

INDIANAPOLIS LIFE

An **AMERUS** Company



*A Guide
to Understanding*
**Indianapolis Life's
EIL Products**

UNDERSTANDING

EQUITY INDEXED

LIFE INSURANCE

The background of the entire page is a faded American flag. The stars are visible in the upper left, and the stripes flow across the top and right. A dark blue horizontal band is positioned below the stars, containing the text 'REWARD WITHOUT MARKET RISK'.

REWARD WITHOUT MARKET RISK

Introduced in 1995, equity indexed products are relatively new to the financial services world. In their short life span, individuals who own equity indexed products have found that they add value and stability to their portfolios. Purchasing equity indexed products, however, first means understanding what they are, how they are designed to work and for whom they are tailored.

A black and white photograph of an older couple standing on a beach. The man is on the right, wearing a checkered shirt, and the woman is on the left, wearing a light-colored top. They are both looking out towards the ocean. The background shows waves breaking on the shore under a bright sky.

INDIANAPOLIS LIFE

An **AMERUS** Company

Indianapolis Life Insurance Company
2960 N. Meridian St.
Indianapolis, IN 46208

The Concept and the Customer

THE ADVANTAGE OF EQUITY INDEXED LIFE

The most significant advantage of Equity Indexed Life Insurance (EIL) is that it combines most of the features, benefits and security of traditional life insurance with the potential to earn interest based on the upward movement of an equity index. Instead of the Company declaring a specific interest rate or dividend as with traditional life insurance, interest earnings are credited based on increases in value of a specific equity index.

The Standard & Poor's 500® Composite Stock Price Index* (excluding dividends) is used as the index for Indianapolis Life's EIL products. The S&P 500 Index is currently the most commonly used index for EILs. Credited interest is linked to increases in the S&P 500 Index without the downside risks associated with investing directly in the stock market. And, because EILs are permanent life insurance plans, they provide features which give you a sense of stability through:

- A guaranteed minimum interest rate
- Tax-deferred interest accumulation
- Access to cash value through withdrawal and loan provisions

In addition, the equity indexed link in EIL products offers important benefits:

- Equity index-linked returns with the potential to beat inflation
- Protection in the contract against downside market risk

WHO CAN BENEFIT FROM EILS

The typical profiles of EIL buyers are individuals who:

- Want affordable protection with strong cash value accumulation potential.
- Want built-in product flexibility to better accommodate changing financial circumstances.
- Want the security and attractive interest potential provided by Indianapolis Life equity indexed life insurance products.

EIL Buyer Risk Profile Conservative to Aggressive

Whole Life Universal Life Fixed Premium Equity Indexed Life Equity Indexed Universal Life Variable Universal Life

Equity indexed life insurance is an alternative that fits in between traditional fixed life plans and variable universal life plans. Determining your comfort level for market risk is important when considering which type of life insurance plan is most appropriate for you.

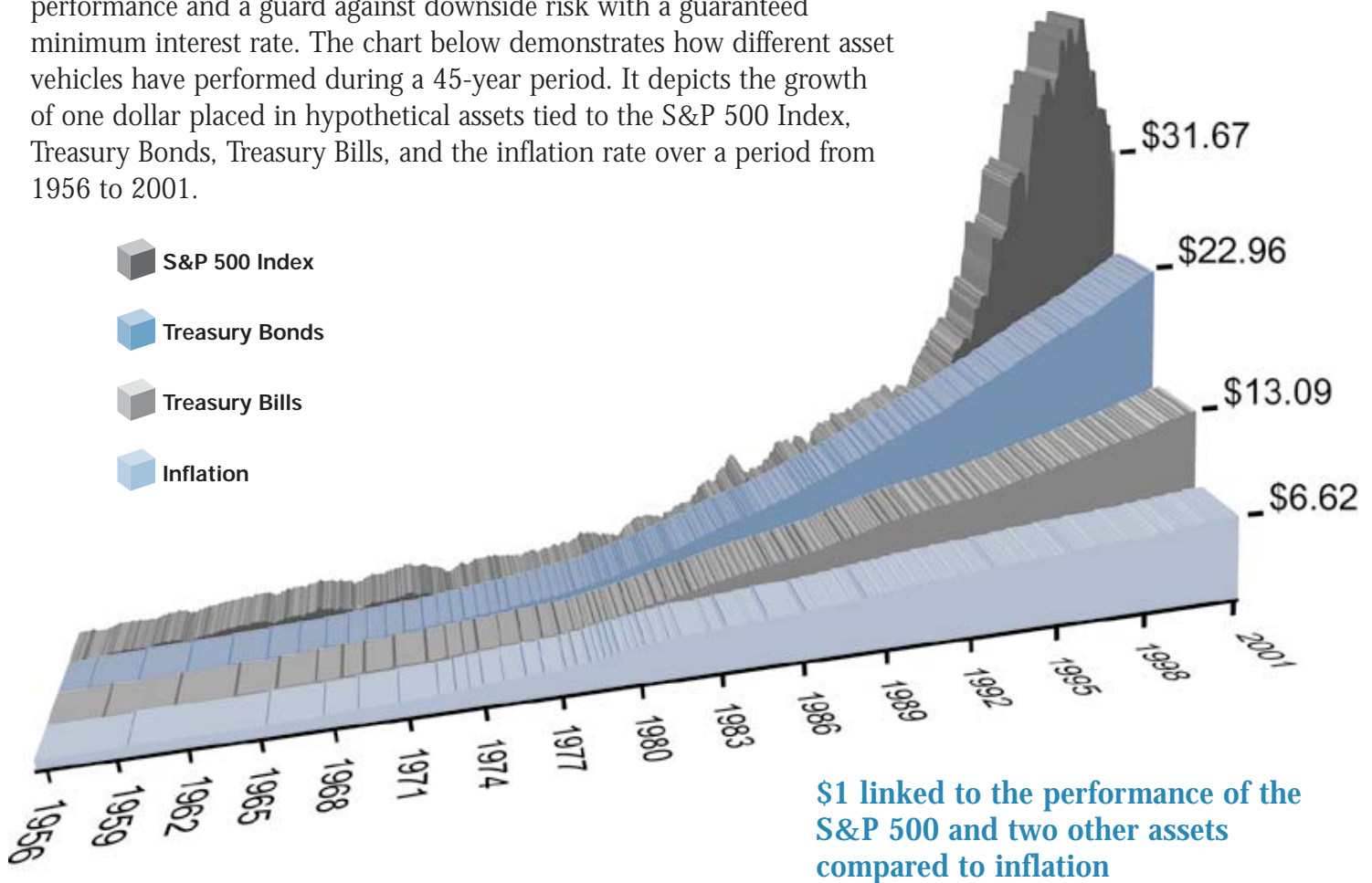
* "Standard & Poor's", "S&P", "S&P 500", "Standard & Poor's 500" and "500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Indianapolis Life Insurance Company. Indianapolis Life's EIL products are not sponsored, endorsed, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of purchasing these products.

Why the S&P 500 Index

The S&P 500 Index is often regarded as the standard for broad stock market performance. It is used to measure the average stock price changes of the 500 most widely held companies representing over 100 specific industry groups. The S&P 500 Index represents approximately 70% of the total domestic U.S. equity market's capitalization. Historically, the S&P 500 Index has outperformed fixed interest products such as corporate and government bonds and CDs.†

The Opportunities of an Equity Index

Equity indexed life insurance offers the upside potential of stock market performance and a guard against downside risk with a guaranteed minimum interest rate. The chart below demonstrates how different asset vehicles have performed during a 45-year period. It depicts the growth of one dollar placed in hypothetical assets tied to the S&P 500 Index, Treasury Bonds, Treasury Bills, and the inflation rate over a period from 1956 to 2001.



The chart reflects the historical growth of the S&P 500 Index, 20-Year U.S. Treasury Bonds, 30-Day U.S. Treasury Bills and the Consumer Price Index Inflation Rate. The S&P 500 Index does not include dividend earnings. Past performance is no guarantee of future performance or of values of equity indexed life insurance.

This chart is not intended to illustrate interest earnings under Indianapolis Life's EIL plans. The growth rates shown do not reflect the impact of participation rates and cap rates (as described within this guide) which would affect actual credited interest earnings in any given market environment.

† CDs offered by banks are insured by a government agency and offer a fixed rate of return. The principal and yield of corporate and government bonds are not insured and will fluctuate with changes of the market price and return of underlying securities.

Source: Standard & Poor's, U.S. Bureau of Labor Statistics

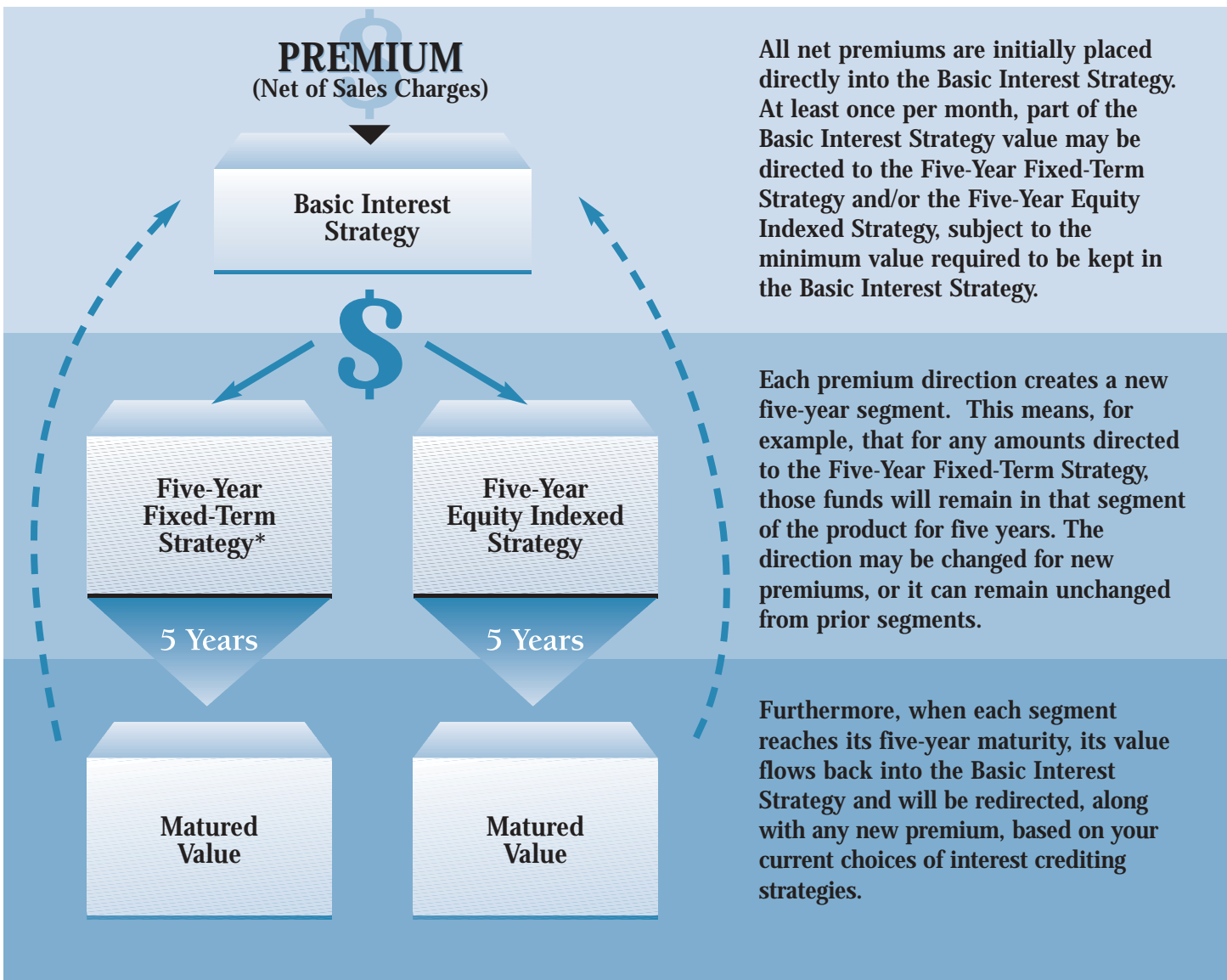
The Indianapolis Life Difference: Customization

With Equity Indexed Life Insurance, you can direct your premium payments to interest crediting strategies that are consistent with your preferences.

1. A Five-Year Fixed-Term Strategy*
2. A Five-Year Equity Indexed Strategy

HOW THE STRATEGIES WORK

See a more in-depth, visual explanation on page 6.



* Not available in California

UNDERSTANDING THE INTEREST CREDITING STRATEGIES

1 Basic Interest Strategy

Net premium is initially paid into the Basic Interest Strategy, from which insurance and administrative charges and policy expenses are paid. This strategy earns interest (as declared by the Company) and, as long as premiums continue, certain amounts will be held in this strategy to cover future insurance and administrative charges. The premiums in the Basic Interest Strategy will earn an interest rate which may fluctuate on a daily basis, but will never be less than the minimum rate guaranteed in the contract.

You elect how the excess Basic Interest Strategy values will be directed to the other available strategies. Indianapolis Life will not sweep any amounts less than \$100. Regardless of mode, before any premium directions are made into the other strategies, a minimum amount specified in the contract will be held in the Basic Interest Strategy.

2 Five-Year Fixed-Term Interest Strategy†

Each premium directed to this strategy creates a distinct fixed-term segment. Over time, you will generally have a number of fixed term segments within your plan. The interest rate for the Five-Year Fixed-Term Strategy is not guaranteed. Indianapolis Life's current practice is to maintain a constant interest rate for each five-year fixed segment.

3 Five-Year Equity Indexed Strategy

In this strategy, interest earnings are linked to growth in the S&P 500 Index (excluding dividends) and are subject to a participation rate that is guaranteed to be 100% for the life of the contract, and a maximum earnings rate that can change annually for each segment. In addition, the Five-Year Equity Indexed Strategy includes the following features:

Principal Protection - Premiums directed to the Five-Year Equity Indexed Strategy are protected from a downturn in the index.

Annual Lock In of Earnings - Each premium directed to the Five-Year Equity Indexed Strategy creates a new five-year segment. Index linked interest earnings are calculated and credited each 12 months on the funds in a segment. In effect, Indianapolis Life locks in any index-linked interest earnings every 12 months within a segment and protects them from potential future downturns in the equity index.

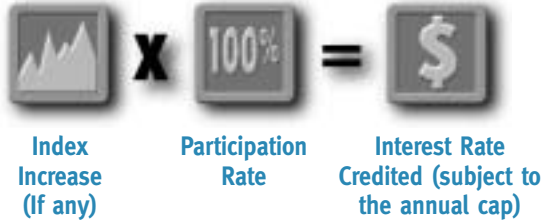
Interest Rate Guarantee - Each five-year segment has a minimum guaranteed interest rate. Interest is credited at the end of the five-year segment under this guarantee if the value of the segment at that time is not at least equal to the premium (less any withdrawals or deductions) compounded annually at the minimum guaranteed interest rate.

†Not available in California

Equity Indexed Terms

100% PARTICIPATION RATE

Indianapolis Life EIL policies guarantee that the participation rate will be 100% for the life of the contract.



CAP RATES

Each year, each segment's equity-linked interest earnings are subject to a "cap rate" (or an annual account value growth limit), as specified in the contract. The cap is the maximum earnings rate that will be credited to a segment for the year. The cap rate may be reset annually for each segment, at the discretion of the Company. Individual segments may have different cap rates assigned.

Interest Earnings Cannot Exceed Any Cap



Example:

If the cap rate is 10%, and the index earnings are 11%, you would receive 10% credited to your plan, not 11%.

MONTHLY DEDUCTIONS

All monthly deductions are first deducted from the Basic Interest Strategy. However, if sufficient values are not maintained in the Basic Interest Strategy, deductions are next taken from the Five-Year Fixed-Term Strategy. Deductions are made starting with the most recently established segment to the oldest segment, then from the Five-Year Equity Indexed Strategy segments in order of the most recent to the oldest. If sufficient plan values are still not available and any minimum premium requirements have not been met, the plan will lapse.

START HERE

Premium
\$
(Not of Sales Charges)



1
This is the minimum amount that is kept in the Basic Interest Strategy to pay the cost of insurance and administrative charges and expenses. Each premium payment first goes to meet this requirement.

2
After a minimum amount specified in the contract is in the Basic Interest Strategy, additional premium payments will accumulate until they reach the 'fill line', which is defined as 'more than \$100' above the minimum amount. Each month, if premium accumulates to this 'fill line', the excess is 'drained'.

Faucet 'ON' during drain.
Faucet 'OFF' while premium builds to the fill line.

3
During a 'drain', the amount left in the Basic Interest Strategy is subject to the minimum amount - or, on other words, the account is drained to the minimum fill line. Additional premium payments begin to, once again, build up to the 'fill line' level - at which time the excess is again 'drained' and the process begins again. A new 'bucket' is created with each 'drain'.

4
When premium is 'drained from the Basic Interest Strategy, it creates a new 'bucket' based on the contract holder's premium direction instructions. The 'drained' premium may all go to either the Five-Year Equity Indexed Strategy or the Five-Year Fixed-Term Strategy, OR it may be split between the two strategies. Each 'bucket' creates a new five-year segment for that premium. Each 'bucket' will have a separate starting point. After a period of years, there is the potential that many 'buckets' could have been created.

5
In the Five-Year Equity Indexed Strategy, interest earnings are linked to the S&P 500 Composite Stock Price Index (excluding dividends) and are **subject to a maximum earnings rate (cap) that can change annually for each segment**. Indianapolis Life equity indexed life products have a 100% participation rate that is guaranteed for the life of the contract. Each five-year segment has a minimum guaranteed interest rate. This guaranteed interest is credited at the end of the five-year segment if the value of the segment at that time is not at least equal to the premium (less any withdrawals or deductions) compounded at the minimum guaranteed interest rate.

6
Each premium directed to this strategy creates a distinct fixed-term segment with a then-current interest rate. Over time, you will generally have a series of fixed-term segments within your plan if you select this option. The interest rate for the Five-Year Fixed-Term Strategy is not guaranteed. Indianapolis Life's current practice is to maintain a constant interest rate during each five-year fixed-term segment.

7
At the end of each bucket's five-year segment period, the total amount of money in the bucket (premium plus interest earnings, subject to deductions as described in the 'Monthly Deductions' section on page 5) is redirected back into the Basic Interest Strategy. It then begins the process again based on your current instructions. New instructions can be made at any time for premium payments made in the future.

Year 1 Year 2 Year 3 Year 4 Year 5



EQUITY INDEXED STRATEGY



FIXED TERM STRATEGY†

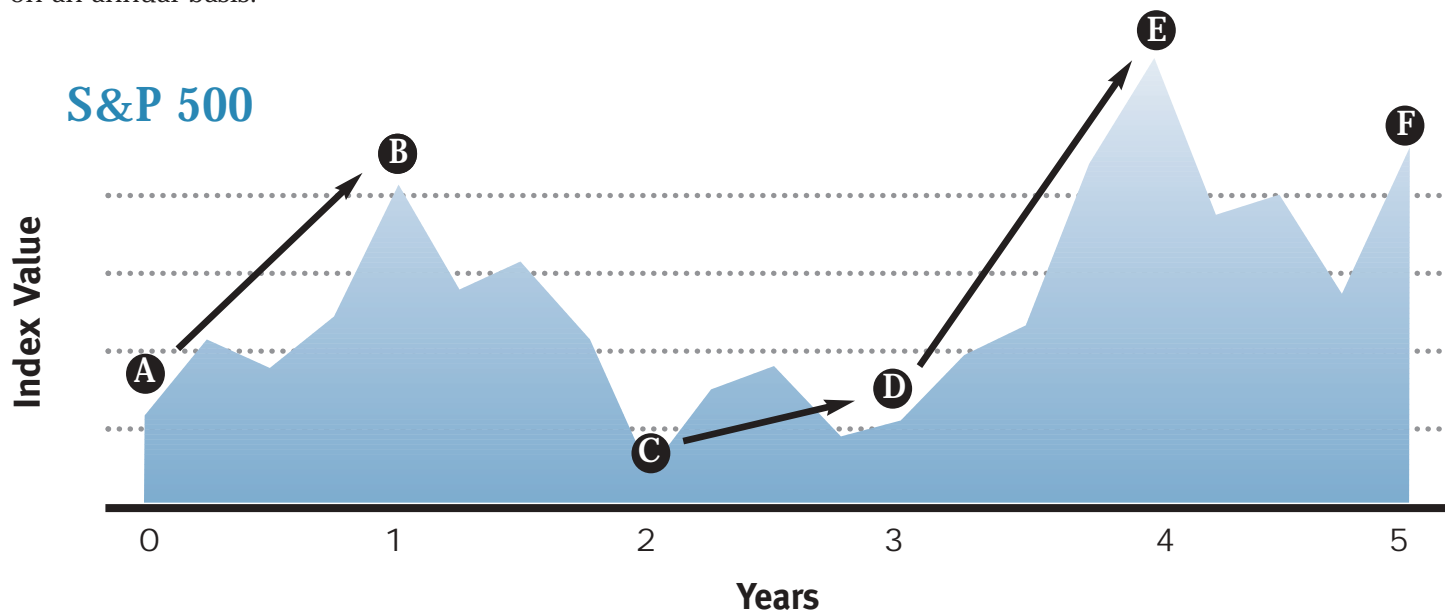


Measuring Index Growth

The method used to measure index growth is a major driver of product performance because the interest credited is directly tied to the index growth. Indianapolis Life uses the Annual Reset Point-to-Point crediting method, whereas several competitors use the Averaging Annual Reset method. With Annual Reset Point-to-Point, you can more easily understand how the credited rate is determined without having to decipher calculations for the “average change” in the index over time. In addition, Averaging Annual Reset tends to reduce the ultimate credited rate in a steadily increasing index environment.

ANNUAL RESET POINT-TO-POINT

The Annual Reset Point-to-Point design measures the growth of the index from the start of each contract year to the end of the contract year. The starting point is reset annually. Earnings, if any, are credited and locked in on an annual basis.



In this example, the total increase over five years would be figured by taking the sum of all anniversaries which experienced an index increase. Notice that the increases occur on the 1st, 3rd and 4th contract anniversaries (B, D and E). **The two years that experienced an index decrease result in no gain and no decrease (C and F) in earnings.**

A Compelling Comparison

ANNUAL RESET POINT-TO-POINT VS. AVERAGING ANNUAL RESET

Understanding participation rates, caps and the index measuring methodology used to determine the credited rate is key when comparing EIL products. The accompanying examples show how two Annual Reset Point-to-Point products and one Averaging Annual Reset product compare in various index growth scenarios. It illustrates that products with lower participation rates and averaging methods will generally need substantially greater index growth to achieve a credited rate equal to a product using a high participation rate and a cap.

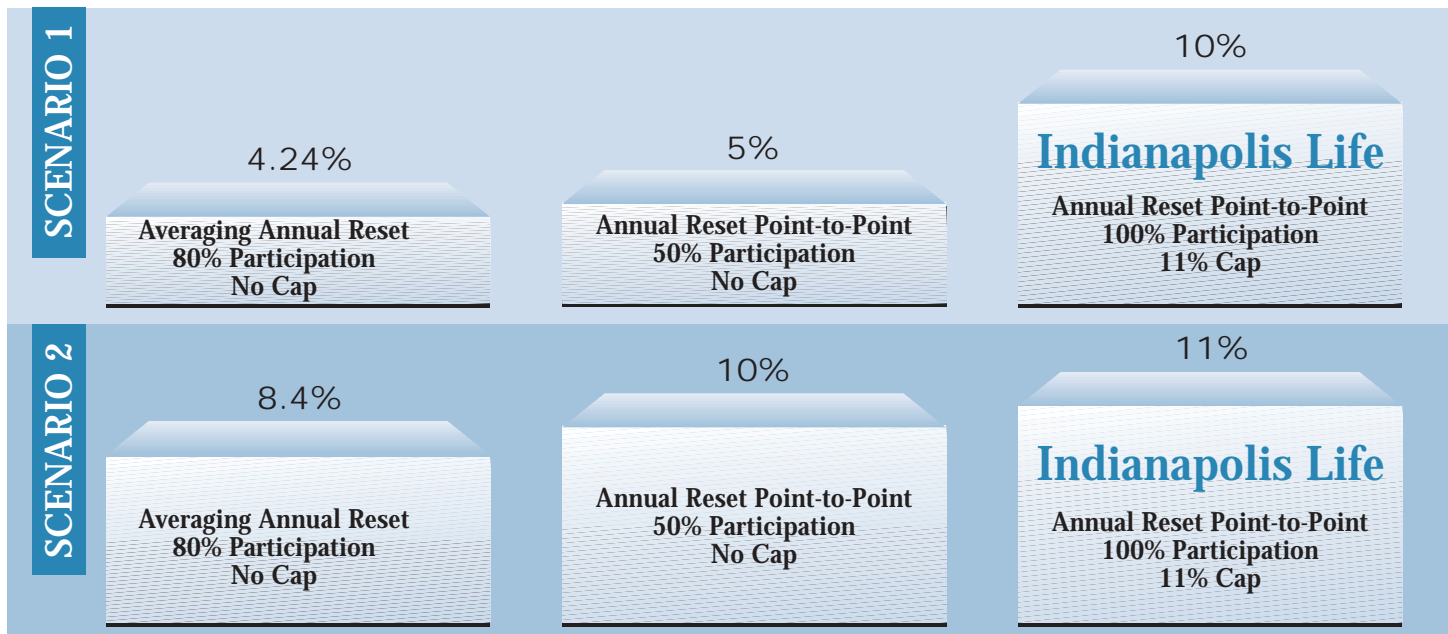
Index Growth

	SCENARIO 1	SCENARIO 2
Start of Year Index Value	\$1,000.00	\$1,000.00
End of Year Index Value	\$1,100.00	\$1,200.00
Index Monthly Average	\$1,053.38*	\$1,105.32*
Annual Reset Point-to-Point Index Growth	10.0%	20.0%
Averaging Annual Reset Index Growth	5.3%*	10.5%*

* Monthly index growth used to produce the credited interest rate for the Averaging Annual Reset product.

	SCENARIO 1	SCENARIO 2
Starting Point	\$1,000.00	\$1,000.00
Month 1	1,007.97	1015.31
2	1,016.01	1030.85
3	1,024.44	1046.64
4	1,032.28	1062.66
5	1,040.51	1078.93
6	1,048.81	1095.45
7	1,057.17	1112.22
8	1,065.60	1129.24
9	1,074.10	1146.53
10	1,082.66	1164.08
11	1,091.30	1181.91
12	1,100.00	1200.00
Average	\$1,053.38	\$1,105.32
Average Growth	5.3%	10.5%

Actual Credited Rate



Scenarios are illustrative only and are not intended to be a predictor of actual results. Participation rates and caps are assumed to be constant for the term shown.

The Guarantees of an EIL

The key advantage of an equity-linked product is that it provides minimum guarantees to protect against downside risk with the upside growth potential of an equity index. Indianapolis Life's EILs guarantee that upon contract termination, all amounts paid (less any withdrawals or deductions), will have earned the minimum interest rate specified in the contract.

GUARANTEES AMONG STRATEGIES

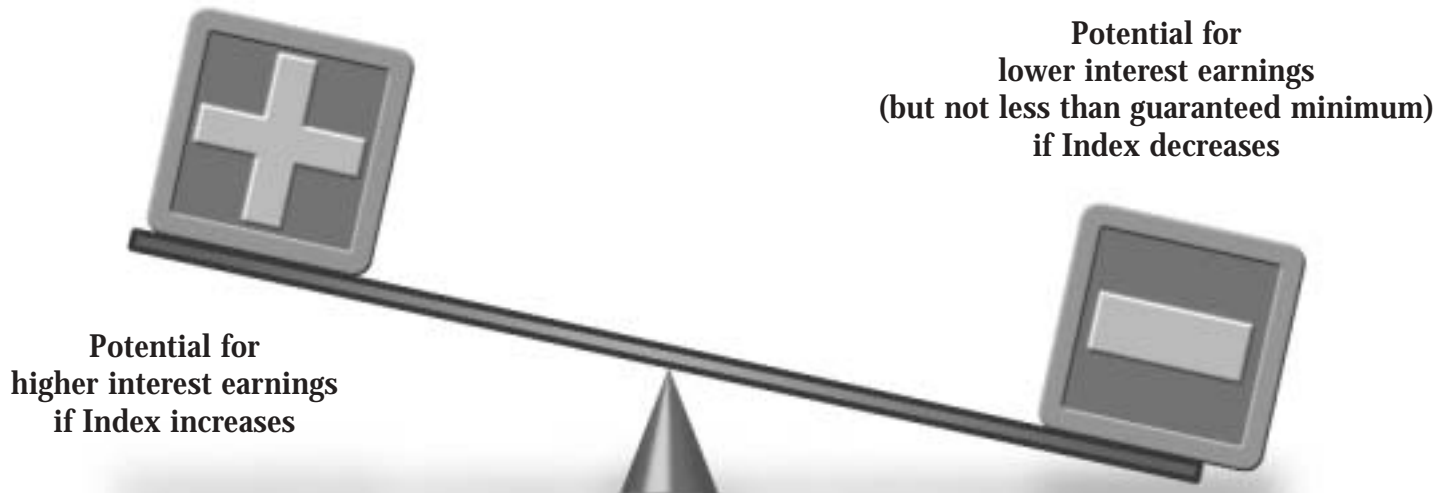
Indianapolis Life's EILs offer three interest crediting strategies. Each strategy, and each segment within that strategy, works independently from other strategies and segments.

Basic Interest Strategy - The credited interest rate for this strategy may change periodically with market conditions. This rate will never be less than the minimum stated in the contract.

Five-Year Fixed-Term Strategy - The credited interest rate for a segment within this strategy is set when the segment is created. This rate will never be less than the minimum stated in the contract.

Five-Year Equity Indexed Strategy - Credited interest earnings for this strategy linked to the performance of the S&P 500 Index. This means if the S&P 500 Index is flat or declines when measured at the segment anniversary, 0% will be credited to the segment for that year. However, at the end of an Equity Indexed Strategy segment's five-year term (or when the contract terminates if earlier), Indianapolis Life will credit any additional interest needed to increase the value of the segment at that time to at least the premium (less any withdrawals or deductions) compounded annually at the minimum interest rate guaranteed in the contract.

Ups and Downs of Linking Current Interest to an Equity Index

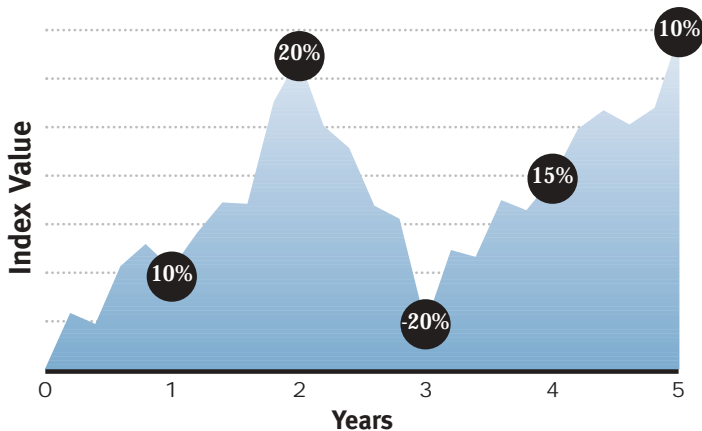


Upside Potential with Downside Protection

One significant advantage of an EIL is the potential to earn more than typical fixed rate life insurance and provide downside protection not found in most variable universal life insurance.

VOLATILE INCREASING MARKET CONDITIONS

If the S&P 500 Index Does This...

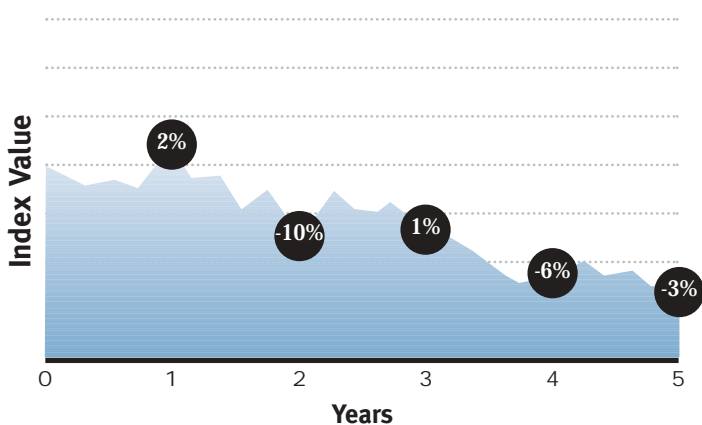


The Results* Would Be This...

	UL**	EIL	VUL
Year 1	6%	10%	10%
Year 2	6%	11%	20%
Year 3	6%	0%†	-20%
Year 4	6%	11%	15%
Year 5	6%	10%	10%
Effective Annualized Interest Earnings Rate	6%	8.3%	6%

VOLATILE DECREASING MARKET CONDITIONS

If the S&P 500 Index Does This...



The Results* Would Be This...

	UL**	EIL	VUL
Year 1	6%	2%	2%
Year 2	6%	0%†	-10%
Year 3	6%	1%	1%
Year 4	6%	0%†	-6%
Year 5	6%	0%†	-3%
End of Term Adjustment	-	7.2%***	-
Effective Annualized Interest Earnings Rate	6%	2%	-3.3%

These hypothetical examples show the potential for increased interest earnings on premium directed to the Equity Indexed Strategy with an EIL, but there is also the risk that the rate equivalent to traditional fixed life insurance and variable universal life insurance will not be earned. The real security of an EIL is in the protection from the downside stock market risk.

* Expense charges and cost of insurance charges not reflected. Assumes a 2% minimum interest rate and a cap of 11% on equity indexed life that do not change during the five-year period. Assumes no dividends, management expenses or fund fees on variable universal life.

** Assumes 6% credited rate for each contract year.

*** At the end of a segment's five-year term, Indianapolis Life credits any additional interest needed to increase the value of the segment to the minimum interest rate guaranteed in the contract, which in this example is 2%.

† There is no negative crediting with an index decrease.

Determining the Illustrated Rate

HOW THE ILLUSTRATED RATE IS DETERMINED FOR AN EIL ILLUSTRATION

The total amount of interest credited to an Indianapolis Life EIL plan is the sum of the interest earnings credited to each strategy. In order to represent the combined credited interest earnings in an illustration, a weighted average interest rate is used. This weighted average interest rate is derived by averaging the current interest rates of the Basic Interest Strategy and Five-Year Fixed-Term Strategy, along with a reasonable expectation of index growth for the Five-Year Equity Indexed Strategy segments.

The Basic Interest Strategy is always included in an illustration, but it's optional whether one or both of the other two strategies - the Five-Year Fixed-Term Strategy and the Five-Year Equity Indexed Strategy - are chosen to illustrate cash value accumulation inside an Indianapolis Life EIL plan.

The weighted average interest rate is illustrated as the assumed rate in the Non-Guaranteed Assumed Values section of the illustration. The interest crediting rate used for each strategy is found on the second page of the illustration.

Interest Rates - Basic Interest and Five-Year Fixed-Term Strategies

The interest rates illustrated for the Basic Interest Strategy and the Five-Year Fixed-Term Strategy are those currently being credited by the Company. These rates may change from time to time as declared by the Company. At no time will they be less than the interest rate guaranteed in the contract.

Equity Indexed Strategy Illustrated Rate

Indianapolis Life provides a "guideline" rate to be used in illustrating cash value growth associated with the Equity Indexed Strategy. This guideline rate is dependent on the cap rate and is derived from applying the cap rate to historical movements in the S&P 500 Index, excluding dividends, based on the product mechanics.

Other factors were also taken into account in deriving the illustrated rates, such as the historical interest rate environment, historical dividend yields* and the contractually guaranteed minimum interest rate.

With these perspectives in mind, a long-term study of the performance in the S&P 500 Index was also utilized. Currently illustrated rates are representative of the monthly S&P 500 Index and dividend yield* data from January 1950 through December 2001. Because Indianapolis Life is basing the illustrated rate on such a long-term perspective, changes are expected to be infrequent.

Remember, the purpose of an illustration is to provide a reasonable view of the long-term, potential values in the contract based on its current, non-guaranteed elements as well as minimum guarantees.

The illustrated rate is for illustration purposes ONLY. The actual credited rate can be higher or lower, and will be based on the actual S&P 500 Index movement, which cannot be predicted. Unlike the level rate illustrated, the actual index-linked illustrated rates are likely to vary from year to year.

At the end of each five-year segment within the Equity Indexed Strategy, Indianapolis Life guarantees the segment value will be at least equal to the premium paid (less any withdrawals or deductions) compounded annually at the minimum guaranteed interest rate of 2%.

HOW THE CONTRACT IS SUPPORTED

EILs are like any other fixed interest rate universal life contract in that they are backed by Indianapolis Life's general account and no separate account is established. Indianapolis Life does not directly invest in the stock market to support the product.

As it does with other general account products, Indianapolis Life chooses investments that closely mimic its liabilities. With an equity indexed life product, this means that Indianapolis Life purchases assets to cover both the minimum guarantees of the contract as well as the upside potential brought about by the equity index features. For example, bonds, mortgages, or other fixed income assets may be purchased to support the minimum guarantees, while options or other equity based securities may be purchased to support the upside potential. Cap rates are, in general, based on the costs of these investments.

*While the index excludes dividends, actual dividend yields do impact the cost of the investments supporting the product, which helps determine the cap rate.

THE UNIQUE APPEAL OF EILS

Equity Indexed Life products combine the features of traditional fixed life products with the potential to earn interest based on the upward movement of an equity index. With this unique combination of benefits, EILs have become popular among financial consumers.

While equity indexed products credit interest earnings based on the upward movement of an equity index, EILs are not securities. Purchasing an EIL is not the same as making an investment directly in the stock market. EILs are fixed life products that offer a viable alternative to variable universal life.

Indianapolis Life thanks you for taking the time to learn about EILs, so you can determine whether an equity-linked product is right for you.

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