,000
Debt	1,669,637	1,300,000
Subordinated debt securities	454,225	540,593
Liabilities related to separate accounts		
Variable annuity	13,339,653	13,157,429
Variable universal life	857,167	834,940
Total liabilities	65,740,622	65,515,422
Commitments and contingencies - Note 10		
Shareowner s equity		
Preferred Stock; (Predecessor) $1 par value, shares authorized: 4,000,000; Issued: None		
Common Stock, 2015 (Successor) and 2014 (Predecessor) - $.01 par value and $.50 par value; shares authorized: 5,000 and 160,000,000; shares issued: 1,000 and 88,776,960, respectively		44,388
Additional paid-in-capital	5,554,059	606,125
Treasury stock, at cost (2014 Predecessor - 9,435,255)		(185,705)
Retained earnings	62,861	3,082,000
Accumulated other comprehensive income (loss):		
Net unrealized gains (losses) on investments, net of income tax: (2015 Successor - $(157,486); 2014 Predecessor - $796,960)	(292,475)	1,480,068
Net unrealized (losses) gains relating to other-than-temporary impaired investments for which a portion has been recognized in earnings, net of income tax: (2015 Successor - $0; 2014 Predecessor - $2,208)		4,101
Accumulated gain (loss) - derivatives, net of income tax: (2015 Successor - $19; 2014 Predecessor - $(45))	36	(82)
Postretirement benefits liability adjustment, net of income tax: (2015 Successor - $0; 2014 Predecessor - $(35,545))		(66,011)
Total shareowner s equity	5,324,481	4,964,884
Total liabilities and shareowner s equity	$ 71,065,103	$ 70,480,306

See Notes to Consolidated Condensed Financial Statements

Table of Contents

PROTECTIVE LIFE CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF SHAREOWNER S EQUITY

(Unaudited)

	Common Stock	Additional Paid-In-Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareowner s Equity
			(Dollars In Thousands)			
Predecessor Company						
Balance, December 31, 2014	$ 44,388	$ 606,125	$ (185,705)	$ 3,082,000	$ 1,418,076	$ 4,964,884
Net income for the period of January 1, 2015 to January 31, 2015				1,509		1,509
Other comprehensive income					465,968	465,968
Comprehensive income for the period of January 1, 2015 to January 31, 2015						467,477
Stock-based compensation		1,550				1,550
Balance, January 31, 2015	$ 44,388	$ 607,675	$ (185,705)	$ 3,083,509	$ 1,884,044	$ 5,433,911

	Common Stock	Additional Paid-In-Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareowner s Equity
			(Dollars In Thousands)			
Successor Company						
Balance, February 1, 2015	$	$ 5,554,059	$	$	$	$ 5,554,059
Net income for the period of February 1, 2015 to March 31, 2015				62,861		62,861
Other comprehensive loss					(292,439)	(292,439)
Comprehensive loss for the period of February 1, 2015 to March 31, 2015						(229,578)
Balance, March 31, 2015	$	$ 5,554,059	$	$ 62,861	$ (292,439)	$ 5,324,481

See Notes to Consolidated Condensed Financial Statements

Table of Contents

PROTECTIVE LIFE CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	Successor Company February 1, 2015 to March 31, 2015	Predecessor Company January 1, 2015 to January 31, 2015	For The Three Months Ended March 31, 2014
		(Dollars In Thousands)	
Cash flows from operating activities			
Net income	$ 62,861	$ 1,509	$ 83,639
Adjustments to reconcile net income to net cash provided by operating activities:			
Realized investment losses	1,415	42,602	34,827
Amortization of DAC and VOBA	27,897	4,072	55,582
Capitalization of deferred policy acquisition costs	(49,191)	(22,489)	(58,461)
Depreciation and amortization expense	8,335	820	1,865
Deferred income tax	28,509	30,791	(19,101)
Accrued income tax	80,549	(32,803)	48,333
Interest credited to universal life and investment products	130,209	79,088	210,800
Policy fees assessed on universal life and investment products	(188,403)	(90,288)	(253,394)
Change in reinsurance receivables	11,571	(85,081)	(19,016)
Change in accrued investment income and other receivables	(6,242)	(5,789)	(13,635)
Change in policy liabilities and other policyholders funds of traditional life and health products	(112,286)	176,980	17,791
Trading securities:			
Maturities and principal reductions of investments	27,556	17,946	25,257
Sale of investments	31,584	26,422	47,457
Cost of investments acquired	(75,342)	(27,289)	(37,070)
Other net change in trading securities	51,908	(26,901)	(20,589)
Amortization of premiums and accretion of discounts on investments	67,285	12,930	32,680
Change in other liabilities	(222,769)	238,592	2,744
Other, net	77,909	(149,889)	(70,973)
Net cash (used in) provided by operating activities	(46,645)	191,223	68,736
Cash flows from investing activities			
Maturities and principal reductions of investments, available-for-sale	45,713	59,028	221,379
Sale of investments, available-for-sale	712,281	191,062	351,930
Cost of investments acquired, available-for-sale	(1,188,255)	(149,887)	(900,641)
Change in investments, held-to-maturity	(20,000)		(20,000)
Mortgage loans:			
New lendings	(248,508)	(100,530)	(126,896)
Repayments	223,644	45,741	222,646
Change in investment real estate, net	21	7	62
Change in policy loans, net	16,502	6,365	22,634
Change in other long-term investments, net	(34,077)	(25,339)	(73,019)
Change in short-term investments, net	11,049	(40,314)	(41,199)
Net unsettled security transactions	5,100	37,510	45,145
Purchase of property and equipment	(709)	(649)	(3,073)
Sales of property and equipment			
Net cash (used in) provided by investing activities	(477,239)	22,994	(301,032)
Cash flows from financing activities			

Borrowings under line of credit arrangements and debt	155,000		25,000
Principal payments on line of credit arrangement and debt	(110,700)	(60,000)	(100,000)
Issuance (repayment) of non-recourse funding obligations	20,000		19,989
Repurchase program borrowings	460,123		125,000
Dividends to shareowners			(15,722)
Investment product deposits and change in universal life deposits	462,674	169,233	696,229
Investment product withdrawals	(471,218)	(240,147)	(577,210)
Other financing activities, net	68	(4)	
Net cash provided by (used in) financing activities	515,947	(130,918)	173,286
Change in cash	(7,937)	83,299	(59,010)
Cash at beginning of period	462,710	379,411	466,542
Cash at end of period	$ 454,773	$ 462,710	$ 407,532

See Notes to Consolidated Condensed Financial Statements

Table of Contents

PROTECTIVE LIFE CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. BASIS OF PRESENTATION

Basis of Presentation

On February 1, 2015, Protective Life Corporation (the Company) became a wholly owned subsidiary of The Dai-ichi Life Insurance Company, Limited, a *kabushiki kaisha* organized under the laws of Japan (Dai-ichi Life), when DL Investment (Delaware), Inc. a wholly owned subsidiary of Dai-ichi Life, merged with and into the Company (the Merger). Prior to February 1, 2015, and for the periods reported as predecessor , the Company s stock was publicly traded on the New York Stock Exchange and subsequent to the Merger date, the Company remains as an SEC registrant within the United States. The Company is a holding company with subsidiaries that provide financial services through the production, distribution, and administration of insurance and investment products. The Company markets individual life insurance, credit life and disability insurance, guaranteed investment contracts, guaranteed funding agreements, fixed and variable annuities, and extended service contracts throughout the United States. The Company also maintains a separate segment devoted to the acquisition of insurance policies from other companies. Founded in 1907, Protective Life Insurance Company (PLICO) is the Company s largest operating subsidiary.

The Merger was accounted for by the Company under the acquisition method of accounting under ASC Topic 805 *Business Combinations*. In accordance with ASC Topic 805-20-30, all identifiable assets acquired and liabilities assumed were measured at fair value as of the acquisition date. The Company elected to apply pushdown accounting by applying the guidance allowed by ASC Topic 805, *Business Combinations*, including the initial recognition of most of the Company s assets and liabilities at fair value as of the acquisition date, and similarly recognizing goodwill calculated based on the terms of the transaction and the fair value of the new basis of net assets of the Company. The new basis of accounting will be the basis of the accounting records in the preparation of future financial statements and related disclosures after the Merger date. Goodwill of $735.7 million represents the cost in excess of the fair value of net assets acquired (including identifiable intangibles) in the Merger, and reflects the Company s assembled workforce, future growth potential and other sources of value not associated with identifiable assets.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Such accounting principles differ from statutory reporting practices used by insurance companies in reporting to state regulatory authorities. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In the opinion of management, the accompanying financial statements reflect all adjustments (consisting only of normal recurring items) necessary for a fair statement of the results for the interim periods presented. Operating results for the period of February 1, 2015 to March 31, 2015 (Successor Company) and the period of January 1, 2015 to January 31, 2015 (Predecessor Company) are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2015 (Successor Company). The year-end consolidated condensed financial data included herein was derived from audited financial statements but does not include all disclosures required by GAAP within this report. For further information, refer to the consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2014 (Predecessor Company).

The operating results of companies in the insurance industry have historically been subject to significant fluctuations due to changing competition, economic conditions, interest rates, investment performance, insurance ratings, claims, persistency, and other factors.

Reclassifications

Certain reclassifications have been made in the previously reported financial statements and accompanying notes to make the prior year amounts comparable to those of the current year. Such reclassifications had no effect on previously reported net income or shareowner s equity.

Table of Contents

Entities Included

The consolidated condensed financial statements for the predecessor and successor periods presented in this report include the accounts of Protective Life Corporation and subsidiaries and its affiliate companies in which the Company holds a majority voting or economic interest. Intercompany balances and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

For a full description of significant accounting policies, see Note 2 to Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2014. Other than the accounting matters resulting from the application of pushdown accounting in connection with ASC Topic 805, the Company did not make significant changes to accounting policies during the three months ended March 31, 2015 except as noted below.

Intangible Assets

Intangible assets with definite lives are amortized over the estimated useful life of the asset. Amortizable intangible assets primarily consist of distribution relationships, trade names, and technology. Intangible assets with indefinite lives, primarily insurance licenses, are not amortized.

Value of Business Acquired

In conjunction with the Merger, a portion of the purchase price was allocated to the right to receive future gross profits from cash flows and earnings of the Company s insurance policies and investment contracts as of the date of the Merger. This intangible asset, called VOBA, is based the actuarially estimated present value of future cash flows from the Company s insurance policies and investment contracts in-force on the date of the Merger. The estimated present value of future cash flows used in the calculation of the VOBA is based on certain assumptions, including mortality, persistency, expenses, and interest rates that the Company expects to experience in future years. The Company amortizes VOBA in proportion to gross premiums for traditional life products, or estimated gross margins (EGMs) for participating traditional life products within the MONY block. For interest sensitive products, the Company uses various amortization bases including expected gross profits (EGPs), revenues, or insurance in-force.

Goodwill

Goodwill of $735.7 million was recognized in conjunction with the Merger as the excess of the purchase considerations over the fair value of identifiable assets acquired and liabilities assumed. The balance recognized as goodwill is not amortized, but is reviewed for impairment on an annual basis, or more frequently as events or circumstances may warrant, including those circumstances which would more likely than not reduce the fair value of the Company s reporting units below its carrying amount.

Property and Equipment

In conjunction with the Merger, property and equipment was recorded at fair value and will be depreciated from this basis in future periods based on the respective estimated useful lives. Real estate assets were recorded at appraised values as of the acquisition date. The Company has estimated the remaining useful life of the home office building to be 25 years. Land is not depreciated.

Table of Contents

The carrying amounts of the Company s fixed assets are as follows:

Successor