

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-6**

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 [ X ]  
Pre-Effective Amendment No.      [   ]  
Post-Effective Amendment No.   3   [ X ]  
  
AMENDMENT TO REGISTRATION STATEMENT UNDER THE INVESTMENT [ X ]  
COMPANY ACT OF 1940

*(Check appropriate box or boxes.)*

Southland Separate Account L1  
*(Exact Name of Registrant)*

Southland Life Insurance Company  
*(Name of Depositor)*

1290 Broadway  
Denver, Colorado 80203-5699  
*(Address of Depositor's Principal Executive Offices)*

(800) 525-9852  
*Depositor's Telephone Number, including Area Code*

J. Neil McMurdie, Counsel  
ING Americas (U.S. Legal Services)  
151 Farmington Avenue, TS31, Hartford Connecticut 06156  
*(Name and Address of Agent for Service)*

Kimberly J. Smith, Chief Counsel  
ING Americas (U.S. Legal Services)  
1475 Dunwoody Drive, West Chester, Pennsylvania 19380

Approximate Date of Proposed Public Offering: Continuous

It is proposed that this filing will become effective (check appropriate box)

- ☐ immediately upon filing pursuant to paragraph (b) of Rule 485
- ☐ on May 1, 2003 pursuant to paragraph (b) of Rule 485
- ☐ 60 days after filing pursuant to paragraph (a)(1) of Rule 485
- ☒ on May 1, 2003 pursuant to paragraph (a)(1) of Rule 485.

If appropriate, check the following box:

- ☐ This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

PART A  
INFORMATION REQUIRED IN A PROSPECTUS

**SURVIVOR DIMENSIONS**  
**A FLEXIBLE PREMIUM VARIABLE UNIVERSAL LIFE INSURANCE POLICY**  
 issued by  
**Southland Life Insurance Company and its Southland Separate Account L1**

<p><b>The Policy</b></p> <ul style="list-style-type: none"> <li>• Is issued by Southland Life Insurance Company.</li> <li>• Is returnable by you during the free look period if you are not satisfied.</li> </ul> <p><b>Premium Payments</b></p> <ul style="list-style-type: none"> <li>• Are flexible, so the premium amount and frequency may vary.</li> <li>• Are allocated to the variable account and the fixed account, based on your instructions.</li> <li>• Are subject to specified fees and charges.</li> </ul> <p><b>The Policy Value</b></p> <ul style="list-style-type: none"> <li>• Is the sum of your holdings in the fixed account, the variable account and the loan account.</li> <li>• Has no guaranteed minimum value under the variable account. The value varies with the value of the sub-accounts you select.</li> <li>• Has a minimum guaranteed rate of return for amounts in the fixed account.</li> <li>• Is subject to specified fees and charges including possible surrender charges.</li> </ul> <p><b>Death Benefit Proceeds</b></p> <ul style="list-style-type: none"> <li>• Are paid if your policy is in force when the second of the insured people dies.</li> <li>• Are calculated under your choice of options:                         <ul style="list-style-type: none"> <li>▷ Option 1 - the base death benefit is the greater of the amount of basic insurance coverage you have selected or your policy value multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A;</li> <li>▷ Option 2 - the base death benefit is the greater of the amount of basic insurance coverage you have selected plus the policy value or your policy value multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A</li> </ul> </li> <li>• Are equal to the base death benefit plus any rider benefits minus any outstanding loans, accrued loan interest and unpaid fees and charges.</li> <li>• Are generally not subject to federal income tax if your policy continues to meet the federal income tax definition of life insurance.</li> </ul>	<p><b>The Fund Families</b></p> <p>52 funds from the following fund families are available through the policy.</p> <ul style="list-style-type: none"> <li>• Alger American Funds</li> <li>• American Funds Insurance Series</li> <li>• Fidelity® Variable Insurance Products Funds</li> <li>• ING Income Shares</li> <li>• ING Investors Trust</li> <li>• ING Partners, Inc.</li> <li>• ING Variable Portfolios, Inc.</li> <li>• ING Variable Products (VP) Trust</li> <li>• INVESCO Variable Investment Funds, Inc.</li> <li>• Janus Aspen Series</li> <li>• Pioneer Variable Contracts Trust</li> <li>• Putnam Variable Trust</li> </ul>
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**This prospectus describes what you should know before purchasing the Survivor Dimensions variable universal life insurance policy. Please read it carefully and keep it for future reference. A prospectus for each of the funds available through the policy must accompany and should be read together with this prospectus.**

**Neither the Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

**The policy described in this prospectus is NOT a bank deposit or obligation, insured by the FDIC or backed by any bank or government agency.**

**The date of this prospectus is May 1, 2003**

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
<b>POLICY SUMMARY .....</b>	<b>3</b>	Tax Status of the Company .....	47
The Policy's Features and Benefits .....	3	Tax Status of the Policy .....	47
Factors You Should Consider Before Purchasing		Diversification and Investor Control	
a Policy .....	6	Requirements .....	48
Fees and Charges .....	8	Tax Treatment of Policy Death Benefits .....	48
<b>THE COMPANY, THE FIXED ACCOUNT AND</b>		Distributions Other than Death Benefits .....	48
<b>THE VARIABLE ACCOUNT .....</b>	<b>12</b>	Other Tax Matters .....	50
Southland Life Insurance Company .....	12	<b>ADDITIONAL INFORMATION .....</b>	<b>53</b>
The Investment Options .....	12	General Policy Provisions .....	53
<b>DETAILED INFORMATION ABOUT THE</b>		Legal Proceedings .....	59
<b>POLICY .....</b>	<b>14</b>	Financial Statements .....	59
Purchasing a Policy .....	15	<b>APPENDIX A .....</b>	<b>A-1</b>
Fees and Charges .....	20	<b>APPENDIX B .....</b>	<b>B-1</b>
Death Benefits .....	26	<b>APPENDIX C .....</b>	<b>C-1</b>
Additional Insurance Benefits .....	32		
Policy Value .....	36	<b>MORE INFORMATION IS AVAILABLE .....</b>	Back
Special Features and Benefits .....	38		Cover
Termination of Coverage .....	45		
<b>TAX CONSIDERATIONS .....</b>	<b>47</b>		

## TERMS TO UNDERSTAND

The following is a list of some of the key defined terms and the page number on which each is defined:

<u>Term</u>	<u>Page Where Defined</u>	<u>Term</u>	<u>Page Where Defined</u>
Age .....	53	Net Policy Value .....	4
Fixed Account .....	12	Policy Date .....	15
Fixed Account Value .....	36	Policy Value .....	36
Joint Equivalent Age .....	53	Surrender Value .....	5
Loan Account .....	37	Valuation Date .....	36
Loan Account Value .....	37	Variable Account .....	13
Monthly Processing Date .....	23	Variable Account Value .....	36
Net Premium .....	15		

"Southland," "we," "us," "our" and the "company" refer to Southland Life Insurance Company. "You" and "your" refer to the policy owner. The owner is the individual, entity, partnership, representative or party who may exercise all rights over the policy and receive the policy benefits during the lifetime of the insured people.

**State Variations** - State variations are covered in a special policy form used in that state. This prospectus provides a general description of the policy. Your actual policy and any riders are the controlling documents. If you would like to review a copy of the policy and riders, contact our customer service center or your agent/registered representative.

**You may contact us about the policy at our:**

**Customer Service Center**  
**P.O. Box 173789**  
**Denver, CO 80217-3789**  
**1-877-253-5050**

# POLICY SUMMARY

This summary highlights the features and benefits of the policy, the risks that you should consider before purchasing a policy and the fees and charges associated with the policy and its benefits. More detailed information is included in the other sections of this prospectus which should be read carefully before you purchase the policy.

## ***The Policy's Features and Benefits***

<b>Premium Payments</b>  <i>See Premium Payments, page 15.</i>	<ul style="list-style-type: none"> <li>You choose when to pay and how much to pay.</li> <li>You will need to pay sufficient premiums to keep the policy in force. Failure to pay sufficient premiums may cause your policy to lapse.</li> <li>You cannot pay additional premiums after age 100 of the younger insured person.</li> <li>We may refuse any premium that would disqualify your policy as life insurance under Section 7702 of the Internal Revenue Code.</li> <li>We deduct tax charges and a sales charge from each premium payment and credit the remaining premium (the "net premium") to the variable account or the fixed account according to your instructions.</li> </ul>
<b>Free Look Period</b>  <i>See Free Look Period, page 19.</i>	<ul style="list-style-type: none"> <li>During the free look period, you have the right to examine your policy and return it for a refund if you are not satisfied for any reason.</li> <li>The free look period is generally ten days from your receipt of the policy, although certain states may allow more than ten days.</li> <li>Generally, there are two types of free look refunds: <ul style="list-style-type: none"> <li>Some states require a return of all premium we have received; and</li> <li>Other states require that we return your policy value plus a refund of all fees and charges deducted.</li> </ul> </li> <li>The length of the free look period and the free look refund that applies in your state will be stated in your policy.</li> <li>During the free look period, your net premium will be allocated among the investment options you have selected unless your state requires a return of premium as the free look refund. In these states your net premium directed to the sub-accounts will be allocated to ING Liquid Asset Portfolio sub-account until after the free look period ends.</li> </ul>
<b>Death Benefits</b>  <i>See Death Benefits, page 26.</i>	<ul style="list-style-type: none"> <li>Death benefits are paid if your policy is in force when the second of the insured people dies.</li> <li>Until age 100 of the younger insured person, the amount of the death benefit will depend on which death benefit option is in effect when the second of the insured people dies.</li> <li>There are two death benefit options available under your policy: <ul style="list-style-type: none"> <li>Option 1 - the base death benefit is the greater of the amount of basic insurance coverage you have selected or your policy value multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A; or</li> <li>Option 2 - the base death benefit is the greater of the amount of basic insurance coverage you have selected plus your policy value or your policy value multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A</li> </ul> </li> <li>After age 100 of the younger insured person, death benefit option 1 will apply to all policies and the amount of basic insurance coverage selected will equal the amount of basic insurance coverage in effect on the policy anniversary nearest the younger insured person's 100<sup>th</sup> birthday plus the amount of coverage, if any, under the adjustable term insurance rider on that date.</li> <li>We will reduce the death benefit proceeds payable under any death benefit option by any outstanding loans, accrued loan interest and unpaid fees and charges.</li> <li>The death benefit is generally not subject to federal income tax if your policy continues to meet the federal income tax definition of life insurance.</li> </ul>

<b>No-Lapse and Death Benefit Guarantees</b>	<ul style="list-style-type: none"> <li>• Generally, your policy will not lapse as long as your policy value minus any surrender charge and any outstanding loan amount and accrued loan interest (the "surrender value") is enough to pay the periodic fees and charges when due.</li> <li>• However, during the first five policy years we guarantee that your policy will not lapse, regardless of its surrender value, provided you have paid the minimum annual premium during each of your first five policy years.</li> <li>• Additionally, a death benefit guarantee is available which provides that the basic insurance coverage under the policy will not lapse even if the surrender value is not enough to pay the periodic fees and charges when due. The death benefit guarantee is an optional benefit and may be selected only when you apply for the policy.</li> <li>• If you meet all the requirements, the death benefit guarantee lasts until the younger insured person reaches age 100.</li> <li>• To keep the death benefit guarantee in force, on any monthly processing date: <ul style="list-style-type: none"> <li>▷ Your cumulative premium payments minus any partial withdrawals, loans and accrued loan interest, must equal or exceed the sum of guarantee period monthly premium payments to the current monthly processing date;</li> <li>▷ Your policy value minus any outstanding loan amount and accrued loan interest (the "net policy value") must be allocated to at least five investment options; and</li> <li>▷ No more than 35% of your net policy value may be in any one investment option.</li> </ul> </li> <li>• During the death benefit guarantee period there is an additional monthly charge for the death benefit guarantee.</li> <li>• The death benefit guarantee may not be available in some states.</li> </ul>
<b>Temporary Insurance</b>	<ul style="list-style-type: none"> <li>• If you apply and qualify, we may issue temporary insurance equal to the total amount of insurance coverage for which you applied.</li> <li>• The maximum amount of temporary insurance is \$4.5 million, which includes other in-force coverage each insured person has with us.</li> <li>• Temporary insurance may not be available in all states.</li> </ul>
<b>Rider Benefits</b>	<ul style="list-style-type: none"> <li>• Your policy may include additional insurance benefits, attached by rider. There are two types of rider benefits: <ul style="list-style-type: none"> <li>▷ Optional rider benefits that you must select before they are effective; and</li> <li>▷ Rider benefits that automatically come with your policy.</li> </ul> </li> <li>• In many cases, we deduct an additional monthly charge for these benefits.</li> <li>• Not all riders may be available under your policy or in your state.</li> </ul>
<b>Investment Options</b>	<ul style="list-style-type: none"> <li>• You may allocate your net premiums to the Southland Separate Account L1 (the "variable account") and to our fixed account.</li> <li>• The variable account is one of our separate accounts and consists of sub-accounts which invest in corresponding funds. When you allocate premiums to a sub-account, we invest any net premiums in shares of the corresponding fund.</li> <li>• Your variable account value will vary with the investment performance of the funds and the charges we deduct from your variable account value.</li> <li>• The fixed account is part of our general account and consists of all of our assets other than those in our separate accounts (including the variable account) and loan account.</li> <li>• We credit interest of at least 3.00% per year on amounts allocated to the fixed account, and we may, in our sole discretion, credit interest in excess of this amount.</li> </ul>
<b>Transfers</b>	<ul style="list-style-type: none"> <li>• You currently may make an unlimited number of transfers between the sub-accounts and to the fixed account each policy year. Transfers are, however, subject to any limits, conditions and restrictions that we or the funds whose shares are involved may impose.</li> <li>• There are certain restrictions on transfers from the fixed account.</li> <li>• We do not charge for transfers.</li> </ul>

*See No-Lapse and Death Benefit Guarantees, page 31.*

*See Temporary Insurance, page 19.*

*See Additional Insurance Benefits, page 32.*

*See The Investment Options, page 12.*

*See Transfers, page 39.*

<b>Dollar Cost Averaging</b>	<ul style="list-style-type: none"> <li>• Dollar cost averaging is a systematic program of transferring policy values to selected sub-accounts of the variable account. It is intended to help reduce the risk of investing too much when the price of a fund's shares is high. It also helps to reduce the risk of investing too little when the price of a fund's shares is low.</li> <li>• Dollar cost averaging does not assure a profit nor does it protect you against a loss in a declining market.</li> <li>• There are certain conditions on participation in the dollar cost averaging program, but there is no charge to participate in the dollar cost averaging program.</li> </ul>
<i>See Dollar Cost Averaging, page 39.</i>	
<b>Automatic Rebalancing</b>	<ul style="list-style-type: none"> <li>• Automatic rebalancing is a systematic program through which your variable and fixed account values are periodically reallocated among your selected investment options to maintain the allocation percentages you have chosen.</li> <li>• Automatic rebalancing does not assure a profit nor does it protect you against a loss in a declining market.</li> <li>• There are certain conditions on participation in the automatic rebalancing program, but there is no charge to participate in the automatic rebalancing program.</li> </ul>
<i>See Automatic Rebalancing, page 40.</i>	
<b>Loans</b>	<ul style="list-style-type: none"> <li>• After the first policy month, you may take loans against your policy's surrender value.</li> <li>• A loan must be at least \$100 and is generally limited to your surrender value less the periodic fees and charges to your next policy anniversary.</li> <li>• When you take a loan from your policy we transfer an amount equal to your loan to the loan account as collateral for your loan. The loan account is part of our general account.</li> <li>• We credit amounts held in the loan account with interest at an annual rate no less than 4.00%.</li> <li>• We also charge interest on loans. Interest is due in arrears on each policy anniversary and accrues daily at a current annual rate of 4.00% for preferred loans and 6.00% for non-preferred loans.</li> <li>• After the 11<sup>th</sup> policy year, the first loan each year up to 10% of the net policy value is a preferred loan. Beginning in the 21<sup>st</sup> policy year, all loans and outstanding loan balances are preferred loans.</li> <li>• Loans reduce your policy's death benefit and may cause your policy to lapse.</li> <li>• Loans may have tax consequences, and you should consult with a tax adviser before taking a loan from your policy.</li> </ul>
<i>See Loans, page 38.</i>	
<b>Partial Withdrawals</b>	<ul style="list-style-type: none"> <li>• After the first policy year, you may take up to 12 partial withdrawals each policy year. In certain circumstances you may take partial withdrawals during the first policy year.</li> <li>• A partial withdrawal must be at least \$100 and may not exceed the amount which leaves your surrender value less than \$500.</li> <li>• We currently charge a fee of 2.00% of the amount withdrawn, up to \$25 for each partial withdrawal.</li> <li>• Partial withdrawals may reduce the amount of basic and total insurance coverage under your policy and will reduce your policy value.</li> <li>• Partial withdrawals may also have tax consequences, and you should consult with a tax adviser before taking a partial withdrawal from your policy.</li> </ul>
<i>See Partial Withdrawals, page 41.</i>	
<b>Surrenders</b>	<ul style="list-style-type: none"> <li>• You may surrender your policy for its surrender value at any time before the death of the second of the insured people.</li> <li>• Your surrender value is your policy value minus any surrender charge and your outstanding loan amount and accrued loan interest.</li> <li>• Surrender charges apply for the first fourteen years of each segment of basic insurance coverage. For most ages surrender charges are level for the first five years then decrease each year to zero at the beginning of the fifteenth year. The surrender charge is made up of two parts: an administrative surrender charge and a sales surrender charge.</li> <li>• The administrative surrender charge is a dollar amount for each \$1,000 of basic insurance coverage selected based on the joint equivalent age of the insured people and the policy or segment year.</li> </ul>
<i>See Surrender, page 45.</i>	

- The sales surrender charge is a percentage of surrender target premium based on the joint equivalent age and gender of the insured people.
- If you decrease your basic insurance coverage, surrender charges are assessed against the policy value. If there are multiple coverage segments, the decrease and surrender charges will be processed on a pro rata basis.
- If the surrender charge exceeds your net policy value, there will be no proceeds paid to you upon surrender.
- All insurance coverage ends on the date we receive your surrender request.
- If you surrender your policy it cannot be reinstated.
- Surrendering the policy may have tax consequences, and you should consult with a tax adviser before surrendering your policy.

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### **Reinstatement**

**See *Reinstatement*,  
page 46.**

- You may reinstate your policy (other than the death benefit guarantee) and riders within five years of lapse if you still own the policy and did not surrender it and the insured people are still insurable.
  - You will need to pay the required reinstatement premium.
  - If you had an outstanding loan when coverage lapsed, we will reinstate it with accrued loan interest to the date of the lapse.
  - When we reinstate your policy, we reinstate the surrender charges for the amount and time remaining when your policy lapsed.
  - A policy that is reinstated more than 90 days after lapsing may be considered a modified endowment contract for tax purposes.
  - Reinstating your policy may have tax consequences, and you should consult with a tax adviser before reinstating your policy.
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## ***Factors You Should Consider Before Purchasing a Policy***

The decision to purchase a policy should be discussed with your agent/registered representative. Make sure you understand the policy's investment options, its other features and benefits, its risks and the fees and charges you will incur. Consider, among others, the following matters.

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### **Life Insurance Coverage**

- The policy is not a short-term savings vehicle and should be purchased only if you need life insurance coverage. Evaluate your need for life insurance coverage before purchasing a policy.
  - You should purchase a policy only if you intend and have the financial capability to keep the policy in force for a substantial period of time.
- 

### **Investment Risk**

**See *The Variable  
Account*, page 13.**

- You should evaluate the policy's long-term investment potential and risks before purchasing a policy.
  - For amounts you allocate to the sub-accounts of the variable account:
    - ▷ Your values will fluctuate with the markets, interest rates and the performance of the underlying funds;
    - ▷ You assume the risk that your values may decline or may not perform to your expectations;
    - ▷ Your policy could lapse without value or you may be required to pay additional premium because of poor fund performance;
    - ▷ Each fund has various investment risks, and some funds are riskier than others;
    - ▷ You should read each fund's prospectus and understand the risks associated with the fund before allocating your premiums to its corresponding sub-account; and
    - ▷ There is no assurance that any fund will achieve its stated investment objective.
  - For amounts you allocate to the fixed account:
    - ▷ Interest rates we declare will change over time; and
    - ▷ You assume the risk that interest rates may decline, although never below the guaranteed minimum annual rate of 3.00%.
-



<b>Fees and Charges</b>	<ul style="list-style-type: none"> <li>• A policy's fees and charges reflect costs associated with its features and benefits.</li> <li>• Before purchasing a policy, compare the value that these various features and benefits have to you, given your particular circumstances, with the fees and charges associated with those features and benefits.</li> <li>• In the early policy years the surrender charge may exceed the policy value because the surrender charge may be more than the cumulative premiums minus policy fees and charges. Therefore, you should purchase a policy only if you intend and have the financial capability to keep the policy in force for a substantial period of time.</li> </ul>
<i>See Fees and Charges, page 20.</i>	
<b>Lapse</b>	<ul style="list-style-type: none"> <li>• Your policy may lapse and your insurance coverage under the policy may terminate if on any monthly processing date: <ul style="list-style-type: none"> <li>▷ The no-lapse guarantee or the death benefit guarantee is not in effect; and</li> <li>▷ Your surrender value is not enough to pay the periodic fees and charges when due.</li> </ul> </li> <li>• If you meet these conditions, we will send you notice and give you a 61 day grace period to make a sufficient premium payment.</li> <li>• If you do not make a sufficient premium payment by the end of the 61 day grace period, your life insurance coverage will terminate and your policy will lapse without value.</li> <li>• Partial withdrawals and loans have an adverse impact on your surrender value. Before taking a partial withdrawal or loan consider its affect on your ability to keep your policy from lapsing.</li> </ul>
<i>See Lapse, page 45.</i>	
<b>Exchanges</b>	<ul style="list-style-type: none"> <li>• Replacing your existing life insurance policy(ies) with the policy described in this prospectus may not be beneficial to you.</li> <li>• Before purchasing a policy, determine whether your existing policy(ies) will be subject to fees or penalties upon surrender or cancellation.</li> <li>• Also compare the fees, charges, coverage provisions and limitations, if any, of your existing policy(ies) with those of the policy described in this prospectus.</li> </ul>
<i>See Purchasing a Policy, page 15.</i>	
<b>Taxation</b>	<ul style="list-style-type: none"> <li>• Under current federal income tax law, death benefits of life insurance policies generally are not subject to income tax. In order for this treatment to apply, the policy must qualify as a life insurance contract. We believe it is reasonable to conclude that the policy will qualify as a life insurance contract.</li> <li>• Assuming the policy qualifies as a life insurance contract under current federal income tax law, your policy earnings are generally not subject to income tax as long as they remain within your policy. Depending on your circumstances, however, the following events may have tax consequences for you: <ul style="list-style-type: none"> <li>▷ Reduction in the amount of your insurance coverage;</li> <li>▷ Partial withdrawals;</li> <li>▷ Loans;</li> <li>▷ Surrender;</li> <li>▷ Lapse; and</li> <li>▷ Reinstatement.</li> </ul> </li> <li>• In addition, if your policy is a modified endowment contract, a loan against or secured by the policy may cause income taxation. A penalty tax may be imposed on a distribution from a modified endowment contract as well.</li> <li>• There is always the possibility that the tax treatment of the policy could be changed by legislation or otherwise. You should consult a tax adviser with respect to legislative developments and their effect on the policy.</li> <li>• <b>Consult with a qualified legal or tax adviser before you purchase a policy.</b></li> </ul>
<i>See TAX CONSIDERATIONS, page 47.</i>	
<b>Sales Compensation</b>	<ul style="list-style-type: none"> <li>• We pay compensation to broker/dealers who sell the policy.</li> <li>• Broker/dealers may be able to choose to receive their compensation under various payment options, but their choice will not affect the fees and charges you will pay for the policy.</li> </ul>
<b>Other Products</b>	<ul style="list-style-type: none"> <li>• We and our affiliates offer other insurance products which may have different features, benefits, fees and charges. These other products may better match your needs.</li> <li>• Contact your agent/registered representative if you would like information about these other products.</li> </ul>

## ***Fees and Charges***

**Transaction Fees and Charges** The following table describes the fees and charges deducted at the time you buy the policy, make a partial withdrawal, surrender your policy, or request an excess illustration. **See *Fees and Charges - Transaction Fees and Charges*, page 20.**

<b>Charge</b>	<b>When Deducted</b>	<b>Amount Deducted</b>
<b>Tax Charges</b>	<ul style="list-style-type: none"> <li>Deducted when you make a premium payment.</li> </ul>	<ul style="list-style-type: none"> <li>2.50% for state and local taxes.</li> <li>1.50% for estimated federal income tax treatment of deferred acquisition costs.</li> </ul>
<b>Sales Charge</b>	<ul style="list-style-type: none"> <li>Deducted when you make a premium payment.</li> </ul>	<ul style="list-style-type: none"> <li>4.00% of premium up to target premium in segment years 1-10.</li> <li>2.00% of premium above target premium in segment years 1-10.</li> <li>2.00% of all premium received in segment years 11+.</li> </ul>
<b>Partial Withdrawal Fee</b>	<ul style="list-style-type: none"> <li>Deducted when you take a partial withdrawal.</li> </ul>	<ul style="list-style-type: none"> <li>2.00% of the amount withdrawn, up to \$25.</li> </ul>
<b>Surrender Charge</b>	<ul style="list-style-type: none"> <li>Deducted during the first fourteen segment years when you surrender your policy, decrease your basic insurance coverage, take a partial withdrawal which decreases your basic insurance coverage or allow your policy to lapse.</li> </ul>	<p>Administrative Surrender Charge -</p> <ul style="list-style-type: none"> <li>\$2 per \$1,000 of basic insurance coverage.</li> </ul> <p>Sales Surrender Charge -</p> <ul style="list-style-type: none"> <li>100% of total premium up to target premium for each segment without substandard ratings ("standard target premium") in segment years 1-5.</li> <li>After segment year five the sales surrender charge percentage of standard target premium decreases each year to zero at the beginning of the fifteenth segment year.</li> </ul>
<b>Excess Illustration Fee</b>	<ul style="list-style-type: none"> <li>Deducted each time you request an illustration after the first each policy year.</li> </ul>	<ul style="list-style-type: none"> <li>\$0 - current.</li> <li>\$25 - maximum.</li> </ul>

**Periodic Fees and Charges** The following table describes the fees and charges deducted each day or each month on the monthly processing date. **See *Fees and Charges - Periodic Fees and Charges*, page 23.**

<b>Charge</b>	<b>When Deducted</b>	<b>Amount Deducted</b>
<b>Mortality &amp; Expense Risk Charge</b>	<ul style="list-style-type: none"> <li>Daily and included in the daily unit value calculation.</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of policy value invested in the variable account - <ul style="list-style-type: none"> <li>▷ 0.002466% daily (0.90% annually).</li> </ul> </li> </ul>
<b>Policy Charge</b>	<ul style="list-style-type: none"> <li>On the monthly processing date.</li> </ul>	<ul style="list-style-type: none"> <li>\$15 per month in policy years 1-10.</li> <li>\$9 per month in policy years 11+.</li> </ul>
<b>Administrative Charge</b>	<ul style="list-style-type: none"> <li>On the monthly processing date.</li> </ul>	<ul style="list-style-type: none"> <li>\$0.085 per \$1,000 of basic insurance coverage (or total insurance coverage, if greater) up to \$212.50 in policy years 1-10.</li> <li>\$0.015 per \$1,000 of basic insurance coverage (or total insurance coverage, if greater) up to \$37.50 in policy years 11-20.</li> <li>\$0.00 in policy years 21+.</li> <li>These rates apply to the first \$2.5 million of insurance coverage.</li> </ul>
<b>Cost of Insurance Charge</b> <sup>1</sup>	<ul style="list-style-type: none"> <li>On the monthly processing date.</li> </ul>	<ul style="list-style-type: none"> <li>Minimum Rates per \$1,000 of basic insurance coverage - <ul style="list-style-type: none"> <li>▷ \$X.XX - current.</li> <li>▷ \$X.XX - guaranteed.</li> </ul> </li> <li>Maximum Rates per \$1,000 of basic insurance coverage - <ul style="list-style-type: none"> <li>▷ \$X.XX - current.</li> <li>▷ \$X.XX - guaranteed.</li> </ul> </li> <li>Rates for representative insured people per \$1,000 of basic insurance coverage - <ul style="list-style-type: none"> <li>▷ \$X.XX - current.</li> <li>▷ \$X.XX - guaranteed.</li> <li>▷ The representative insured people are _____, age XX in the _____ risk class.</li> </ul> </li> </ul>
<b>Death Benefit Guarantee Charge</b> (if selected)	<ul style="list-style-type: none"> <li>On the monthly processing date.</li> </ul>	<ul style="list-style-type: none"> <li>\$0.005 per \$1,000 of basic insurance coverage during the guarantee period.</li> </ul>

<sup>1</sup> The cost of insurance rates shown are for the first policy year. The rates that apply to you depend on the amount of your basic insurance coverage and the insured people's ages, genders, policy duration and risk classes and generally increase each year after the first segment year. Different cost of insurance rates will apply to each segment of basic insurance coverage. The rates for the representative insured people listed above may be more or less than you will pay, and you should contact your agent/registered representative for information about the rates that apply to you.

**Optional Rider Fees and Charges** The following table describes the charges deducted if you elect any of the optional rider benefits. See *Fees and Charges - Optional Rider Fees and Charges*, page 25.

Rider	When Deducted	Amount Deducted
<b>Adjustable Term Insurance Rider</b> <sup>2</sup>	<ul style="list-style-type: none"> <li>On the monthly processing date.</li> </ul>	<ul style="list-style-type: none"> <li>Minimum Rates per \$1,000 of rider benefit - <ul style="list-style-type: none"> <li>\$X.XX - current</li> <li>\$X.XX - guaranteed.</li> </ul> </li> <li>Maximum Rates per \$1,000 of rider benefit - <ul style="list-style-type: none"> <li>\$X.XX - current.</li> <li>\$X.XX - guaranteed.</li> </ul> </li> <li>Rates for representative insured people per \$1,000 of rider benefit - <ul style="list-style-type: none"> <li>\$X.XX - current.</li> <li>\$X.XX - guaranteed.</li> <li>The representative insured people are _____, age XX in the _____ risk class.</li> </ul> </li> </ul>
<b>Single Life Term Insurance Rider</b> <sup>3</sup>	<ul style="list-style-type: none"> <li>On the monthly processing date.</li> </ul>	<ul style="list-style-type: none"> <li>Minimum Rates per \$1,000 of rider benefit - <ul style="list-style-type: none"> <li>\$X.XX - current</li> <li>\$X.XX - guaranteed.</li> </ul> </li> <li>Maximum Rates per \$1,000 of rider benefit - <ul style="list-style-type: none"> <li>\$X.XX - current.</li> <li>\$X.XX - guaranteed.</li> </ul> </li> <li>Rates for representative insured person per \$1,000 of rider benefit - <ul style="list-style-type: none"> <li>\$X.XX - current.</li> <li>\$X.XX - guaranteed.</li> <li>The representative insured person is a _____, age XX in the _____ risk class.</li> </ul> </li> </ul>

<sup>2</sup> The rates shown are for the first policy year. The rates for this rider depend on the insured people's ages, genders, risk classes and policy duration and generally increase each year after the first policy year. The rates for the representative insured people listed above may be more or less than you will pay, and you should contact your agent/registered representative for information about the rates that apply to you.

<sup>3</sup> The rates shown are for the first policy year. The rates for this rider depend on the insured person's age, gender, risk class and policy duration and generally increase each year after the first policy year. The rates for the representative insured person listed above may be more or less than you will pay, and you should contact your agent/registered representative for information about the rates that apply to you.

**Fund Fees and Expenses.** The following table shows the minimum and maximum total fees and expenses charged by any of the funds. These may change from year to year. You should review the fund prospectuses for details about the fees and charges specific to a particular fund. See also **Appendix B**.

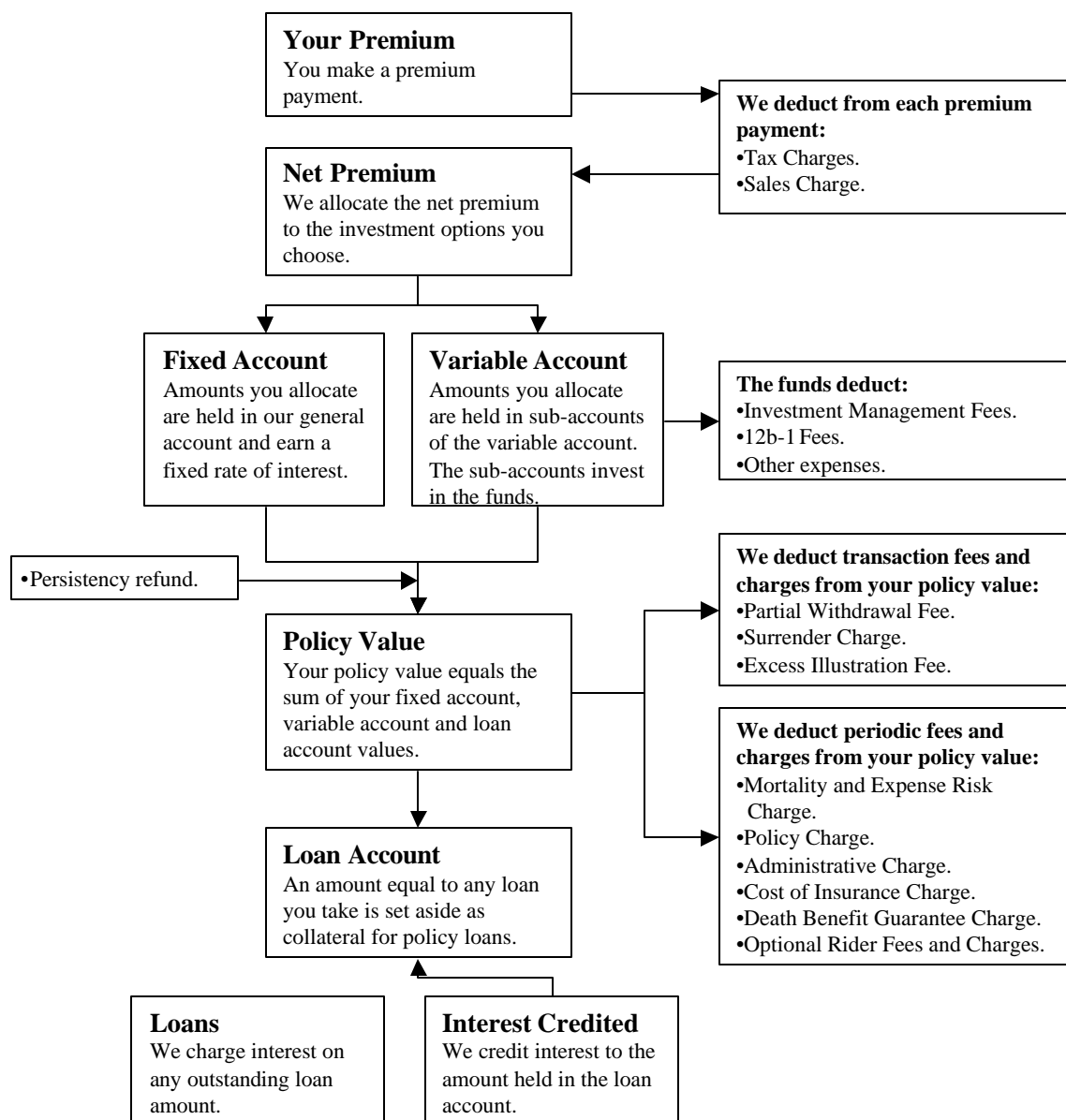
**Annual Total Fund Expenses (expenses deducted from fund assets)**

	<u>Minimum</u>	<u>Maximum</u>
<b>Total Gross Annual Fund Expenses</b> <sup>4</sup>	X.XX%	XX.XX%
<b>Total Net Annual Fund Expenses</b> <sup>4,5</sup>	X.XX%	X.XX%

<sup>4</sup> Total Annual Fund Expenses include management fees, distribution (12b-1) fees and other expenses.

<sup>5</sup> The Total Net Annual Fund Expense figures take into account contractual arrangements that require reimbursement or waiver of certain fund fees and expenses.

## How the Policy Works



# THE COMPANY, THE FIXED ACCOUNT AND THE VARIABLE ACCOUNT

## ***Southland Life Insurance Company***

We are a stock life insurance company organized in 1908 and incorporated under the laws of the State of Texas. We are admitted to do business in the District of Columbia and all states except New York. Our headquarters is at 5780 Powers Ferry Road, Atlanta, Georgia 30327-4390.

We are a wholly-owned indirect subsidiary of ING Groep N.V. ("ING"), a global financial institution active in the fields of insurance, banking and asset management. ING is headquartered in Amsterdam, The Netherlands.

## ***The Investment Options***

You may allocate your premium payments to any of the available investment options. These options include the fixed account and sub-accounts of the variable account. The investment performance of a policy depends on the performance of the investment options you choose.

## **The Fixed Account**

In the policy the "fixed account" is referred to as the "Guaranteed Interest Division."

You may allocate all or a part of your net premium and transfer your net policy value into the fixed account. We declare the interest rate that applies to all amounts in the fixed account. This interest rate is never less than 3.00%. The credited interest rate will be in effect for an initial twelve-month period. Thereafter, the credited interest rate will be guaranteed for successive twelve-month periods at an interest rate current at the time. Interest compounds daily at an effective annual rate that equals the declared rate. We credit interest to the fixed account on a daily basis. We pay interest regardless of the actual investment performance of our general account. We bear all of the investment risk for the fixed account.

Your fixed account value equals the net premium you allocate to the fixed account, plus interest earned, minus amounts you transfer out or withdraw. It may be reduced by fees and charges assessed against your policy value.

The fixed account guarantees principal and is part of our general account. The general account supports our non-variable insurance and annuity obligations. We have not registered interests in the fixed account under the Securities Act of 1933, as amended ("1933 Act"). Also, we have not registered the fixed account or the general account as an investment company under the Investment Company Act of 1940, as amended ("1940 Act") (because of exemptive and exclusionary provisions). This means that the general account, the fixed account and interests in it are generally not subject to regulation under these Acts.

The SEC staff has not reviewed the disclosures in this prospectus relating to the general account and the fixed account. These disclosures, however, may be subject to certain requirements of the federal securities law regarding accuracy and completeness of statements made.

## The Variable Account

We established Southland Separate Account L1 (the "variable account") on February 25, 1994, as one of our separate accounts under the laws of the State of Texas. It is a unit investment trust, registered with the SEC under the 1940 Act.

In the policy the "variable account" is referred to as the "Separate Account."

We own all of the assets of the variable account. Texas law provides, however, that we cannot charge the variable account with liabilities arising out of any other business we may conduct. This means that if we ever became insolvent, the variable account assets will be used first to pay variable account policy claims. Only if variable account assets remain after these claims have been satisfied can these assets be used to pay owners of other policies and creditors.

The variable account is divided into sub-accounts. Each sub-account invests in a corresponding fund. When you allocate premium payments to a sub-account, you acquire accumulation units of that sub-account. You do not invest directly in or hold shares of the funds when you allocate premium payments to the sub-accounts of the variable account. **See Appendix B to this prospectus for a list of the funds available through the variable account along with information about each fund's investment adviser/subadviser, investment objective and total annual fund expenses.**

More detailed information about a fund, including information about the risks associated with investing in the fund, is located in the fund's prospectus. Read the fund prospectuses in conjunction with this prospectus, and retain the prospectuses for future reference.

A fund available through the variable account is not the same as a retail mutual fund with the same or similar name. Accordingly, the management, expenses and performance of a fund available through the variable account is likely to differ from a similarly named retail mutual fund.

**Voting Privileges.** We invest each sub-account's assets in shares of a corresponding fund. We are the legal owner of the fund shares held in the variable account, and we have the right to vote on certain issues. Among other things, we may vote on issues described in the fund's current prospectus or issues requiring a vote by shareholders under the 1940 Act.

Even though we own the shares, we give you the opportunity to tell us how to vote the number of shares attributable to your policy. We count fractional shares. If you have a voting interest, we send you proxy material and a form on which to give us your voting instructions.

Each fund share has the right to one vote. The votes of all fund shares are cast together on a collective basis, except on issues for which the interests of the funds differ. In these cases, voting is on a fund-by-fund basis.

Examples of issues that require a fund-by-fund vote are changes in the fundamental investment policy of a particular fund or approval of an investment advisory agreement.

We vote the shares in accordance with your instructions at meetings of the fund's shareholders. We vote any fund shares that are not attributable to policies and any fund shares for which the owner does not give us instructions in the same proportion as we vote the shares for which we did receive voting instructions.

We reserve the right to vote fund shares without getting instructions from policy owners if the federal securities laws, regulations or their interpretations change to allow this.

You may instruct us only on matters relating to the funds corresponding to the sub-accounts in which you have invested assets as of the record date set by the fund's Board for the shareholders meeting. We determine the number of fund shares in each sub-account of your policy by dividing your variable account value in that sub-account by the net asset value of one share of the matching fund.

**Right to Change the Variable Account.** Subject to state and federal law and the rules and regulations thereunder, we may, from time to time, make any of the following changes to our variable account with respect to some or all classes of policies:

- Change the investment objective;
- Offer additional sub-accounts which will invest in funds we find appropriate for policies we issue;
- Eliminate sub-accounts;
- Combine two or more sub-accounts;
- Substitute a new fund for a fund in which a sub-account currently invests. A substitution may become necessary if, in our judgment:
  - ▷ A fund no longer suits the purposes of your policy;
  - ▷ There is a change in laws or regulations;
  - ▷ There is a change in the fund's investment objectives or restrictions;
  - ▷ The fund is no longer available for investment; or
  - ▷ Another reason we deem a substitution is appropriate.
- In the case of a substitution, the new fund may have different fees and charges than the fund it replaced;
- Transfer assets related to your policy class to another separate account;
- Withdraw the variable account from registration under the 1940 Act;
- Operate the variable account as a management investment company under the 1940 Act;
- Cause one or more sub-accounts to invest in a fund other than, or in addition to, the funds currently available;
- Stop selling the policy;
- End any employer or plan trustee agreement with us under the agreement's terms;
- Limit or eliminate any voting rights for the variable account;
- Make any changes required by the 1940 Act or its rules or regulations; or
- Close a sub-account to new investments.

We will not make a change until it is effective with the SEC and approved by the appropriate state insurance departments, if necessary. We will notify you of changes. If you wish to transfer the amount you have in the affected sub-account to another sub-account or to the fixed account, you may do so free of charge. Just notify us at our customer service center.

## DETAILED INFORMATION ABOUT THE POLICY

This prospectus describes our standard Survivor Dimensions variable universal life insurance policy. The policy provides death benefits, policy values and other features of traditional life insurance contracts. There may be variations in policy features, benefits and charges because of requirements of the state where we issue your policy. We describe all such differences in your policy.

If you would like to know about state variations, please ask your agent/registered representative. We can provide him/her with the list of variations that will apply to your policy.



## ***Purchasing a Policy***

To purchase a policy you must submit an application to us. On that application you will, among other things, select:

- The amount of your insurance coverage (your coverage generally must be at least \$250,000);
- Your initial death benefit option; and
- Any riders or optional benefits.

Additionally, on the application you will provide us with certain health and other necessary information.

On the date coverage under the policy begins (the "policy date"), the age of the two insured people on whose lives we issue the policy (the "insured people", each an "insured person") generally can be no more than age 85. "Age" or "joint equivalent age" under a policy means the sum of both insured people's ages adjusted for the differences in age and gender, divided by two and rounded down. An individual insured person's age is measured on their birthday nearest the policy date. The individual age of each insured person generally must be no more than 90 on the policy date. There is no maximum age difference between the two insured people.

The insured people share some relationship and commonly include husband and wife; business partners; parent and child; grandparent and grandchild; and siblings. Upon the death of the second of the insured people we pay the death benefit.

From time to time, we may accept an insured person who exceeds our normal maximum age limit. We will not unfairly discriminate in determining the maximum age at issue. All exceptions to our normal limits are dependent upon our ability to obtain acceptable reinsurance coverage for our risk with an older insured. We may also set a minimum age to issue a policy.

You may request that we back-date the policy up to six months to allow the insured people to give proof of a younger age for the purposes of your policy.

## **Premium Payments**

Premium payments are flexible and you may choose the amount and frequency of premium payments, within limits, including:

- We may refuse to accept any premium less than \$25;
- You cannot pay additional premiums after age 100 of the younger insured person;
- We may refuse any premium that would disqualify your policy as life insurance under Section 7702 of the Internal Revenue Code; and
- We may refuse to accept any premium that does not comply with our anti-money laundering program. **See *General Policy Provisions - Anti-Money Laundering*, page 55.**

After we deduct the tax charges and the sales charge from your premium payments, we apply the remaining premium (the "net premium") to your policy as described below.

A premium payment is received by us when it is received at our offices. After you have paid your initial premium, we suggest you send payments directly to us, rather than through your agent/registered representative, to assure the earliest crediting date.

Your initial premium must be at least equal to the sum of the scheduled premium from the policy date through the investment date. The investment date is the date we apply the net premium to your policy.

**Scheduled Premium.** You may select your scheduled (planned) premium (within our limits) when you apply for your policy. The scheduled premium, shown in your policy and schedule, is the amount you choose to pay over a stated time period. This amount may or may not be enough to keep your policy in force. You may receive premium reminder notices for the scheduled premium on a quarterly, semi-annual or annual basis. You are not required to pay the scheduled premium.

You can change the amount of your scheduled premium within our minimum and maximum limits at any time. If you fail to pay your scheduled premium or if you change the amount of your scheduled premium, your policy performance will be affected.

If you have the death benefit guarantee feature, your scheduled premium should not be less than the guarantee period annual premium shown in your policy. **See *Death Benefits - No-Lapse and Death Benefit Guarantees*, page 31.**

**Unscheduled Premium Payments.** Generally speaking, you may make unscheduled premium payments at any time, however:

- We may limit the amount of an unscheduled premium payment if it would result in an increase in the amount of the base death benefit required by the federal income tax law definition of life insurance. We may require satisfactory evidence that the insured people are insurable at the time that you make the unscheduled premium payment if the base death benefit is increased due to an unscheduled premium payment;
- We may require proof that at least one insured person is insurable if an unscheduled premium payment will cause the net amount at risk to increase; and
- We will return premium payments which would cause your policy to become a modified endowment contract, unless you have acknowledged in writing the new modified endowment contract status for your policy.

**Target Premium.** Target premium is not based on your scheduled premium. Target premium is actuarially determined based on the ages and genders of the insured people. The target premium is used to determine your sales charge and the sales compensation we pay. It may or may not be enough to keep your policy in force. You are not required to pay the target premium and there is no penalty for paying more or less. The target premium for your policy and additional segments is listed in your policy schedule pages.

**Minimum Annual Premium.** To qualify for the no-lapse guarantee, during each of your first five policy years you must pay at least the minimum annual premium shown in your policy. **See *Death Benefits - No-Lapse and Death Benefit Guarantees*, page 31.**

We may reduce the minimum annual premium for group or sponsored arrangements, or for corporate purchasers.

**Premium Payments Affect Your Coverage.** Unless your policy is in the no-lapse guarantee period or you have the death benefit guarantee feature, your coverage lasts only as long as you have a positive surrender value which is enough to pay the fees and charges due each month. If you do not meet this requirement, your policy will enter a 61-day grace period and you must make a sufficient premium payment to keep your policy from lapsing. **See *Termination of Coverage - Lapse*, page 45.**

In the policy, the "no-lapse guarantee period" is referred to as the "Special Continuation Period."

During the no-lapse guarantee period, we guarantee that your policy and riders will not lapse regardless of your surrender value provided your cumulative premium payments, minus any partial withdrawals and any outstanding loan amount and accrued loan interest are at least equal to your minimum annual premium. **See *Death Benefits - No-Lapse and Death Benefit Guarantees*, page 31.**

If you have the death benefit guarantee, we guarantee that your policy will not lapse during the guarantee period provided your cumulative premium payments minus any partial withdrawals and any outstanding loan amount and accrued loan interest are at least equal to the guarantee period annual premium and your net policy value meets certain diversification requirements. **See *Death Benefits - No-Lapse and Death Benefit Guarantees*, page 31.**

**Allocation of Net Premium.** We apply the initial net premium to your policy after all of the following conditions have been met:

- We receive the required initial premium;
- All issue requirements have been received by our customer service center; and
- We approve your policy for issue.

Amounts you designate for the fixed account will be allocated to that account on the investment date. If your state requires return of your premium during the free look period, we initially invest amounts you have designated for the sub-accounts of the variable account in the sub-account which invests in the ING Liquid Asset Portfolio. We later transfer these amounts from this sub-account to your selected sub-accounts, based on your most recent premium allocation instructions, at the earlier of the following dates:

- Five days after the date we mailed your policy to you plus the length of your state free look period; or
- The date we receive your delivery receipt plus the length of your state free look period.

If your state provides for return of your policy value during the free look period (or provides no free look period), we allocate amounts you designated for the sub-accounts of the variable account directly into those sub-accounts.

All net premium we receive after the applicable period are allocated to your policy on the valuation date of receipt. We will use your most recent premium allocation instructions specified in percentages stated to the nearest tenth and totaling 100%.

## Free Look Period

You have the right to examine your policy and return it to us (for any reason) within the period shown in the policy. The period during which you have this right is called the free look period and starts on the date you receive your policy. If you return your policy to us within the free look period, we cancel it as of your policy date.

If you cancel your policy during the free look period, you will receive a refund as determined by state law. Generally, there are two types of free look refunds:

- Refund of all premium we have received from you; or
- Refund of your policy value plus a refund of all charges deducted.

The type of refund that applies in your state will be specified in your policy. The type of free look refund will affect when premium received before the end of the free look period is allocated to the sub-accounts. **See Premium Payments - Allocation of Net Premium, page 18.**

## Temporary Insurance

If you apply and qualify, we may issue temporary insurance in an amount equal to the amount of insurance coverage for which you applied, up to \$4.5 million, which includes other in-force coverage each insured person has with us.

Temporary insurance coverage begins when all of the following events have occurred:

- You have completed and signed our temporary insurance coverage form;
- We have received and accepted a premium payment of at least your scheduled premium (selected on your application); and
- The necessary parts of the application are complete.

Unless otherwise provided by state law, temporary insurance coverage ends on the earliest of:

- Five days after we mail the premium refund to the address on your application;
- Five days after we mail notice of termination to the address on your application;
- Your policy date;
- The date we refuse to issue a policy based on your application; or
- 90 days after you sign our temporary life insurance coverage form.

There is no death benefit under the temporary insurance coverage if any of the following events occur:

- There is a material misrepresentation in your answers on the temporary insurance coverage form;
- There is a material misrepresentation in statements on your application;
- The persons intended to be insured die by suicide or self-inflicted injury; or
- The bank does not honor your premium check or authorized withdrawal.

During the period of temporary insurance coverage your premium payments are held by us in a general suspense account until underwriting is completed and the policy is issued or the temporary insurance coverage otherwise ends. Premiums held in this suspense account do not earn interest and they are not allocated to the investment options available under the policy until a policy is issued. **See Premium Payments - Allocation of Net Premium, page 18.**

## ***Fees and Charges***

We deduct fees and charges under the policy to compensate us for:

- Providing the insurance benefits of the policy (including any rider benefits);
- Administering the policy;
- Assuming certain risks in connection with the policy; and
- Incurring expenses in distributing the policy.

The amount of a fee or charge may be more or less than the cost associated with the service or benefit. Accordingly, excess proceeds from one fee or charge may be used to make up a shortfall on another fee or charge, and we may earn a profit on one or more of these fees and charges. We may use any such profits for any proper corporate purpose, including, among other things, payment of sales expenses.

## **Transaction Fees and Charges**

We deduct the following transaction fees and charges from your policy value each time you make certain transactions.

**Tax Charges.** We deduct 2.5% from each premium payment to cover the total average state and local taxes we expect to pay. We pay state and local taxes in most states. These taxes vary from state to state and from jurisdiction to jurisdiction.

We deduct 1.5% from each premium payment to cover our estimated costs for the federal income tax treatment of deferred acquisition costs. This cost is determined solely by the amount of life insurance premium we receive.

We may increase or decrease the charges for taxes, within limits, if there are changes in the tax rates or tax laws.

**Sales Charge.** We deduct a sales charge from each premium payment.

<u>Segment Year</u>	<u>Sales Charge Percentage</u>	
	<u>Up to Segment Target Premium</u>	<u>Above Segment Target Premium</u>
1-10	4.0%	2.0%
11+	2.0%	2.0%

To determine your applicable sales charge, premium payments we receive after an increase in the amount of basic insurance coverage are allocated to your coverage segments in the same proportion as the target premium for each segment bears to the sum of the target premium for all segments.

This charge helps compensate us for the costs associated with selling the policies, including promotional, advertising and distribution expenses.

**Partial Withdrawal Fee.** We deduct a partial withdrawal fee each time you take a partial withdrawal from your policy. The amount of this fee is 2.00% of the amount withdrawn up to \$25. We deduct the partial withdrawal fee proportionately from your remaining fixed and variable account values.

This fee helps offset the expenses we incur when processing a partial withdrawal.

**Surrender Charge.** We deduct a surrender charge during the first fourteen segment years when you:

- Surrender your policy;
- Allow your policy to lapse;
- Decrease your basic insurance coverage; or
- Take a partial withdrawal which decreases the amount of your basic insurance coverage.

The amount of the surrender charge depends on the amount of basic insurance coverage surrendered or decreased and the surrender charge rates.

When you purchase a policy or increase your basic insurance coverage, we set surrender charge rates based on the genders and ages of the insured people. These surrender charge rates decline to zero in the fifteenth segment year. Each coverage segment will have its own set of surrender charge rates which will apply only to that segment. **See *Death Benefits - Changes in the Amount of Your Insurance Coverage*, page 26.** The rates that apply to you will be set forth in your policy. **See the *Fees and Charges - Transaction Fees and Charges* table on page 8 for the minimum and maximum surrender charge rates and the rates for representative insured people.**

The surrender charge is made up of two parts:

- An administrative surrender charge; and
- A sales surrender charge.

#### **Administrative Surrender Charge**

The administrative surrender charge varies by joint equivalent age at policy issue or when you add a new basic coverage segment:

Administrative Surrender Charge per \$1,000 of Basic Insurance Coverage		
<u>Year</u>	<u>Joint Equivalent Age</u>	
	<u>15 - 84</u>	<u>85</u>
1	\$2.00	\$2.00
2	\$2.00	\$2.00
3	\$2.00	\$2.00
4	\$2.00	\$2.00
5	\$2.00	\$2.00
6	\$1.90	\$1.90
7	\$1.80	\$1.80
8	\$1.70	\$1.70
9	\$1.60	\$1.60
10	\$1.50	\$1.50
11	\$1.40	\$1.40
12	\$1.30	\$1.30
13	\$1.20	\$1.20
14	\$1.00	\$0.00
15	\$0.00	\$0.00

During the first fourteen years of your policy your administrative surrender charge may decrease. This happens if you request a decrease in your basic insurance coverage or you take a partial withdrawal which causes your basic insurance coverage to decrease. Your administrative surrender charge decreases in the same proportion that your basic insurance coverage decreases. Under these circumstances we then deduct from your policy value the amount by which your administrative surrender charge decreased.

We designed the administrative surrender charge to cover part of our administrative expenses, such as the expenses associated with:

- Processing applications;
- Establishing policy records;
- Underwriting; and
- Developing and operating our administrative systems.

### **Sales Surrender Charge**

The sales surrender charge is a percentage of the target premium for each coverage segment without substandard ratings (the "standard target premium"). The percentage is based on the joint equivalent age of the insured people.

The maximum sales surrender charge is 100% of the standard target premium. For ages 15-77 the maximum charge applies for the first five segment years and then decreases by 10% each segment year thereafter reaching zero by segment year fifteen. For ages 78-85, the maximum sales surrender charge also decreases in percentage increments starting no later than segment year five and reaching zero by segment year fifteen. There is no sales surrender charge by segment year fifteen. **See the *Fees and Charges - Periodic Fees and Charges* table on page 9 for the minimum and maximum sales surrender charge rates and the rates for representative insured people.**

We do not determine standard target premium based on your scheduled premium. We determine standard target premium actuarially, based on the age and genders of the insured people. Your policy schedule shows the maximum sales surrender charge for your basic insurance coverage.



If your basic insurance coverage decreases, we reduce your target premium for each segment in the same proportion that we reduce your basic insurance coverage. We do not do this if the reduction is a result of a death benefit option change. In that case, we will provide you a new schedule page.

For full surrenders, you will receive the surrender value of your policy. For decreases in the amount of basic insurance coverage, the surrender charge will reduce your policy value. If there are multiple segments of basic insurance coverage, the coverage decreases and surrender charges assessed will be processed on a pro rata basis.

In the early policy years the surrender charge may exceed the policy value because the surrender charge may be more than the cumulative premiums minus policy fees and charges. Therefore, you should purchase a policy only if you intend and have the financial capability to keep the policy in force for a substantial period of time.

The surrender charge helps offset the expenses we incur in issuing and distributing the policy.

**Excess Illustration Fee.** We currently do not assess this fee, but we reserve the right to assess a fee of up to \$25 for each illustration of your policy values you request after the first each policy year.

This fee helps offset the costs we incur when processing requests for excess illustrations.

## **Periodic Fees and Charges**

We deduct the following periodic fees and charges from your policy value each day or on the monthly processing date. The monthly processing date is the same date each month as your policy date. If that date is not a valuation date, then the monthly processing date is the next valuation date.

At any time you may choose one investment option from which we will deduct your periodic fees and charges. If you do not choose the investment option or the amount in your chosen investment option is not enough to cover the periodic fees and charges, then your periodic fees and charges are taken from the sub-accounts and fixed account in the same proportion that your value in each has to your net policy value.

**Mortality & Expense Risk Charge.** We deduct from your policy value a mortality and expense risk charge of 0.002466% (0.90% on an annual basis) of the amount you have invested in the sub-accounts. This charge is deducted each day as part of the calculation of the daily unit values for the sub-accounts and does not appear as a separate charge on your statement or confirmation.

This charge helps compensate us for the mortality and expense risks we assume when we issue a policy. The mortality risk is the risk that insured people, as a group, may live less time than we estimated. The expense risk is the risk that the costs of issuing and administering the policies and operating the sub-accounts of the variable account are greater than we estimated.

**Policy Charge.** Each month we deduct a policy charge of \$15 during the first ten policy years and \$9 each month thereafter.

This charge helps compensate us for the costs associated with:

- Processing applications;
- Conducting medical examinations;
- Establishing policy records; and
- Underwriting.

**Administrative Charge.** Each month we deduct an administrative charge equal to our current monthly administrative charge rates multiplied by the amount of your basic insurance coverage (or total insurance coverage, if greater) divided by 1,000. The rates apply to the first \$2.5 million of coverage and vary based on the insured people's age at issue. The rates decrease after the tenth policy year. The rates that apply to you will be set forth in your policy. **See the *Fees and Charges - Periodic Fees and Charges* table on page 9 for the minimum and maximum administrative charge rates and the rates for representative insured people.**

This charge helps offset the costs we incur in administering the policy, including costs associated with:

- Billing and collecting premiums;
- Processing claims and policy transactions;
- Keeping records;
- Reporting and communicating with policy owners; and
- Our overhead and other expenses.

**Cost of Insurance.** Each month we deduct a cost of insurance charge equal to our current monthly cost of insurance rates multiplied by the net amount at risk for each segment of your basic insurance coverage. The net amount at risk as calculated on each monthly processing date equals the difference between:

- Your current base death benefit, discounted to take into account one month's interest earnings at an assumed 3.00% annual interest rate; and
- Your policy value minus the periodic fees and charges due on that date, other than cost of insurance charges.

Monthly cost of insurance rates are based on the insured people's ages, genders, risk classes and amount of insurance coverage on the policy date and each date you increase your insurance coverage (a "segment date") and the segment year. They will not, however, be greater than the guaranteed cost of insurance rates shown in the policy, which are based on the 1980 Commissioner's Standard Ordinary Sex Distinct Mortality Tables. The rates that apply to you will be set forth in your policy. **See the *Fees and Charges - Periodic Fees and Charges* table on page 9 for the minimum and maximum cost of insurance rates and the rates for the representative insured people.**

Separate cost of insurance rates apply to each segment of your insurance coverage and your riders. The maximum rates for the initial segment and each new segment of your insurance coverage will be printed in your policy schedule pages.

The cost of insurance charge varies from month to month because of changes in your net amount at risk, changes in the death benefit and the increasing age of the insured people. We allocate the net amount at risk to segments of basic insurance coverage in the same proportion that each segment has to the total amount of basic insurance coverage as of the monthly processing date.

There are no cost of insurance charges during the continuation of coverage period.

The cost of insurance charge compensates us for the ongoing costs of providing insurance coverage, including the expected cost of paying death benefit proceeds that may be more than your policy value.

**Death Benefit Guarantee Charge.** If you have the death benefit guarantee feature, each month during the guarantee period we deduct a death benefit guarantee charge of \$.005 per \$1,000 of basic insurance coverage. We guarantee that this charge will not exceed this rate.

This charge helps compensate us for the costs associated with providing the death benefit guarantee.

## **Optional Rider Fees and Charges**

There may be separate fees and charges for optional rider benefits. **See the *Fees and Charges - Optional Rider Fees and Charges* table on page 10 and the *Additional Insurance Benefits - Optional Rider Benefits* section on page 32 for more information about the optional rider benefits and the applicable fees and charges.**

## **Waiver and Reduction of Fees and Charges**

We may waive or reduce any of the fees and charges under the policy, as well as the minimum amount of insurance coverage set forth in this prospectus. Any waiver or reduction will be based on expected economies that result in lower sales, administrative or mortality expenses. For example, we may expect lower expenses in connection with sales to:

- Certain groups or sponsored arrangements (including our employees, employees of our affiliates, our appointed sales agents and certain family members of each of these groups of individuals);
- Corporate purchasers;
- Our policyholders or the policyholders of our affiliated companies, or
- Certain groups or individuals who purchase the policy through investment professionals who charge a fee for their services.

Any variation in fees and charges will be based on differences in costs or services and our rules in effect at the time. We may change our rules from time to time, but we will not unfairly discriminate in any waiver or reduction.

## Fund Fees and Expenses

A fund's fees and expenses are set by the fund and may change from year to year. They are deducted from the fund's assets and are not direct charges against a sub-account's assets or policy values. Rather, they are included when each underlying fund computes its net asset value, which is the share price used to calculate the unit values of the sub-accounts. **See the *Fees and Charges - Fund Fees and Expenses* table on page 10 for the minimum and maximum total annual fund expenses of the funds available through the policy. See also Appendix B for each fund's total annual fund expenses.**

**For a more complete description of the funds' fees and expenses, review each fund's prospectus.**

Each of the funds or their affiliates pays us compensation for recordkeeping, administration or other services. The amount of compensation is usually based on the aggregate assets of the fund from policies that we issue or administer. Some funds or their affiliates pay us more than others and some of the amounts we receive may be significant.

## Death Benefits

As a joint and survivor universal life insurance policy, your policy has a joint nature to the death benefit. We do not pay death benefit proceeds until the death of the second of the insured people. The death benefit is calculated as of the date of death of the second of the insured people.

In the policy the amount of insurance coverage you select is referred to as the "Face Amount."

You decide the amount of life insurance protection you need, now and in the future. Generally, we require a minimum of \$250,000 in insurance coverage to issue your policy. If you have coverage under the adjustable term insurance rider, the minimum basic coverage amount is \$100,000 as long as the total coverage is at least \$250,000. We may lower this minimum for certain group, sponsored or corporate purchasers. The amount of insurance coverage in effect on your policy date is your initial coverage segment.

You can combine the long-term advantages of permanent life insurance with the flexibility and short-term advantages of term life insurance through the policy. The base policy provides the permanent element of your coverage. The adjustable term insurance rider provides the term insurance element of your coverage.

It may be to your economic advantage to include part of your insurance coverage under the adjustable term insurance rider. The adjustable term insurance rider has no cash value, however, and provides no growth potential. Both the cost of insurance under the term insurance rider and the cost of insurance under the base policy are deducted monthly from your policy value and generally increase with the ages of the insured people.

## Changes in the Amount of Your Insurance Coverage

Subject to certain limitations, you may change the amount of your insurance coverage after the first policy year (first monthly processing date for an increase). The change will be effective on the next monthly processing date after we receive your written request.

There may be underwriting or other requirements that must be met before we will approve a change. After we approve your request to change the amount of insurance coverage under the policy, we will send a new policy schedule page to you. You should attach it to your policy. We may ask you to return your policy to our customer service center so that we can make this change for you.

Changes in the amount of your insurance coverage must be for at least \$1,000.

A requested increase in basic insurance coverage will cause a new coverage segment to be created. Once we create a new segment, it is permanent unless law requires differently.

Each new segment will have:

- A new sales charge;
- New cost of insurance charges, guaranteed and current;
- A new incontestability period;
- A new suicide exclusion period;
- A new target premium;
- A new minimum annual premium during the no-lapse guarantee period; and
- A new surrender charge.

If a death benefit option change causes the amount of basic insurance coverage to increase, no new segment is created. Instead, the size of each existing segment(s) is (are) changed. If it causes the amount of basic insurance coverage to decrease, each segment is decreased.

In determining the net amount at risk for each coverage segment we allocate the net amount at risk among the basic coverage segments in the same proportion that each segment bears to the total amount of basic insurance coverage.

You may not decrease the amount of your insurance coverage below the minimum we require to issue you a policy. Decreases in insurance coverage may result in:

- Surrender charges on the amount of the decrease;
- Reduced target premium amounts; and
- Reduced cost of insurance charges.

Requested reductions in the amount of insurance coverage will first decrease your total insurance coverage amount. We decrease your basic insurance coverage amount only after your adjustable term insurance rider coverage is reduced to zero. If you have more than one segment, we divide decreases in basic coverage among your coverage segments pro rata unless law requires differently.

We reserve the right to not approve a requested change if it will disqualify your policy as life insurance under federal income tax law. Decreasing the amount of insurance coverage under your policy could cause your policy to be considered a modified endowment contract. If this happens, prior and subsequent distributions from the policy (including loans) may be subject to adverse tax treatment. You should consult a tax adviser before changing your amount of insurance coverage. **See *Distributions Other than Death Benefits - Modified Endowment Contracts*, page 49.**

## Continuation of Coverage

The continuation of coverage feature automatically continues your insurance coverage in force beyond the policy anniversary nearest the younger insured person's 100<sup>th</sup> birthday, unless prohibited by state law. If you do not surrender your policy before this date, on this date:

- The amount of your total insurance coverage becomes your basic insurance coverage amount;
- Death benefit option 2 is converted to death benefit option 1, if applicable;
- All riders are terminated;
- Your net policy value is transferred into the fixed account and subsequent transfers into the sub-accounts are not allowed; and
- Dollar cost averaging and automatic rebalancing programs are terminated.

Your insurance coverage continues in force until the death of the second of the insured people, unless the policy lapses or is surrendered. However:

- We accept no further premium payments; and
- We deduct no further fees and charges except transaction fees and charges, if applicable.

Partial withdrawals and loans are allowed during the continuation of coverage period. If we pay a persistency refund on the fixed account, it will be credited to your policy. If you have an outstanding loan, interest continues to accrue. If you fail to make sufficient loan or loan interest payments, it is possible that the outstanding loan amount plus accrued loan interest may become greater than your policy value and cause your policy to lapse. To avoid lapse, you may repay the loan and loan interest during the continuation of coverage period.

If you wish to stop coverage during the continuation of coverage period, you may surrender your policy and receive the net policy value. There is no surrender charge during this period. All other normal consequences of surrender apply. **See *Termination of Coverage - Surrender*, page 45.**

The continuation of coverage feature is not available in all states. If a state has approved this feature, it is automatic under your policy. In certain states the death benefit during the continuation of coverage period is the net policy value. Contact your agent/registered representative or our customer service center to find out if this feature is available in your state and which type of death benefit applies in your state.

**The tax consequences of coverage continuing beyond the younger insured person's 100<sup>th</sup> birthday are uncertain. You should consult a tax adviser as to those consequences. See *Other Tax Matters - Continuation of a Policy Beyond Age 100*, page 50.**

## Death Benefit Qualification Test

The death benefit proceeds are generally not subject to federal income tax if your policy continues to meet the federal income tax definition of life insurance. Your policy will meet this definition of life insurance provided that it meets the requirements of the guideline premium test.

In the policy the "guideline premium test" is referred to as the "Guideline Premium/Cash Value Corridor Test."

The guideline premium test requires that premium payments do not exceed certain statutory limits and your death benefit is at least equal to your policy value multiplied by a factor defined by law. The guideline premium test provides for a maximum amount of premium in relation to the death benefit and a minimum amount of death benefit in relation to policy value. The factors for the guideline premium test can be found in Appendix A to this prospectus.

## Death Benefit Options

There are two death benefit options available under the policy. You choose the option you want when you apply for the policy. You may change that choice after your first monthly processing date and before age 100 of the younger insured person.

**Option 1.** Under death benefit option 1, the base death benefit is the greater of:

- The amount of basic insurance coverage in effect on the date of the second death of the insured people; or
- Your policy value on the date of the second death of the insured people multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A.

Under this option your base death benefit will remain level unless your policy value multiplied by the appropriate factor described in Appendix A exceeds the amount of basic insurance coverage. In this case, your death benefit will vary as the policy value varies.

With option 1, positive investment performance generally reduces your net amount at risk, which lowers your policy's cost of insurance charge. Option 1 also offers insurance coverage at a set amount with potentially lower cost of insurance charges over time.

**Option 2.** Under death benefit option 2, the base death benefit is the greater of:

- The amount of basic insurance coverage in effect on the date of the second death of the insured people plus your policy value; or
- Your policy value on the date of the second death of the insured people multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A.

Under this option your base death benefit will vary as the policy value varies and investment performance is reflected in your insurance coverage.

Option 2 is not available after age 100 of the younger insured person. If option 2 is in effect at age 100 of the younger insured person, it automatically converts to death benefit option 1. **See *Death Benefits - Continuation of Coverage*, page 27.**

**Which Death Benefit Option to Choose.** If you are satisfied with the amount of your basic insurance coverage and prefer to have premium payments and favorable investment performance reflected to the maximum extent in the policy value and lower cost of insurance charges, you should choose death benefit option 1. If you prefer to have premium payments and favorable investment performance reflected partly in the form of an increasing death benefit, you should choose death benefit option 2.

**Changing Death Benefit Options.** On or after the first monthly processing date and before age 100 of the younger insured person you may change death benefit options as described below. We may require evidence of insurability under our normal rules of underwriting for some death benefit option changes.

In the policy death benefit option 1 is referred to as "Option A" and death benefit option 2 is referred to as "Option B."

Changing your death benefit option may reduce or increase your basic and total insurance coverage amounts but it will not change the amount of your base and total death benefits. We may not approve a death benefit option change if it reduces the amount of insurance coverage below the minimum we require to issue your policy. The following death benefit option changes are allowed, and on the effective date of the change the amount of your basic insurance coverage will change as follows:

<u>Change From:</u>	<u>Change To:</u>	<u>Basic Insurance Coverage Following the Change:</u>
Option 1	Option 2	<ul style="list-style-type: none"> <li>Your basic insurance coverage before the change minus your policy value as of the effective date of the change.</li> </ul>
Option 2	Option 1	<ul style="list-style-type: none"> <li>Your basic insurance coverage before the change plus your policy value as of the effective date of the change.</li> </ul>

Your death benefit option change is effective on your next monthly processing date after we approve it.

After we approve your request, we send a new policy schedule page to you. You should attach it to your policy. We may ask you to return your policy to our customer service center so that we can make this change for you.

If a death benefit option change causes the amount of insurance coverage to change, no new coverage segment(s) is (are) created. Instead, the size of each existing segment(s) is (are) changed. If you change death benefit options, there is no change to the amount of term insurance if you have the adjustable term insurance rider. **See Optional Rider Benefits - Adjustable Term Insurance Rider, page 33.**

We do not impose a surrender charge if a death benefit option change results in a decrease in the amount of your basic insurance coverage. Additionally, we do not adjust the target premium when you change your death benefit option. **See Transaction Fees and Charges - Surrender Charge, page 21.**

*Changing your death benefit option may have tax consequences. You should consult a tax adviser before making changes.*

## Death Benefit Proceeds

After the death of the second of the insured people, if your policy is in force we pay the death benefit proceeds to the beneficiaries. The beneficiaries are the people you name to receive the death benefit proceeds from your policy. The death benefit proceeds are equal to:

- Your base death benefit; plus
- The amount of any rider benefits; minus
- Any outstanding loan amount plus accrued loan interest; minus
- Any outstanding fees and charges incurred before the death of the second of the insured people.

The death benefit is calculated as of the date of death of the second of the insured people and will vary depending on the death benefit option you have chosen.



## No-Lapse and Death Benefit Guarantees

**No-lapse Guarantee.** The policy has a no-lapse guarantee which provides that the policy will not lapse during the first five policy years (the no-lapse guarantee period) regardless of its surrender value, if on a monthly processing date:

- Premiums you have paid, minus partial withdrawals that you have taken, minus outstanding loans, including accrued loan interest, is greater than or equal to;
- The cumulative minimum monthly premiums for each policy month from the first month of your policy through the current monthly processing date.

The minimum monthly premium is one-twelfth of the minimum annual premium. Your minimum annual premium is based on:

- The amount of your basic insurance coverage;
- The insured people's ages, genders and risk classes; and
- Additional rider coverage on your policy.

Your minimum annual premium is shown in the schedule pages of your policy. We may reduce the minimum annual premium for group or sponsored arrangements, or for corporate purchasers.

During the no-lapse guarantee period, if there is not enough surrender value to pay the periodic fees and charges due each month and you have satisfied these requirements, we do not allow your policy to lapse. We do not permanently waive these charges. Instead, we continue to deduct these charges which may result in a negative surrender value, unless you pay enough premium to prevent this. The negative balance is your unpaid monthly periodic fees and charges owing. At the end of the no-lapse guarantee period, to avoid lapse of your policy you must pay enough premium to bring the surrender value to zero plus the amount that covers your estimated monthly periodic fees and charges for the following two months. **See *Termination of Coverage - Lapse*, page 45.**

**Death Benefit Guarantee.** The policy has a death benefit guarantee which provides that the policy will not lapse even if the surrender value is not enough to pay the periodic fees and charges each month.

This is an optional benefit that may be selected only when you apply for the policy. The death benefit guarantee extends the period that your policy's basic insurance coverage remains in force even if the surrender value declines due to poor investment performance of the funds. Provided you keep the death benefit guarantee in force, this guarantee lasts until the continuation of coverage period begins, so long as you meet all requirements.

To keep the death benefit guarantee in force:

- You must pay premium at least equal to the guarantee period annual premium; and
- Your net policy value must meet certain diversification requirements.

The guarantee period annual premium for the death benefit guarantee is based on a percentage of the guideline level premium calculated under the federal tax laws.

Your guideline level annual premium depends on:

- The amount of your basic insurance coverage;
- The insured people's ages, genders, risk classes and underwriting characteristics;
- The death benefit option you choose;
- Additional rider coverage on your policy; and
- Other additional benefits on your policy.

In the policy the no-lapse guarantee period is referred to as the "Special Continuation Period."

In the policy the "death benefit guarantee" is referred to as the "Guaranteed Minimum Death Benefit."

On each monthly processing date we test to see if you have paid enough premium to keep your guarantee in place. We take the actual premiums we have received and subtract the partial withdrawals and loans (including accrued interest) you have taken. The result must equal or exceed the sum of the guarantee period monthly premium payments for each policy month starting with your first policy month through the end of the policy month that begins on the current monthly processing date. A guarantee period monthly premium is equal to one-twelfth of the guarantee period annual premium.

You must continually meet the premium requirements for this feature to remain in effect. If your policy benefits increase, the guarantee period annual premium increases.

In addition, to keep the death benefit guarantee in force your net policy value on any monthly processing date must be diversified as follows:

- Your net policy value is invested in at least five investment options; and
- No more than 35% of your net policy value is in any one investment option.

Your policy will continue to meet the diversification requirements if you have dollar cost averaging which results in transfers into at least four sub-accounts with no more than 35% of any transfer directed to any one or you have automatic rebalancing and meet the two diversification tests listed above. **See Transfers - Dollar Cost Averaging, page 39 and Transfers - Automatic Rebalancing, page 40.**

You should consider the following factors in relation to the death benefit guarantee:

- If you have the death benefit guarantee, the guarantee period annual premium will be shown on your policy schedule page. (**See Purchasing a Policy - Premium Payments, page 15**);
- If your policy fails to satisfy either the annual premium or diversification test we will send you a notice and give you a thirty day opportunity to correct the condition. If you do not correct it, the death benefit guarantee terminates;
- Once it terminates, you cannot reinstate the death benefit guarantee and the guarantee period annual premium no longer applies to your policy;
- Even if the death benefit guarantee terminates, your policy will not necessarily lapse (**See Termination of Coverage - Lapse, page 45**).

## ***Additional Insurance Benefits***

Your policy may include additional insurance benefits, attached by rider. There are two types of riders:

- Those that provide optional benefits that you must select before they are effective; and
- Those that automatically come with the policy.

The following information does not include all of the terms and conditions of each rider, and you should refer to the rider to fully understand its benefits and limitations. We may offer riders not listed here. Not all riders may be available under your policy. Contact your agent/registered representative for a list of riders and their availability.

## **Optional Rider Benefits**

The following riders may have an additional cost, but you may cancel optional riders at any time. ***Adding or canceling riders may have tax consequences. See Distributions Other than Death Benefits - Modified Endowment Contracts, page 49.***

**Adjustable Term Insurance Rider.** You may increase the amount of your total insurance coverage under the policy by adding coverage under the adjustable term insurance rider before the insured people's joint equivalent age of 85, assuming both insured people are alive and insurable. This rider allows you to schedule the pattern of insurance coverage appropriate for your anticipated needs. As the name suggests, the adjustable term insurance rider adjusts over time to maintain your desired level of total coverage.

You specify your amount of total insurance coverage when you apply for this rider. The amount of total insurance coverage can be level for the life of your policy or can be scheduled to change at the beginning of a selected policy year(s). **See *Death Benefits - Changes in the Amount of Your Insurance Coverage*, page 26.**

Generally, the minimum amount of insurance coverage under a policy is \$250,000. If you have an adjustable term insurance rider, the minimum amount of basic insurance coverage to issue a policy is \$100,000, as long as your total insurance coverage is at least \$250,000.

We generally restrict your coverage under this rider to an amount not more than nine times your basic insurance coverage at issue. Under certain circumstances, we will be willing to allow you to specify a total insurance coverage of up to twenty-one times your basic insurance coverage during the first four policy years. After this four-year period, the normal total insurance coverage maximum applies.

The adjustable term insurance rider benefit is the difference between the amount of your total death benefit and your base death benefit, but not less than zero. The rider's benefit automatically adjusts daily as the amount of your base death benefit changes. Your death benefit proceeds depend on which death benefit option is in effect:

Under death benefit option 1, the total death benefit is the greater of:

- The amount of total insurance coverage you have selected; or
- Your policy value multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A.

Under death benefit option 2, the total death benefit is the greater of:

- The amount of total insurance coverage you have selected plus your policy value; or
- Your policy value multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A.

For example, under death benefit option 1, assume your base death benefit changes as a result of a change in your policy value. The adjustable term insurance rider adjusts to provide death benefit proceeds equal to your total insurance coverage in each year:

<u>Base Death Benefit</u>	<u>Amount of Total Insurance Coverage</u>	<u>Adjustable Term Insurance Benefit</u>
\$201,500	\$250,000	\$48,500
\$202,500	\$250,000	\$47,500
\$202,250	\$250,000	\$47,750

It is possible that the amount of your adjustable term insurance may be zero if your base death benefit increases enough. Using the same example, if the base death benefit under your policy grew to \$250,000 or more, the adjustable term insurance benefit would be zero.

Even when the adjustable term insurance benefit is reduced to zero, your rider remains in effect until you remove it from your policy. Therefore, if later the base death benefit drops below the amount of your total insurance coverage, the adjustable term insurance rider coverage reappears to maintain the amount of your total insurance coverage.

You may change the amount of your total insurance coverage, according to our rules. **See *Death Benefits - Changes in the Amount of Your Insurance Coverage*, page 26.**

In the policy "basic insurance coverage" or "basic coverage" is referred to as the "Stated Death Benefit"; the "total insurance coverage" or "total coverage" is referred to as the "Target Death Benefit."

We may deny future, scheduled increases to the amount of your total insurance coverage if you cancel a scheduled change or if you ask for an unscheduled decrease in your total insurance coverage.

Partial withdrawals, changes from death benefit option 1 to option 2, and decreases in the amount of your basic insurance coverage may reduce the amount of your total insurance coverage. **See *Special Features and Benefits - Partial Withdrawals*, page 41; and *Death Benefits - Changes in the Amount of Your Insurance Coverage*, page 26.**

There is no defined premium for a given amount of adjustable term insurance benefit. Instead, we deduct a separate monthly cost of insurance charge from your policy value. The cost of insurance for this rider is calculated as the monthly cost of insurance rate for the rider benefit multiplied by the amount of adjustable term insurance benefit in effect at the monthly processing date. The cost of insurance rates are determined by us from time to time. They are based on the issue ages, genders and risk classes of the insured people, as well as the length of time since your policy date. **See the *Fees and Charges - Optional Rider Fees and Charges* table on page 10 for the minimum rates, maximum rates and the rates for the representative insured people.**

The only charge for this rider is the cost of insurance charge. The total charges that you pay may be more or less if you have some coverage under an adjustable term insurance rider rather than just basic insurance coverage. There are no sales charges or surrender charges for this coverage.

If the total insurance coverage is increased by you after the adjustable term insurance rider is issued, we use the same cost of insurance rate schedule for the entire coverage for this rider. These rates are based on the original risk classes even though satisfactory new evidence of insurability is required for the increased schedule. Although the maximum cost of insurance rates for this rider are greater than the maximum cost of insurance rates for the basic insurance coverage, the current rates for this rider may be lower than current cost of insurance rates for the basic insurance coverage. **See *Periodic Fees and Charges - Cost of Insurance*, page 24.**

Not all policy features apply to the adjustable term insurance rider. The rider does not contribute to the policy value nor to the surrender value. It does not affect investment performance and cannot be used for a loan. The adjustable term insurance rider provides benefits only at the death of the second of the insured people.

**Single Life Term Insurance Rider.** This rider provides a benefit upon the death of one of the insured people under your policy. You may choose to add a single life term insurance rider for one insured person. Or, you may add two riders, one for each insured person. You may add this rider to your policy at any time if both insured people are alive and insurable according to our rules.

We will issue the single life term insurance rider on an insured person who is between the ages of 15 and 85. Coverage under this rider will continue until:

- The insured person covered by this rider reaches age 100;
- The continuation of coverage provision becomes effective;
- The death benefit guarantee is used to keep the policy in force;
- The insured person covered by this rider dies;
- The grace period expires and the policy lapses; or
- The policy is surrendered.

The minimum amount of coverage for a single life term insurance rider is \$1,000. The maximum coverage under this rider is subject to our underwriting determinations. At issue, you may schedule the rider's benefit to increase or decrease.

Your request for an increase or decrease in rider coverage is effective on the next monthly processing date after we approve your request. There may be underwriting or other requirements which must be met before we approve your request. A requested change in your coverage must be for at least \$1,000. If you schedule or request an increase after issue, the insured person will be subject to our underwriting requirements.

The charge for this rider is based on the age, gender and risk class of the insured person. The charge for this rider is deducted on each monthly processing date as a cost per each \$1,000 of the net amount at risk under the rider. See the policy schedule pages for information on your actual cost. There are no surrender charges for decreases in the amount of coverage under the single life term rider. **See the *Fees and Charges - Optional Rider Fees and Charges* table on page 10 for the minimum rates, maximum rates and the rates for a representative insured person.**

## **Automatic Rider Benefits**

The following rider benefits may come with your policy automatically. There may be an additional charge if you choose to exercise any of these rider benefits, and exercising the benefits may have tax consequences. **See the *Fees and Charges - Optional Rider Fees and Charges* table, page 10; and *Other Tax Matters - Accelerated Death Benefit Rider*, page 50.**

**Accelerated Death Benefit Rider.** Under certain circumstances, the accelerated death benefit rider allows you to accelerate payment of the death benefit that we otherwise would pay upon the second death of the insured people. Generally, we will provide an accelerated benefit under this rider if the sole surviving insured person has a terminal illness that will result in his or her death within 12 months, as certified by a physician. The accelerated benefit may not be more than 50% of the amount that would be payable at the second death of the insured people. The accelerated benefit will first be used to pay off any outstanding loans and interest due. The remainder of the accelerated benefit will be paid to you in a lump sum. There is no charge for this rider.

Consider the following factors when deciding whether to accelerate the death benefit under this rider:

- Receipt of an accelerated payment under this rider reduces the policy's death benefit, surrender value and rider benefits by the percentage of eligible coverage that is accelerated. For example, if the accelerated payment is 25% of the eligible coverage, the new death benefit will be 75% of the death benefit proceeds just prior to acceleration;
- Accelerating the death benefit will not affect the amount of premium payable on the policy;
- No loans are permitted after this rider is exercised; and
- There may be tax consequences to requesting payment under this rider, and you should consult with a competent tax adviser for further information.

Certain limitations and restrictions are described in the rider. Additionally, the benefit may vary by state. You should consult your agent/registered representative as to whether and to what extent the rider is available in your particular state and on any particular policy.

In the policy the "policy value" is referred to as the "Account Value"; the "fixed account value" is referred to as the "Account Value of the Guaranteed Interest Division"; the "variable account value" is referred to as the "Account Value of the Investment Options of the Separate Account"; and the "loan account value" is referred to as the "Account Value of the Loan Division."

## Policy Value

Your policy value equals the sum of your fixed account, variable account and loan account values. Your policy value reflects:

- The net premium applied to your policy;
- The fees and charges that we deduct;
- Any partial withdrawals you take;
- Interest earned on amounts allocated to the fixed account;
- The investment performance of the funds underlying the sub-accounts of the variable account; and
- Interest earned on amounts held in the loan account.

## Fixed Account Value

Your fixed account value equals the net premium you allocate to the fixed account, plus interest earned, minus amounts you transfer out or withdraw. It may be reduced by fees and charges assessed against your policy value. **See *The Investment Options - The Fixed Account*, page 12.**

## Variable Account Value

Your variable account value equals your policy value attributable to amounts invested in the sub-accounts of the variable account.

**Determining Values in the Sub-Accounts.** The value of the amounts invested in the sub-accounts are measured by accumulation units and accumulation unit values. The value of each sub-account is the accumulation unit value for that sub-account multiplied by the number of accumulation units you own in that sub-account. Each sub-account has a different accumulation unit value.

The accumulation unit value is the value determined on each valuation date. The accumulation unit value of each sub-account varies with the investment performance of its underlying fund. It reflects:

- Investment income;
- Realized and unrealized gains and losses;
- Fund expenses;
- Daily mortality and expense risk charges; and
- Taxes, if any.

A valuation date is a date on which a fund values its shares and the New York Stock Exchange is open for business, except for days on which valuations are suspended by the SEC. Each valuation date ends at 4:00 p.m. Eastern time.

You purchase accumulation units when you allocate premium or make transfers to a sub-account, including transfers from the loan account.

We redeem accumulation units:

- When amounts are transferred from a sub-account (including transfers to the loan account);
- For the monthly deduction of the periodic fees and charges from your policy value;
- For policy transaction fees;
- When you take a partial withdrawal;
- If you surrender your policy; and
- To pay the death benefit proceeds.

To calculate the number of accumulation units purchased or sold we divide the dollar amount of your transaction by the accumulation unit value for the sub-account calculated at the close of business on the valuation date of the transaction.

The date of a transaction is the date we receive your premium or transaction request at our customer service center, so long as the date of receipt is a valuation date. We use the accumulation unit value which is next calculated after we receive your premium or transaction request and we use the number of accumulation units attributable to your policy on the date of receipt.

We deduct the periodic fees and charges each month from your policy value on the monthly processing date. If your monthly processing date is not a valuation date, the monthly deduction is processed on the next valuation date.

The value of amounts allocated to the sub-accounts goes up or down depending on investment performance of the corresponding funds. **There is no guaranteed minimum value of amounts invested in the sub-accounts of the variable account.**

**How We Calculate Accumulation Unit Values.** We determine the accumulation unit value for each sub-account on each valuation date.

We generally set the accumulation unit value for a sub-account at \$10 when the sub-account is first opened. After that, the accumulation unit value on any valuation date is:

- The accumulation unit value for the preceding valuation date, multiplied by
- The sub-account's accumulation experience factor for the valuation period.

Every valuation period begins at 4:00 p.m. Eastern time on a valuation date and ends at 4:00 p.m. Eastern time on the next valuation date.

We calculate an accumulation experience factor for each sub-account every valuation date as follows:

- We take the net asset value of the underlying fund shares as reported to us by the fund managers as of the close of business on that valuation date;
- We add dividends or capital gain distributions declared and reinvested by the fund during the current valuation period;
- We subtract a charge for taxes, if applicable;
- We divide the resulting amount by the net asset value of the shares of the underlying fund at the close of business on the previous valuation date; and
- We then subtract the mortality and expense risk charge. The daily charge is 0.002466% (.90% annually) of the accumulation unit value. If the previous day was not a valuation date, this charge is multiplied by the number of days since the last valuation date.

## Loan Account Value

When you take a loan from your policy we transfer an amount equal to your loan to the loan account as collateral for your loan. The loan account is part of our general account and we credit interest to the amount held in the loan account. Your loan account value is equal to your outstanding loan amount plus interest in the loan account. **See *Special Features and Benefits - Loans*, page 38.**

In the policy the "loan account" is referred to as the "Loan Division."

## ***Special Features and Benefits***

### **Loans**

You may borrow money from us at any time after the first policy month, by using your policy as collateral for the loan. Unless state law requires otherwise, a new loan amount must be at least \$100 and the amount you may borrow is limited to the surrender value of your policy minus the monthly periodic fees and charges to your next policy anniversary or the monthly periodic fees and charges for the next thirteen months if you take a loan within thirty days before your next policy anniversary.

Your loan request must be directed to our customer service center. When you request a loan you may specify the investment options from which the collateral for the loan will be taken. If you do not specify the investment options, the collateral for the loan will be taken proportionately from each active investment option you have, including the fixed account.

If you request an additional loan, we add the new loan amount to your existing loan. This way, there is only one loan outstanding on your policy at any time.

**Loan Interest.** We credit amounts held in the loan account with interest at an annual rate of 4.00%. Interest which we credit to the loan account becomes part of your loan account value until the next policy anniversary when it is transferred to the investment options according to your most recent allocation instructions.

We also charge interest on loans you take. The annual interest rate charged is 4.00% for preferred loans and 6.00% for non-preferred loans. Interest accrues daily but is due in arrears on each policy anniversary. If you do not pay the interest when it is due, we add it to your loan amount.

Beginning with the 10<sup>th</sup> policy year, the first loan each policy year up to 10% of the net policy value is a preferred loan. Beginning with the 21<sup>st</sup> policy year, all loans and outstanding loan balances will be considered preferred loans.

**Loan Repayment.** You may repay your loan at any time. We assume that payments you make, other than scheduled premium payments, are loan repayments. You must tell us if you want unscheduled payments to be premium payments.

When you make a loan repayment, we transfer an amount equal to your payment from the loan account to the sub-accounts and fixed account in the same proportion as your current premium allocation, unless you tell us otherwise.

**Effects of a Loan.** Using your policy as collateral for a loan will effect your policy in various ways. You should carefully consider the following before taking a loan:

- If you do not make loan repayments your policy could lapse if your loan amount plus accrued interest is greater than your policy value less any surrender charges;
- A loan may cause the termination of the death benefit guarantee because we deduct your loan amount plus accrued loan interest from cumulative premiums paid when calculating whether you have paid sufficient premiums to keep the death benefit guarantee in effect;
- Taking a loan reduces your opportunity to participate in the investment performance of the sub-accounts and the interest guarantees of the fixed account;



- Accruing loan interest will change your policy value as compared to what it would have been if you did not take a loan;
- Even if you repay your loan, it will have a permanent effect on your policy value;
- If you use the continuation of coverage feature and you have a loan, loan interest continues to accrue and could cause your policy to lapse;
- If you do not repay your loan we will deduct any outstanding loan amount plus accrued loan interest from amounts payable under the policy; and
- Loans may have tax consequences and if your policy lapses with a loan outstanding, you may have further tax consequences. **See TAX CONSIDERATIONS - Distributions Other than Death Benefits, page 48.**

## Transfers

You currently may make an unlimited number of transfers of your variable account value between the sub-accounts and to the fixed account. Transfers are subject to any conditions that we or the funds whose shares are involved may impose, including:

- If your state requires a refund of premium during the free look period, you may not make transfers until after your free look period ends;
- The minimum amount you may transfer is \$100;
- If the amount remaining in the investment option after a transfer will be less than \$100, we will transfer the entire amount;
- We may limit the number of transfers or restrict or refuse transfers because of excessive trading, as described below; and
- Any conditions or limits we impose on transfers will generally apply equally to all policy owners. However, we may impose different conditions or limits on third-parties, such as market timing services, acting on behalf of policy owners.

Transfers from the fixed account to the sub-accounts of the variable account may be made only during the first 30 days of each policy year and are limited to the greater of:

- 25% of your fixed account value at the time of the first such transfer in a policy year;
- The sum of the amounts transferred and withdrawn from the fixed account during the prior policy year; or
- \$100.

We process all transfers and determine all values in connection with transfers on the next valuation date after we receive your request, except as described below for the dollar cost averaging or automatic rebalancing programs.

**Dollar Cost Averaging.** Anytime you have at least \$10,000 invested in the sub-account which invests in the ING Liquid Asset Portfolio (the "source sub-account"), you may elect dollar cost averaging. There is no charge for this feature.

Dollar cost averaging is a long-term investment program through which you direct us to automatically transfer at regular intervals a specific dollar amount or percentage of sub-account value from the source sub-account to one or more of the other sub-accounts. We do not permit transfers to the fixed account or the loan account under this program. You may request that the dollar cost averaging transfers occur on a monthly, quarterly, semi-annual or annual basis.

This systematic plan of transferring policy values is intended to help reduce the risk of investing too much when the price of a fund's shares is high. It also helps reduce the risk of investing too little when the price of a fund's shares is low. Because you transfer the same dollar amount to the sub-accounts each period, you purchase more units when the unit value is low and you purchase fewer units when the unit value is high.

You may add dollar cost averaging to your policy at any time. The first dollar cost averaging date must be at least one day after we receive your dollar cost averaging request. If your state requires a refund of all premium received during the free look period, dollar cost averaging begins after the end of your free look period.

You may have both dollar cost averaging and automatic rebalancing at the same time. However, your dollar cost averaging source sub-account cannot be included in your automatic rebalancing program.

**Dollar cost averaging does not assure a profit nor does it protect you against a loss in a declining market.**

You may discontinue your dollar cost averaging program at any time. We reserve the right to discontinue, modify or suspend this program, and dollar cost averaging will automatically terminate on the date:

- You specify;
- Your balance in the source sub-account reaches a dollar amount you set; or
- Your balance in the source sub-account is equal to or less than the amount to be transferred. In this situation we will transfer the entire balance of the source sub-account to the other sub-accounts you have selected.

**Automatic Rebalancing.** Automatic rebalancing is a program for simplifying the process of asset allocation and maintaining a consistent allocation of your variable and fixed account values among your chosen investment options. There is no charge for this feature.

If you elect automatic rebalancing, we periodically transfer amounts among the investment options to match the asset allocation percentages you have chosen. This action rebalances the amounts in the investment options that do not match your set allocation percentages. This mismatch can happen if an investment option outperforms another investment option over the time period between automatic rebalancing transfers.

Automatic rebalancing may occur on the same day of the month on a monthly, quarterly, semi-annual or annual basis. If you do not specify a frequency, automatic rebalancing will occur quarterly.

The first transfer occurs on the date you select (after your free look period if your state requires return of premium during the free look period). If you do not request a date, processing is on the last valuation date of the calendar quarter in which we receive your request.

You may have both automatic rebalancing and dollar cost averaging at the same time. However, the source sub-account for your dollar cost averaging program cannot be included in your automatic rebalancing program. You may not include the loan account.

**Automatic rebalancing does not assure a profit nor does it protect you against a loss in a declining market.**

You may change your allocation percentages for automatic rebalancing at any time. Your allocation change is effective on the valuation date that we receive it at our customer service center. If you reduce the amount allocated to the fixed account, it is considered a transfer from that account. You must meet the requirements for the maximum transfer amount and time limitations on transfers from the fixed account.

If you have the death benefit guarantee and you ask for an automatic rebalancing allocation which does not meet the death benefit guarantee diversification requirements, we will notify you and ask you for revised instructions. If you have the death benefit guarantee and you terminate automatic rebalancing, you still must meet the diversification requirements for the guarantee period to continue. See ***Death Benefits - No-Lapse and Death Benefit Guarantees***, page 31.

You may discontinue your automatic rebalancing program at any time. We reserve the right to discontinue, modify or suspend this program.

**Excessive Trading.** Excessive trading activity can disrupt fund management strategies and increase fund expenses through:

- Increased trading and transaction costs;
- Forced and unplanned portfolio turnover;
- Lost opportunity costs; and
- Large asset swings that decrease the fund's ability to provide maximum investment return to all policy owners.

**In response to excessive trading, we may restrict or refuse transfers, or restrict or refuse transfers made through a fax machine, the internet or over the telephone, including transfers made by third-parties, such as market timing services, acting on behalf of policy owners. We will take such actions when we determine, in our sole discretion, that transfers are harmful to the funds or to policy owners as a whole.**

**We will notify you in writing if we restrict or refuse any transfer because we have determined it to be harmful to the funds or policy owners as a whole.**

**Conversion to a Guaranteed Policy.** During the first two policy years you may permanently convert your policy to a guaranteed policy, unless state law requires differently. If you elect to make this change, unless state law requires that we issue to you a new guaranteed policy, we will permanently transfer the amounts you have invested in the sub-accounts of the variable account to the fixed account and allocate all future net premium to the fixed account. After you exercise this right you may not allocate future premium payments or make transfers to the sub-accounts of the variable account. We do not charge for this change.

## **Partial Withdrawals**

Beginning in the second policy year (or the first policy year for "in corridor" policies) you may withdraw part of your policy's surrender value. Twelve partial withdrawals are currently allowed each policy year, and a partial withdrawal must be at least \$100. The maximum partial withdrawal you may take is the amount which leaves \$500 as your surrender value (or for in corridor policies during the first policy year, the amount that would cause your policy to no longer qualify as "in corridor"). If your withdrawal request is for more than the maximum, we will require you to surrender your policy or reduce the amount of the withdrawal.

A policy is "in corridor" if:

- Under death benefit option 1, your policy value multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A is greater than the amount of your basic insurance coverage; or
- Under death benefit option 2, your policy value multiplied by the appropriate factor from the definition of life insurance factors described in Appendix A is greater than your basic insurance coverage plus your policy value.

We charge a partial withdrawal fee of 2.00% of the amount withdrawn, up to \$25 for each partial withdrawal. **See Transaction Fees and Charges - Partial Withdrawal Fee, page 21.**

Unless you specify a different allocation, we will take partial withdrawals from the fixed account and the sub-accounts of the variable account in the same proportion that your value in each has to your net policy value immediately before the withdrawal. We will determine these proportions at the end of the valuation period during which we receive your partial withdrawal request. However, amounts withdrawn from the fixed account may not exceed the amount of the total withdrawal multiplied by the ratio of your policy value in the fixed account to your net policy value immediately before the partial withdrawal.

**Effects of a Partial Withdrawal.** We will reduce your policy value by the amount of the partial withdrawal plus the partial withdrawal fee. Your policy value may also be reduced by the amount of a surrender charge if you take a partial withdrawal which decreases your basic insurance coverage.

A partial withdrawal may also cause the termination of the death benefit guarantee because we deduct the amount of the partial withdrawal from the total premiums paid when calculating whether you have paid sufficient premiums in order to maintain the death benefit guarantee.

Under death benefit option 1, a partial withdrawal will reduce the amount of your basic insurance coverage by the amount of a partial withdrawal unless:

- No more than fifteen years have passed since your policy date;
- The joint equivalent age of the insured people is less than age 81; and
- The amount of the partial withdrawal is less than the greater of 10% of your policy value or 5% of the amount of your basic insurance coverage.

Any amount withdrawn in excess of the greater of 10% of your policy value or 5% of the amount of your basic insurance coverage will reduce the amount of your basic insurance coverage by that excess amount.

Under death benefit option 2, a partial withdrawal will not reduce the amount of your basic insurance coverage.

If a partial withdrawal reduces the amount of basic insurance coverage, the total amount of insurance coverage will also be reduced for the current year and all future years by an equal amount. Therefore, a partial withdrawal can affect the amount of pure insurance protection under the policy.

We will not allow a partial withdrawal if the amount of insurance coverage after the withdrawal would be less than \$250,000.

A reduction in the amount of basic insurance coverage as a result of a partial withdrawal will be pro-rated among the existing coverage segments, unless state law requires otherwise.

A partial withdrawal may have adverse tax consequences depending on the circumstances. See **TAX CONSIDERATIONS - Tax Status of the Policy, page 47.**

## **Policy Split Option**

Under certain circumstances, you may exchange your policy for two single life insurance policies: one on each of the two insured people. The policy split option has insurability requirements which must be met at or before your policy is split. Evidence of insurability is required for a new single life policy where coverage is greater than 50% of your original amount of basic insurance coverage or for an insured person who is subject to certain underwriting ratings.

On the effective date of the policy split, the available death benefit under your policy will be divided between the two new single life insurance policies. You may take less than the maximum death benefit amount available. If the total death benefit for the two new single life insurance policies is less than the total death benefit under the one policy before the split, there may be a surrender charge.

Unless law requires otherwise, you may use the policy split option upon the occurrence of any of the following events:

- There is a dissolution of business conducted or owned by the two insured people;
- Three months following the effective date of a final divorce decree regarding the marriage of the two insured people; or
- There is a change to the federal estate tax law which results in either:
  - ▷ Removal of the unlimited marital deduction provision; or
  - ▷ A reduction in the current maximum federal estate tax of at least 50% after your policy date.

You must send us written notice of your election to use the policy split option within 180 days of the eligible event. You must provide satisfactory evidence that the event has occurred.

The effective date of the policy split is the first monthly processing date after we approve it. The insurance coverage under the two individual life insurance policies will start on the effective date of the policy split only if both insured people are alive on that date. If either insured person is not alive on that date, your exchange is void.

All terms and conditions of the new policies apply once your policy is split and they may differ from those of this policy. Consult your new single life insurance policies.

The premium for each new policy will be based on each insured person's age, gender and risk class at the time of the split of your policy. Premium will be due for each new policy under the terms of the new policy. The policy value less any surrender charge due of the old policy will be allocated to the new policies on the effective date in the same proportion that the basic insurance coverage was divided between the two single life insurance policies, unless we agree to a different allocation. If this allocation causes an increase in the basic insurance coverage of either of the new single life policies, we may limit the policy value less any surrender charge due you may apply to each new policy. Remaining surrender value will be paid to you and may be taxable.

If you have an outstanding policy loan it will be divided and transferred to each new single life insurance policy in the same proportion as your policy value less any surrender charge due is allocated. A remaining loan balance must be paid before the effective date of the policy split. Any person or entity to which you have assigned your policy must agree to the policy split. An assignment of your policy generally will apply to each new single life insurance policy.

If you have a single life term insurance rider on your policy at the date of the policy split, you may have a term insurance rider insuring the same person on the new policy, if that rider is available. Other riders may or may not be available on the new policies and may be subject to proof of insurability.

Exercising the policy split option may be treated as a taxable transaction. Moreover, the two single life insurance policies could be treated as modified endowment contracts.

You may not split your policy into two single life insurance policies if:

- The continuation of coverage period has begun;
- One of the insured people has died;
- Your grace period has ended and the policy has lapsed; or
- Your policy has been terminated or surrendered.

You should consult a tax adviser before exercising the policy split option.

## **Persistency Refund**

Where state law permits, we pay long-term policy owners a persistency refund. Each month your policy remains in force after your tenth policy anniversary, we credit your policy value with a refund of 0.0625% of your net policy value. This refund is 0.75% of your net policy value on an annual basis.

We do not guarantee that we will pay a persistency refund on the fixed account. If we do, however, we will pay it even if your policy is in the continuation of coverage period.

We add the persistency refund to the sub-accounts and fixed account, but not the loan account, in the same proportion that your policy value in each investment option has to your net policy value as of the monthly processing date.

## Termination of Coverage

Your insurance coverage will continue under the policy until you surrender your policy or it lapses.

### Surrender

You may surrender your policy for its surrender value at any time after the free look period before the second death of the insured people. Your surrender value is your policy value minus any surrender charge and your outstanding loan amount and accrued loan interest.

You may take your surrender value in other than one payment.

We compute your surrender value as of the valuation date we receive your written surrender request and policy (or lost policy form) at our customer service center. All insurance coverage ends on the date we receive your surrender request and policy.

If you surrender your policy we may deduct a surrender charge. **See Transaction Fees and Charges - Surrender Charge, page 21.** Surrender of your policy may have adverse tax consequences. **See TAX CONSIDERATIONS - Distributions Other than Death Benefits, page 48.**

In the policy the "surrender value" is referred to as the "Net Cash Surrender Value."

### Lapse

Your policy will not lapse and your insurance coverage under the policy will continue if on any monthly processing date:

- The no-lapse guarantee is in effect;
- The death benefit guarantee is in effect;
- Your surrender value is enough to pay the periodic fees and charges when due; or
- During the continuation of coverage period, your policy value exceeds your outstanding loan amount plus accrued loan interest.

**Grace Period.** If on a monthly processing date you do not meet any of these conditions, your policy will enter the 61-day grace period during which you must make a sufficient premium payment to avoid having your policy lapse and insurance coverage terminate.

We will notify you that your policy is in a grace period at least 30 days before it ends. We will send this notice to you (or a person to whom you have assigned your policy) at your last known address in our records. We will notify you of the premium payment necessary to prevent your policy from lapsing. This amount generally equals the past due charges, plus the estimated periodic fees and charges and charges of any optional rider benefits for the next two months. If we receive payment of the required amount before the end of the grace period, we apply it to your policy in the same manner as your other premium payments, then we deduct the overdue amounts from your policy value.

If you do not pay the full amount within the 61-day grace period, your policy and its riders lapse without value. We withdraw your remaining variable and fixed account values, deduct amounts you owe us and inform you that your coverage has ended.

If the second of the insured people dies during the grace period we pay death benefit proceeds to your beneficiaries with reductions for your outstanding loan amount, accrued loan interest and periodic fees and charges owed.

During the early policy years your surrender value may not be enough to cover the periodic fees and charges due each month, and you may need to pay sufficient premium to keep the no-lapse guarantee or the death benefit guarantee in force. **See *Purchasing a Policy - Premium Payments*, page 15.**

If your policy lapses, any distribution of policy value may be subject to current taxation. **See *TAX CONSIDERATIONS - Distributions Other than Death Benefits*, page 48.**

## **Reinstatement**

Reinstatement means putting a lapsed policy back in force. You may reinstate a lapsed policy (other than the death benefit guarantee) and its riders by written request any time within five years after it has lapsed. A policy that was surrendered may not be reinstated.

To reinstate the policy and any riders, you must submit evidence of insurability satisfactory to us and pay a premium large enough to keep the policy and any rider benefits in force during the grace period and for at least two months after reinstatement. We will not reinstate your policy if one insured person has died or becomes uninsurable since your policy date. If one insured person was uninsurable at the issue date of your policy and remains uninsurable, we will review the underwriting requirements applicable to each insured person at the time you request reinstatement to determine whether or not your policy may be reinstated. When we reinstate your policy, we reinstate the surrender charges for the amount and time remaining when your coverage lapsed. If you had a loan existing when coverage lapsed, we will reinstate it with accrued loan interest to the date of the lapse.

A policy that is reinstated more than 90 days after lapsing may be classified as a modified endowment contract for tax purposes. **See *Distributions Other Than Death Benefits - Modified Endowment Contracts*, page 49.**



## TAX CONSIDERATIONS

The following summary provides a general description of the federal income tax considerations associated with the policy and does not purport to be complete or to cover federal estate, gift and generation-skipping tax implications, state and local taxes or other tax situations. This discussion is not intended as tax advice. Counsel or other competent tax advisers should be consulted for more complete information. This discussion is based upon our understanding of the present federal income tax laws. No representation is made as to the likelihood of continuation of the present federal income tax laws or as to how they may be interpreted by the Internal Revenue Service ("IRS").

The following discussion generally assumes that the policy will qualify as a life insurance contract for federal tax purposes.

### ***Tax Status of the Company***

We are taxed as a life insurance company under the Internal Revenue Code. The variable account is not a separate entity from us. Therefore, it is not taxed separately as a "regulated investment company," but is taxed as part of the company. We automatically apply investment income and capital gains attributable to the separate account to increase reserves under the policy. Because of this, under existing federal tax law we believe that any such income and gains will not be taxed. In addition, any foreign tax credits attributable to the separate account will first be used to reduce any income taxes imposed on the variable account before being used by the company.

We do not expect that we will incur any federal income tax liability attributable to the variable account and we do not intend to make provisions for any such taxes. However, if changes in the federal tax laws or their interpretation result in our being taxed in income or gains attributable to the variable account, then we may impose a charge against the variable account (with respect to some or all of the policies) to set aside provisions to pay such taxes.

### ***Tax Status of the Policy***

This policy is designed to qualify as a life insurance contract under the Internal Revenue Code. All terms and provisions of the policy shall be construed in a manner which is consistent with that design. In order to qualify as a life insurance contract for federal income tax purposes and to receive the tax treatment normally accorded life insurance contracts under federal tax law, a policy must satisfy certain requirements which are set forth in Section 7702 of the Internal Revenue Code. Specifically, the policy must meet the requirements of the guideline premium test as specified in Code. While there is very little guidance as to how these requirements are applied, we believe it is reasonable to conclude that our policies satisfy the applicable requirements. If it is subsequently determined that a policy does not satisfy the applicable requirements, we will take appropriate and reasonable steps to bring the policy into compliance with such requirements and we reserve the right to restrict policy transactions or modify your policy in order to do so.

We will at all times strive to assure that the policy meets the statutory definition which qualifies the policy as life insurance for federal income tax purposes. **See TAX CONSIDERATIONS - Tax Treatment of Policy Death Benefits, page 48.**

## ***Diversification and Investor Control Requirements***

In addition to meeting the Internal Revenue Code Section 7702 guideline premium test, Internal Revenue Code Section 817(h) requires separate account investments, such as our variable account, to be adequately diversified. The Treasury has issued regulations which set the standards for measuring the adequacy of any diversification. To be adequately diversified, each sub-account must meet certain tests. If your variable life policy is not adequately diversified under these regulations, it is not treated as life insurance under Internal Revenue Code Section 7702. You would then be subject to federal income tax on your policy income as you earn it. Each sub-account's corresponding fund has represented that it will meet the diversification standards that apply to your policy.

In certain circumstances, owners of a variable life insurance policy have been considered, for federal income tax purposes, to be the owners of the assets of the separate account supporting their policies, due to their ability to exercise investment control over their assets. When this is the case, the policy owners have been currently taxed on income and gains attributable to the separate account assets.

Your ownership rights under your policy are similar to, but different in some ways from those described by the IRS in rulings in which it determined that policy owners are not owners of separate account assets. For example, you have additional flexibility in allocating your premium payments and in your policy values. These differences could result in the IRS treating you as the owner of a pro rata share of the variable account assets. We do not know what standards will be set forth in the future, if any, in Treasury regulations or rulings. We reserve the right to modify your policy, as necessary, to try to prevent you from being considered the owner of a pro rata share of the variable account assets, or to otherwise qualify your policy for favorable tax treatment.

## ***Tax Treatment of Policy Death Benefits***

We believe that the death benefit, or an accelerated death benefit, under a policy is generally excludable from the gross income of the beneficiary(ies) under section 101(a)(1) of the Internal Revenue Code. However, there are exceptions to this general rule. Additionally, federal and local transfer, estate inheritance and other tax consequences of ownership or receipt of policy proceeds depend on the circumstances of each policy owner or beneficiary(ies). A tax adviser should be consulted about these consequences.

## ***Distributions Other than Death Benefits***

Generally, the policy owner will not be taxed on any of the policy value until there is a distribution. When distributions from a policy occur, or when loan amounts are taken from or secured by a policy, the tax consequences depend on whether or not the policy is a "modified endowment contract."

## Modified Endowment Contracts

Under the Internal Revenue Code, certain life insurance contracts are classified as "modified endowment contracts" and are given less favorable tax treatment than other life insurance contracts. Due to the flexibility of the policies as to premiums and benefits, the individual circumstances of each policy will determine whether or not it is classified as a modified endowment contract. The rules are too complex to be summarized here, but generally depend on the amount of premiums we receive during the first seven policy years. Certain changes in a policy after it is issued, such as reduction in benefits, could also cause it to be classified as a modified endowment contract. A current or prospective policy owner should consult with a competent adviser to determine whether or not a policy transaction will cause the policy to be classified as a modified endowment contract.

If a policy becomes a modified endowment contract, distributions that occur during the policy year will be taxed as distributions from a modified endowment contract. In addition, distributions from a policy within two years before it becomes a modified endowment contract will be taxed in this manner. This means that a distribution made from a policy that is not a modified endowment contract could later become taxable as a distribution from a modified endowment contract.

Additionally, all modified endowment contracts that are issued by us (or our affiliates) to the same policy owner during any calendar year are treated as one modified endowment contract for purposes of determining the amount includible in the policy owner's income when a taxable distribution occurs.

Once a policy is classified as a modified endowment contract, the following tax rules apply both prospectively and to any distributions made in the prior two years:

- All distributions other than death benefits, including distributions upon surrender and withdrawals, from a modified endowment contract will be treated first as distributions of gain taxable as ordinary income and as tax-free recovery of the policy owner's investment in the policy only after all gain has been distributed. The amount of gain in the policy will be equal to the difference between the policy's value and the investment in the policy;
- Loan amounts taken from or secured by a policy classified as a modified endowment contract are treated as distributions and taxed first as distributions of gain taxable as ordinary income and as tax-free recovery of the policy owner's investment in the policy only after all gain has been distributed; and
- A 10% additional income tax penalty may be imposed on the distribution amount subject to income tax. This tax penalty generally does not apply to distributions (a) made on or after the date on which the taxpayer attains age 59 ½, (b) which are attributable to the taxpayer's becoming disabled (as defined in the Internal Revenue Code), or (c) which are part of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the taxpayer or the joint lives (or joint life expectancies) of the taxpayer and his or her beneficiary. Consult a tax adviser to determine whether or not you may be subject to this penalty tax.

## **Policies That Are Not Modified Endowment Contracts**

Distributions other than death benefits from a policy that is not classified as a modified endowment contract are generally treated first as a recovery of the policy owner's investment in the policy. Only after the recovery of all investment in the policy, is there taxable income. However, certain distributions made in connection with policy benefit reductions during the first fifteen policy years may be treated in whole or in part as ordinary income subject to tax. Consult a tax adviser to determine whether or not any reduction in policy benefits will be subject to tax.

Loan amounts from or secured by a policy that is not a modified endowment contract are generally not taxed as distributions. However, the tax consequences of preferred loans are uncertain and a tax adviser should be consulted about such loans. Finally, neither distributions from, nor loan amounts from or secured by, a policy that is not a modified endowment contract are subject to the 10% additional income tax.

Special rules also apply if you are subject to the alternative minimum tax. You should consult a tax adviser if you are subject to the alternative minimum tax.

## **Investment in the Policy**

Your investment in the policy is generally the total of your aggregate premiums. When a distribution is taken from the policy, your investment in the policy is reduced by the amount of the distribution that is tax free.

## ***Other Tax Matters***

### **Policy Loans**

In general, interest on a loan will not be deductible. Moreover, the tax consequences associated with a preferred loan available in the policy are uncertain. Before taking out a loan, you should consult a tax adviser as to the tax consequences.

If a loan from a policy is outstanding when the policy is surrendered or lapses, then the amount of the outstanding indebtedness will be added to the amount treated as a distribution from the policy and will be taxed accordingly.

### **Accelerated Death Benefit Rider**

We believe that payments under the accelerated death benefit rider should be fully excludable from the gross income of the beneficiary if the beneficiary is one of the insured persons under the policy. **(See Automatic Rider Benefits - Accelerated Death Benefit Rider on page 35 for more information about this rider.)** However, you should consult a qualified tax adviser about the consequences of adding this rider to a policy or requesting payment under this rider.

### **Continuation of a Policy Beyond Age 100**

The tax consequences of continuing the policy beyond the policy anniversary nearest the younger insured person's 100<sup>th</sup> birthday are unclear. You should consult a tax adviser if you intend to keep the policy in force beyond the policy anniversary nearest the younger insured person's 100<sup>th</sup> birthday.

## **Section 1035 Exchanges**

Internal Revenue Code Section 1035 provides, in certain circumstances, that no gain or loss will be recognized on the exchange of one life insurance policy for another life insurance policy or an endowment or annuity contract. We accept 1035 exchanges with outstanding loans. Special rules and procedures apply to 1035 exchanges. These rules can be complex, and if you wish to take advantage of Section 1035, you should consult your tax adviser.

## **Taxation of Policy Splits**

The policy split option permits a policy to be split into two other single life policies upon the occurrence of:

- Dissolution of business conducted or owned by the joint insureds;
- A divorce of the joint insureds, or
- Certain changes in federal estate tax laws.

Using the policy split option could have adverse tax consequences. Before you exercise the policy split option, it is important that you consult with a tax advisor regarding the possible tax consequences.

## **Tax-exempt Policy Owners**

Special rules may apply to a policy that is owned by a tax-exempt entity. Tax-exempt entities should consult their tax adviser regarding the consequences of purchasing and owning a policy. These consequences could include an effect on the tax-exempt status of the entity and the possibility of the unrelated business income tax.

## **Tax Law Changes**

Although the likelihood of legislative action is uncertain, there is always the possibility that the tax treatment of the policy could be changed by legislation or otherwise. You should consult a tax adviser with respect to legislative developments and their effect on the policy.

## **Policy Changes to Comply with the Law**

So that your policy continues to qualify as life insurance under the Internal Revenue Code, we reserve the right to refuse to accept all or part of your premium payments or to change your death benefit. We may refuse to allow you to make partial withdrawals that would cause your policy to fail to qualify as life insurance. We also may make changes to your policy or its riders or take distributions from your policy to the degree that we deem necessary to qualify your policy as life insurance for tax purposes.

If we make any change of this type, it applies the same way to all affected policies.

Any increase in your death benefit will cause an increase in your cost of insurance charges.

## **Policy Availability and Qualified Plans**

Policy owners may use our policies in various arrangements, including:

- Qualified plans;
- Non-qualified deferred compensation or salary continuance plans;
- Split dollar insurance plans;
- Executive bonus plans;
- Retiree medical benefit plans; and
- Other plans.

The tax consequences of these plans may vary depending on the particular facts and circumstances of each arrangement. If you want to use any of your policies in this type of arrangement, you should consult a qualified tax adviser regarding the tax issues of your particular arrangement.

## **Life Insurance Owned by Businesses**

In recent years, Congress has adopted new rules relating to life insurance owned by businesses. Any business contemplating the purchase of a new policy or a change in an existing policy should consult a tax adviser.

## **Income Tax Withholding**

The IRS requires us to withhold income taxes from any portion of the amounts individuals receive in a taxable transaction. We do not withhold income taxes if you elect in writing not to have withholding apply. If the amount withheld for you is insufficient to cover income taxes, you may have to pay income taxes and possibly penalties later.

## **Policy Transfers**

The transfer of the policy or designation of a beneficiary may have federal, state and/or local transfer and inheritance tax consequences, including the imposition of gift, estate and generation-skipping transfer taxes. For example the transfer of the policy to, or the designation as a beneficiary of, or the payment of proceeds to a person who is assigned to a generation which is two or more generations below the generation assignment of the policy owner may have generation skipping transfer tax consequences under federal tax law. The individual situation of each policy owner or beneficiary will determine the extent, if any, to which federal, state and local transfer and inheritance taxes may be imposed and how ownership or receipt of policy proceeds will be treated for purposes of federal, state and local estate, inheritance, generation skipping and other taxes.

**You should consult qualified legal or tax advisers for complete information on federal, state, local and other tax considerations.**

## **ADDITIONAL INFORMATION**

### ***General Policy Provisions***

#### **Your Policy**

The policy is a contract between you and us and is the combination of:

- Your policy;
- A copy of your original application and applications for benefit increases or decreases;
- Your riders;
- Your endorsements;
- Your policy schedule pages; and
- Your reinstatement applications.

If you make a change to your coverage, we give you a copy of your changed application and new policy schedules. If you send your policy to us, we attach these items to your policy and return it to you. Otherwise, you need to attach them to your policy.

Unless there is fraud, we consider all statements made in an application to be representations and not guarantees. We use no statement to deny a claim, unless it is in an application.

A president or other officer of our company and our secretary or assistant secretary must sign all changes or amendments to your policy. No other person may change its terms or conditions.

#### **Age**

The age stated in your policy schedule is the joint equivalent age of the insured people we use to issue your policy. The joint equivalent age is the sum of both insured people's ages adjusted for the differences in ages and genders, divided by two and rounded down.

The insured people must each be no more than age 90 at policy issue. The minimum joint equivalent age must be at least 15. The maximum joint equivalent age must be no more than 85. There is no limit on the difference in the insured people's ages. Age is measured as the age of the insured person on the birthday nearest the policy anniversary.

The policy anniversary nearest to the younger insured person's 100<sup>th</sup> birthday, whether or not he/she has survived, is the date used for continuation of coverage purposes.

We often use age to calculate rates, charges and values . We determine an insured person's age at a given time by adding the number of completed policy years to the age calculated at issue and shown in the policy schedule.

## Ownership

The original owner is the person named as the owner in the policy application. The owner can exercise all rights and receive benefits until the death of the second of the insured people. These rights include the right to change the owner, beneficiaries or the method designated to pay death benefit proceeds.

As a matter of law, all rights of ownership are limited by the rights of any person who has been assigned rights under the policy and any irrevocable beneficiaries.

You may name a new owner by giving us written notice. The effective date of the change to the new owner is the date the prior owner signs the notice. However, we will not be liable for any action we take before a change is recorded at our customer service center. A change in ownership may cause the prior owner to recognize taxable income on gain under the policy.

## Beneficiaries

You, as owner, name the beneficiaries when you apply for your policy. The primary beneficiaries who survive both of the insured people receive the death benefit proceeds. Other surviving beneficiaries receive death benefit proceeds only if there is no surviving primary beneficiaries. If more than one beneficiary survives both insured people, they share the death benefit proceeds equally, unless you specify otherwise. If none of your policy beneficiaries has survived both insured people, we pay the death benefit proceeds to you or to your estate, as owner.

You may name new beneficiaries any time before the death of the second of the insured people. We pay death benefit proceeds to the beneficiaries whom you have most recently named according to our records. We do not make payments to multiple sets of beneficiaries. **The designation of certain beneficiaries may have tax consequences. See TAX CONSIDERATIONS - Other Tax Matters, page 50.**

## Collateral Assignment

You may assign your policy by sending written notice to us. After we record the assignment, your rights as owner and the beneficiaries' rights (unless the beneficiaries were made irrevocable beneficiaries under an earlier assignment) are subject to the assignment. It is your responsibility to make sure the assignment is valid. **The transfer or assignment of a policy may have tax consequences. See TAX CONSIDERATIONS - Other Tax Matters, page 50.**

## Incontestability

After your policy has been in force and both insured people are alive for two years from the policy date and from the effective date of any new coverage segment, an increase in any other benefit or reinstatement, we will not question the validity of statements in your applicable application.



## **Misstatements of Age or Gender**

Notwithstanding the Incontestability provision above, if an insured person's age or gender has been misstated, we adjust the death benefit to the amount which would have been purchased for each insured person's correct age and gender. We base the adjusted death benefit on the cost of insurance charges deducted from your policy value on the last monthly processing date before the death of the second of the insured people, or as otherwise required by law.

## **Suicide**

If either insured person commits suicide (while sane or insane), within two years of your policy date, unless otherwise required by law, we limit death benefit proceeds to:

- The total premium we receive to the time of death; minus
- Outstanding loan account value plus accrued loan interest; minus
- Partial withdrawals taken.

We make a limited payment to the beneficiaries for a new coverage segment or other increase if the second of the insured people commits suicide (while sane or insane), within two years of the effective date of a new coverage segment or within two years of an increase in any other benefit, unless otherwise required by law. The limited payment is equal to the cost of insurance and periodic fees and charges which were deducted for the increase.

## **Anti-Money Laundering**

In order to protect against the possible misuse of our products in money laundering or terrorist financing, we have adopted an anti-money laundering program satisfying the requirements of the USA PATRIOT Act. Among other things, this program requires us, our agents and customers to comply with certain procedures and standards that serve to assure that our customers' identities are properly verified and that premiums are not derived from improper sources.

Under our anti-money laundering program, we may require policy owners, insured persons and/or beneficiaries to provide sufficient evidence of identification, and we reserve the right to verify any information provided to us by accessing information databases maintained internally or by outside firms.

We may also limit the types of premium payments (traveler's checks, for example) or the amount of certain types of premium payments (money orders totaling more than \$5,000, for example) that we will accept.

Our anti-money laundering program is subject to change without notice to take account of changes applicable in laws or regulations and our ongoing assessment of our exposure to illegal activity.

## **Transaction Processing**

Generally, within seven days of when we receive all information required to process a payment, we pay:

- Death benefit proceeds;
- Surrender value;
- Partial withdrawals; and
- Loan proceeds.

We may delay processing these transactions if:

- The New York Stock Exchange is closed for trading;
- Trading on the New York Stock Exchange is restricted by the SEC;
- There is an emergency so that it is not reasonably possible to sell securities in the sub-accounts or to determine the value of a sub-account's assets; and
- A governmental body with jurisdiction over the variable account allows suspension by its order.

SEC rules and regulations generally determine whether or not these conditions exist.

We execute transfers among the sub-accounts as of the valuation date of our receipt of your request at our customer service center.

We determine the death benefit as of the date of death of the second of the insured people. The death benefit proceeds are not affected by subsequent changes in the value of the sub-accounts.

We may delay payment from our fixed account for up to six months, unless law requires otherwise, of surrender proceeds, withdrawal amounts or loan amounts. If we delay payment more than 30 days, we pay interest at our declared rate (or at a higher rate if required by law) from the date we receive your complete request.

## **Notification and Claims Procedures**

Except for certain authorized telephone requests, we must receive in writing any election, designation, change, assignment or request made by the owner.

You must use a form acceptable to us. We are not liable for actions taken before we receive and record the written notice. We may require you to return your policy for changes to your policy or if you surrender it.

If an insured person dies while your policy is in force, please let us know as soon as possible. If it is the death of the second of the insured people, we will send you instructions on how to make a claim. As proof of an insured person's death, we may require proof of the deceased insured person's age and a certified copy of the death certificate.

The beneficiaries and the deceased insured person's next of kin may need to sign authorization forms. These forms allow us to get information such as medical records of doctors and hospitals used by the deceased insured person.

## **Telephone Privileges**

Telephone privileges are automatically provided to you and your agent/registered representative, unless you decline it on the application or contact our customer service center. Telephone privileges allow you or your agent/registered representative to call our customer service center to:

- Make transfers;
- Change premium allocations;
- Change your dollar cost averaging and automatic rebalancing programs;
- Request partial withdrawals; and
- Request a loan.

Our customer service center uses reasonable procedures to make sure that instructions received by telephone are genuine. These procedures may include:

- Requiring some form of personal identification;
- Providing written confirmation of any transactions; and
- Tape recording telephone calls.

By accepting telephone privileges, you authorize us to record your telephone calls with us. If we use reasonable procedures to confirm instructions, we are not liable for losses from unauthorized or fraudulent instructions. We may discontinue this privilege at any time.

Telephone and facsimile privileges may not always be available. Telephone or fax systems, whether yours, your service provider's or your agent's, can experience outages or slowdowns for a variety of reasons. These outages or slowdowns may prevent or delay our receipt of your request. Although we have taken precautions to help our systems handle heavy use, we cannot promise complete reliability under all circumstances. If you are experiencing problems, you should make your transfer request by written request.

## **Non-participation**

Your policy does not participate in the surplus earnings of Southland Life Insurance Company.

## **Advertising Practices and Sales Literature**

We may use advertisements and sales literature to promote this product, including:

- Articles on variable life insurance and other information published in business or financial publications;
- Indices or rankings of investment securities; and
- Comparisons with other investment vehicles, including tax considerations.

We may use information regarding the past performance of the sub-accounts and funds. Past performance is not indicative of future performance of the sub-accounts or funds and is not reflective of the actual investment experience of policy owners.

We may feature certain sub-accounts, the underlying funds and their managers, as well as describe asset levels and sales volumes. We may refer to past, current, or prospective economic trends, and, investment performance or other information we believe may be of interest to our customers.

## **Settlement Options**

You may elect to take the surrender value in other than one lump-sum payment. Likewise, you may elect to have the beneficiaries receive the death benefit proceeds other than in one lump-sum payment, if you make this election before the death of the second of the insured people. If you have not made this election, the beneficiaries may do so within 60 days after we receive proof of death of the second of the insured people.

The investment performance of the sub-accounts does not affect payments under these settlement options. Instead, interest accrues at a fixed rate based on the option you choose. Payment options are subject to our rules at the time you make your selection. Currently, a periodic payment must be at least \$20 and the total proceeds must be at least \$2,000.

The following settlement options are available:

- **Option 1** - The proceeds and interest are paid in equal installments for a specified period until the proceeds and interest are all paid;
- **Option 2** - The proceeds provide an annuity payment with a specified number of months. The payments are continued for the life of the primary payee. If the primary payee dies before the certain period is over, the remaining payments are paid to a contingent payee;
- **Option 3** - The proceeds are left with us to earn interest. Withdrawals and any changes are subject to our approval;
- **Option 4** - The proceeds and interest are paid in equal installments of a specified amount until the proceeds and interest are all paid; and
- **Option 5** - Other options we offer at the time we pay the benefit.

If none of these settlement options have been elected, your surrender value or the death benefit proceeds will be paid in one lump-sum payment. Unless you request otherwise, death benefit proceeds generally will be paid into an interest bearing account which can be accessed through the use of a checking account provided to the beneficiaries. Interest earned on this account may be less than interest paid on other settlement options.

## Reports

**Annual Statement.** We will send you an annual statement once each policy year showing the amount of insurance coverage under your policy as well as your policy's death benefit, policy and surrender values, the amount of premiums you have paid, the amounts you have withdrawn, borrowed or transferred and the fees and charges we have imposed since the last statement.

We send semi-annual reports with financial information on the funds, including a list of investment holdings of each fund.

We send confirmation notices to you throughout the year for certain policy transactions such as partial withdrawals and loans.

**Illustrations.** To help you better understand how your policy values will vary over time under different sets of assumptions, we will provide you with a personalized illustration projecting future results based on the ages and risk classifications of the insured people and other factors such as the amount of insurance coverage, death benefit option, planned premiums and rates of return (within limits) you specify. We may assess a charge not to exceed \$25 for each illustration you request after the first in a policy year. **See Transaction Fees and Charges - Excess Illustration Fee, page 23.**

An example of a personalized illustration is included as Appendix C to this prospectus. This form of illustration is available on request. There may be state-specific product features that make the illustrations applicable to you differ from the form of illustration shown in Appendix C. Subject to regulatory approval, personalized illustrations may be based upon a weighted average of fund expenses rather than an arithmetic average.

**Other Reports.** We will mail to you at your last known address of record at least annually a report containing such information as may be required by any applicable law. To reduce expenses, only one copy of most financial reports and prospectuses, including reports and prospectuses for the funds, will be mailed to your household, even if you or other persons in your household have more than one policy issued by us or an affiliate. Call our customer service center at 1-877-886-5050 if you need additional copies of financial reports, prospectuses, historical account information or annual or semi-annual reports or if you would like to receive one copy for each policy in all future mailings.

## ***Legal Proceedings*** [To be updated by amendment]

The variable account is not a party to any pending legal proceedings.

We are a defendant in various lawsuits and arbitration proceedings in connection with the normal conduct of our insurance operations. In the opinion of management, the ultimate resolution of such litigation/arbitration will not have a material adverse impact to our financial position. It should be noted, however, that a number of financial services companies have been subjected to significant awards in connection with punitive damages claims and we can make no assurances that we will not be subjected to such an award. The defense of pending litigation/arbitration may require the commitment of substantial internal resources and the retention of legal counsel and expert advisers.

ING America Equities, Inc., the principal underwriter and distributor of the policy, is not engaged in any litigation of any material nature.

## ***Financial Statements***

Financial statements of the variable account and the company are contained in the Statement of Additional Information. To request a free Statement of Additional Information, please contact our Customer Service Center at the address or telephone number on the back of this prospectus.



# APPENDIX A

## Definition of Life Insurance Factors

### Guideline Premium Test Factors

Attained		Attained		Attained		Attained		Attained	
<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>
0-40	2.50	48	1.97	56	1.46	64	1.22	72	1.11
41	2.43	49	1.91	57	1.42	65	1.20	73	1.09
42	2.36	50	1.85	58	1.38	66	1.19	74	1.07
43	2.29	51	1.78	59	1.34	67	1.18	75 - 90	1.05
44	2.22	52	1.71	60	1.30	68	1.17	91	1.04
45	2.15	53	1.64	61	1.28	69	1.16	92	1.03
46	2.09	54	1.57	62	1.26	70	1.15	93	1.02
47	2.03	55	1.50	63	1.24	71	1.13	94	1.01
								95 +	1.00





## APPENDIX B

[To be updated by amendment.]  
Funds Available Through the Variable Account

Fund Name	Investment Adviser/Subadviser	Investment Objective	Total Annual Fund Expenses
<b>Alger American Growth Portfolio - Class O Shares</b>	<u>Investment Adviser:</u> Fred Alger Management, Inc.	Seeks long-term capital appreciation by focusing on growing companies that generally have broad product lines, markets, financial resources and depth of management.	Gross: Net:
<b>Alger American Leveraged AllCap Portfolio - Class O Shares</b>	<u>Investment Adviser:</u> Fred Alger Management, Inc.	Seeks long-term capital appreciation by investing, under normal circumstances, in the equity securities of companies of any size which demonstrate promising growth potential.	Gross: Net:
<b>Alger American MidCap Growth Portfolio - Class O Shares</b>	<u>Investment Adviser:</u> Fred Alger Management, Inc.	Seeks long-term capital appreciation by focusing on midsize companies with promising growth potential.	Gross: Net:
<b>Alger American Small Capitalization Portfolio - Class O Shares</b>	<u>Investment Adviser:</u> Fred Alger Management, Inc.	Seeks long-term capital appreciation by focusing on small, fast-growing companies that offer innovative products, services or technologies to a rapidly expanding marketplace.	Gross: Net:
<b>American Funds Insurance Series - Growth Fund - Class 1</b>			Gross: Net:
<b>American Funds Insurance Series - Growth - Income Fund - Class 1</b>			Gross: Net:
<b>American Funds Insurance Series - International Fund - Class 1</b>			Gross: Net:
<b>Fidelity<sup>®</sup> VIP Asset Manager<sup>SM</sup> Portfolio - Service Class</b>	<u>Investment Adviser:</u> Fidelity Management & Research Company	Seeks to obtain high total return with reduced risk over the long term by allocating its assets among stocks, bonds and short-term instruments.	Gross: Net:
<b>Fidelity<sup>®</sup> VIP Contrafund<sup>®</sup> Portfolio - Service Class</b>	<u>Investment Adviser:</u> Fidelity Management & Research Company	Seeks long-term capital appreciation.	Gross: Net:

<b>Fund Name</b>	<b>Investment Adviser/Subadviser</b>	<b>Investment Objective</b>	<b>Total Annual Fund Expenses</b>
<b>Fidelity<sup>o</sup> VIP Equity-Income Portfolio - Service Class</b>	<u>Investment Adviser:</u> Fidelity Management & Research Company	Seeks to achieve a yield which exceeds the composite yield on the securities comprising the Standard & Poor's 500 Index (S&P 500).	Gross: Net:
<b>Fidelity<sup>o</sup> VIP Growth Portfolio - Service Class</b>	<u>Investment Adviser:</u> Fidelity Management & Research Company	Seeks to achieve capital appreciation.	Gross: Net:
<b>Fidelity<sup>o</sup> VIP High Income Portfolio - Service Class</b>	<u>Investment Adviser:</u> Fidelity Management & Research Company	Seeks a high level of current income while also considering growth of capital.	Gross: Net:
<b>Fidelity<sup>o</sup> VIP Index 500 Portfolio</b>	<u>Investment Adviser:</u> Fidelity Management & Research Company <u>Sub-Adviser:</u> Deutsche Asset Management, Inc.	Seeks investment results that correspond to the total return of common stocks publicly traded in the United States, as represented by the Standard & Poor's 500 Index (S&P 500).	Gross: Net:
<b>Fidelity<sup>o</sup> VIP Investment Grade Bond Portfolio</b>	<u>Investment Adviser:</u> Fidelity Management & Research Company	Seeks as high a level of current income as is consistent with the preservation of capital.	Gross: Net:
<b>Fidelity<sup>o</sup> VIP Overseas Portfolio - Service Class</b>	<u>Investment Adviser:</u> Fidelity Management & Research Company	Seeks long-term growth of capital.	Gross: Net:
<b>ING Hard Assets Portfolio - Institutional Class *</b>	<u>Investment Adviser:</u> ING Services, Inc. <u>Subadviser:</u> Baring International Investment Limited (an affiliate)	Seeks long-term capital appreciation.	Gross: Net:
<b>ING Limited Maturity Bond Portfolio - Service Class</b>	<u>Investment Adviser:</u> ING Services, Inc. <u>Subadviser:</u> ING Investment Management, LLC (an affiliate)	Seeks highest current income consistent with low risk to principal and liquidity.	Gross: Net:
<b>ING Liquid Asset Portfolio - Service Class</b>	<u>Investment Adviser:</u> ING Services, Inc. <u>Subadviser:</u> ING Investment Management, LLC (an affiliate)	Seeks high level of current income consistent with the preservation of capital and liquidity. The Portfolio seeks to maintain a stable \$1 share price.	Gross: Net:
<b>ING Marsico Growth Portfolio - Institutional Class *</b>	<u>Investment Adviser:</u> ING Services, Inc. <u>Subadviser:</u> Janus Capital	Seeks capital appreciation.	Gross: Net:
<b>ING MFS Mid Cap Growth Portfolio - Institutional Class *</b>	<u>Investment Adviser:</u> ING Services, Inc. <u>Subadviser:</u> Massachusetts Financial Services Company	Seeks long-term growth of capital.	Gross: Net:

<b>Fund Name</b>	<b>Investment Adviser/Subadviser</b>	<b>Investment Objective</b>	<b>Total Annual Fund Expenses</b>
<b>ING MFS Research Portfolio - Institutional Class *</b>	<u>Investment Adviser:</u> ING Services, Inc. <u>Subadviser:</u> Massachusetts Financial Services Company	Seeks long-term growth of capital and future income.	Gross: Net:
<b>ING MFS Total Return Portfolio - Institutional Class *</b>	<u>Investment Adviser:</u> ING Services, Inc. <u>Subadviser:</u> Massachusetts Financial Services Company	Seeks above-average income (compared to a portfolio entirely invested in equity securities) consistent with the prudent employment of capital.	Gross: Net:
<b>ING Salomon Brothers Investors Portfolio</b>			Gross: Net:
<b>ING T. Rowe Price Capital Appreciation Portfolio - Institutional Class *</b>	<u>Investment Adviser:</u> ING Services, Inc. <u>Subadviser:</u> T. Rowe Price Associates, Inc.	Seeks, over the long-term, a high total investment return, consistent with the preservation of capital and prudent investment risk.	Gross: Net:
<b>ING T. Rowe Price Equity Income Portfolio - Institutional Class *</b>	<u>Investment Adviser:</u> ING Services, Inc. <u>Subadviser:</u> T. Rowe Price Associates, Inc.	Seeks substantial dividend income as well as long-term growth of capital.	Gross: Net:
<b>ING UBS Tactical Asset Allocation Portfolio</b>	<u>Investment Adviser:</u> ING Life Insurance and Annuity Company <u>Subadviser:</u> UBS Global Asset Management (US) Inc.	Seeks total return, consisting of long-term capital appreciation and current income.	Gross: Net:
<b>ING Van Kampen Comstock Portfolio - Initial Class</b>	<u>Investment Adviser:</u> ING Life Insurance and Annuity Company <u>Subadviser:</u> Morgan Stanley Investment Management Inc. d/b/a Van Kampen	Seeks capital growth and income.	Gross: Net:
<b>ING Van Kampen Real Estate Portfolio</b>			Gross: Net:
<b>ING JP Morgan Mid Cap Value Portfolio</b>			Gross: Net:
<b>ING PIMCO Total Return Portfolio</b>			Gross: Net:
<b>ING Salomon Brothers Aggressive Growth Portfolio</b>			Gross: Net:
<b>ING VP Bond Portfolio - Class R Shares</b>	<u>Investment Adviser:</u> ING Investments, LLC <u>Subadviser:</u> Aeltus Investment Management, Inc. (Aeltus)	Seeks to maximize total return as is consistent with reasonable risk, through investment in a diversified portfolio consisting of debt securities.	Gross: Net:

<b>Fund Name</b>	<b>Investment Adviser/Subadviser</b>	<b>Investment Objective</b>	<b>Total Annual Fund Expenses</b>
<b>ING VP Index Plus LargeCap Portfolio - Class R Shares</b>	<u>Investment Adviser:</u> ING Investments, LLC <u>Subadviser:</u> Aeltus Investment Management, Inc. (Aeltus)	Seeks to outperform the total return performance of the Standard & Poor's 500 Composite Index (S&P 500), while maintaining a market level of risk.	Gross: Net:
<b>ING VP Index Plus MidCap Portfolio - Class R Shares</b>	<u>Investment Adviser:</u> ING Investments, LLC <u>Subadviser:</u> Aeltus Investment Management, Inc. (Aeltus)	Seeks to outperform the total return performance of the Standard & Poor's MidCap 400 Index (S&P 400), while maintaining a market level of risk.	Gross: Net:
<b>ING VP Index Plus SmallCap Portfolio - Class R Shares</b>	<u>Investment Adviser:</u> ING Investments, LLC <u>Subadviser:</u> Aeltus Investment Management, Inc. (Aeltus)	Seeks to outperform the total return performance of the Standard and Poor's SmallCap 600 Index (S&P 600), while maintaining a market level of risk.	Gross: Net:
<b>ING VP Growth Opportunities Portfolio - Class R Shares</b>	<u>Investment Adviser:</u> ING Investments, LLC	Seeks long-term growth of capital.	Gross: Net:
<b>ING VP MagnaCap Portfolio - Class R Shares</b>	<u>Investment Adviser:</u> ING Investments, LLC	Seeks growth of capital, with dividend income as a secondary consideration.	Gross: Net:
<b>ING VP MidCap Opportunities Portfolio - Class R Shares</b>	<u>Investment Adviser:</u> ING Investments, LLC	Seeks long-term capital appreciation.	Gross: Net:
<b>ING VP SmallCap Opportunities Portfolio - Class R Shares</b>	<u>Investment Adviser:</u> ING Investments, LLC	Seeks long-term capital appreciation.	Gross: Net:
<b>INVESCO VIF-Core Equity Fund</b>	<u>Investment Adviser:</u> INVESCO Funds Group, Inc.	Seeks to provide a high total return through both growth and current income by normally investing at least 80% of its assets in common and preferred stock.	Gross: Net:
<b>INVESCO VIF-Utilities Fund</b>	<u>Investment Adviser:</u> INVESCO Funds Group, Inc.	Seeks capital growth.	Gross: Net:
<b>Janus Aspen Series Aggressive Growth Portfolio - Service Shares</b>	<u>Investment Adviser:</u> Janus Capital	A <i>nondiversified</i> Portfolio that seeks long-term growth of capital.	Gross: Net:
<b>Janus Aspen Series Balanced Portfolio - Service Shares</b>	<u>Investment Adviser:</u> Janus Capital	Seeks long-term capital growth, consistent with preservation of capital and balanced by current income.	Gross: Net:

<b>Fund Name</b>	<b>Investment Adviser/Subadviser</b>	<b>Investment Objective</b>	<b>Total Annual Fund Expenses</b>
<b>Janus Aspen Series Growth Portfolio - Service Shares</b>	<u>Investment Adviser:</u> Janus Capital	Seeks long-term growth of capital in a manner consistent with the preservation of capital.	Gross: Net:
<b>Janus Aspen Series International Growth Portfolio - Service Shares</b>	<u>Investment Adviser:</u> Janus Capital	Seeks long-term growth of capital.	Gross: Net:
<b>Janus Aspen Series Worldwide Growth Portfolio - Service Shares</b>	<u>Investment Adviser:</u> Janus Capital	Seeks long-term growth of capital in a manner consistent with the preservation of capital.	Gross: Net:
<b>Pioneer Mid Cap Value VCT Portfolio - Class I Shares</b>	<u>Investment Adviser:</u> Pioneer Investment Management, Inc.	Seeks capital appreciation by investing in a diversified portfolio of securities consisting primarily of common stocks.	Gross: Net:
<b>Pioneer Small Cap Value VCT Portfolio - Class I Shares</b>	<u>Investment Adviser:</u> Pioneer Investment Management, Inc.	Seeks capital growth by investing in a diversified portfolio of securities consisting primarily of common stocks.	Gross: Net:
<b>Putnam VT Growth and Income Fund - Class IB Shares</b>	<u>Investment Adviser:</u> Putnam Investment Management, LLC	Seeks capital growth and current income.	Gross: Net:
<b>Putnam VT New Opportunities Fund - Class IB Shares</b>	<u>Investment Adviser:</u> Putnam Investment Management, LLC	Seeks long-term capital appreciation.	Gross: Net:
<b>Putnam VT Small Cap Value Fund - Class IB Shares</b>	<u>Investment Adviser:</u> Putnam Investment Management, LLC	Seeks capital appreciation.	Gross: Net:
<b>Putnam VT Voyager Fund - Class IB Shares</b>	<u>Investment Adviser:</u> Putnam Investment Management, LLC	Seeks capital appreciation.	Gross: Net:

\* Prior to May 1, 2003 the Service Class of shares of this fund were available through the policy. Effective May 1, 2003 the Institutional Class of fund shares replaced the Service Class of fund shares. Institutional Class shares have 0.25% lower total fund expenses than the Service Class shares, and the effect of this transaction is to give policy owners an investment in the same fund managed by the same investment adviser at a lower cost.

\* Prior to May 1, 2003 the Service Class of shares of this fund were available through the policy. Effective May 1, 2003 the Institutional Class of fund shares replaced the Service Class of fund shares. Institutional Class shares have 0.25% lower total fund expenses than the Service Class shares, and the effect of this transaction is to give policy owners an investment in the same fund managed by the same investment adviser at a lower cost.



## **APPENDIX C**

**Example Personalized Illustration**  
**[To be added by amendment.]**





## MORE INFORMATION IS AVAILABLE

If you would like more information about us, the variable account or the policy, the following documents are available free upon request:

- **Statement of Additional Information ("SAI")** - The SAI contains more specific information about the variable account and the policy, as well as the financial statements of the variable account and the company. The SAI is incorporated by reference into (made legally part of) this prospectus. The following is the Table of Contents for the SAI:

	<u>Page</u>
General Information and History .....	2
Distribution of the Policies .....	2
Performance Reporting and Advertising .....	3
Experts .....	4
Financial Statements .....	5
Financial Statements of the Southland Separate Account L1 .....	S-1
Financial Statements of the Southland Life Insurance Company .....	F-1

- **A personalized illustration of policy benefits** - A personalized illustration can help you understand how the policy works, given the policy's fees and charges along with the investment options, features and benefits and optional benefits you select. A personalized illustration can also help you compare the policy's death benefits, policy value and surrender value with other life insurance policies based on the same or similar assumptions. We reserve the right to assess a fee of up to \$25 for each personalized illustration you request after the first each policy year. **See Transaction Fees and Charges - Excess Illustration Fee, page 23.**

To request a free SAI or personalized illustration of policy benefits or to make other inquiries about the policy, please contact us at our:

**Customer Service Center  
P.O. Box 173789  
Denver, CO 80217-3789  
1-877-253-5050**

Additional information about us, the variable account or the policy (including the SAI) can be reviewed and copied from the SEC's Internet website ([www.sec.gov](http://www.sec.gov)) or at the SEC's Public Reference Room in Washington, DC. Copies of this additional information may also be obtained, upon payment of a duplicating fee, by writing the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549-0102. More information about operation of the SEC's Public Reference Room can be obtained by calling 202-942-8090.

**1940 Act File No. 811-09106  
1933 Act file No. 333-46294**

**PART B**  
**INFORMATION REQUIRED IN A STATEMENT OF ADDITIONAL INFORMATION**

<p style="text-align: center;"><b>SOUTHLAND SEPARATE ACCOUNT L1 OF SOUTHLAND LIFE INSURANCE COMPANY</b></p>
---------------------------------------------------------------------------------------------------------------------

**Statement of Additional Information dated May 1, 2003**

**SURVIVOR DIMENSIONS  
Variable Universal Life Insurance Policy**

This Statement of Additional Information is not a prospectus and should be read in conjunction with the current Survivor Dimensions prospectus dated May 1, 2003. The policy offered in connection with the prospectus is a flexible premium variable universal life insurance policy funded through the Southland Separate Account L1.

A free prospectus is available upon request by contacting the Southland Life Insurance Company Customer Service P.O. Box 173789 Denver, CO 80217-3789 by calling 1-877-253-5050 or by accessing the SEC's web site at [www.sec.gov](http://www.sec.gov).

Read the prospectus before you invest. Unless otherwise indicated, terms used in this Statement of Additional Information shall have the same meaning as in the prospectus.

**TABLE OF CONTENTS**

	<u>Page</u>
General Information and History .....	2
Distribution of the Policies .....	2
Performance Reporting and Advertising .....	3
Experts .....	4
Financial Statements .....	5
Financial Statements of the Southland Separate Account L1 .....	S-1
Southland Life Insurance Company .....	F-1

## **GENERAL INFORMATION AND HISTORY**

Southland Life Insurance Company (the "company," "we," "us," "our") issues the policy described in the prospectus and is responsible for providing each policy's insurance benefits. We are a stock life insurance company organized in 1908 and incorporated under the laws of the State of Texas and an indirect, wholly-owned subsidiary of ING Groep N.V. ("ING"), a global financial institution active in the fields of insurance, banking and asset management. ING is headquartered in Amsterdam, The Netherlands. We are engaged in the business of issuing insurance policies. Our headquarters is at 5780 Powers Ferry Road, Atlanta, Georgia 30327-4390.

We established the Southland Separate Account L1 (the "variable account") on February 25, 1994, as one of our separate accounts under the laws of the State of Texas for the purpose of funding variable life insurance policies issued by us. The variable account is registered with the Securities and Exchange Commission ("SEC") as a unit investment trust under the Investment Company Act of 1940, as amended. Premium payments may be allocated to one or more of the available sub-accounts of the variable account. Each sub-account invests in shares of a corresponding fund at net asset value. We may make additions to, deletions from or substitutions of available funds as permitted by law and subject to the conditions of the policy.

Other than the policy owner fees and charges described in the prospectus, all expenses incurred in the operations of the variable account are borne by the company. We do, however, receive compensation for certain recordkeeping, administration or other services from the funds or affiliates of the funds available through the policies. See "Fees and Charges" in the prospectus.

The company maintains custody of the assets of the variable account. As custodian, the company holds cash balances for the variable account pending investment in the funds or distribution. The funds in whose shares the assets of the sub-accounts of the variable account are invested each have custodians, as discussed in the respective fund prospectuses.

## **DISTRIBUTION OF THE POLICIES**

The company's affiliate, ING America Equities, Inc., serves as the principal underwriter (distributor) for the policies. ING America Equities, Inc. was organized under the laws of the State of Colorado on September 27, 1993 and is registered as a broker/dealer with the SEC and the National Association of Securities Dealers, Inc. We pay ING America Equities, Inc. under a distribution agreement dated May 1, 2002. ING America Equities, Inc.'s principal office is located at 1290 Broadway, Denver, Colorado 80203-5699.

ING America Equities, Inc. offers the securities under the policies on a continuous basis.

For the years ended December 31, 2002, 2001 and 2000, the aggregate amount paid to ING America Equities under our distribution agreement was \$XX,XXX,XXX, \$XX,XXX,XXX and \$XX,XXX,XXX, respectively.

We sell our policies through licensed insurance agents who are registered representatives of affiliated and unaffiliated broker/dealers. A description of the manner in which the policies are purchased may be found in the prospectus under the section entitled "Purchasing a Policy."

All broker/dealers who sell this policy have entered into selling agreements with us. Under these selling agreements, we pay a distribution allowance to broker/dealers, who in turn pay commissions to their agents/registered representatives who sell this policy. We may make loans to agents/registered representatives, or advance commissions in anticipation of future receipt of premiums (a form of lending to agents/registered representatives). These loans may have advantageous terms, such as interest rate reduction and/or principal forgiveness, that may be conditioned on insurance sales.

The policy has two structures for the distribution allowance, but the structure does not affect fees or charges on your policy.

Under the first structure, the distribution allowance is up to 90% of the first target premium we receive in the first two policy years.

Under the second structure, the distribution allowance is up to 85% of the first target premium we receive in the first policy year. For premium over target we pay less. A bonus may be paid on aggregate sales.

Broker/dealers receive renewal commissions (trails) of up to 0.15% of the average net policy value beginning in policy year six.

We pay wholesaler fees and marketing and training allowances. We may provide repayments or make sponsor payments for broker/dealers to use in sales contests for their registered representatives. We do not hold contests directly based on sales of this product. We do hold training programs from time to time at our own expense. We pay dealer concessions, wholesaling fees, other allowances and the costs of all other incentives or training programs from our resources which include sales charges.

## **PERFORMANCE REPORTING AND ADVERTISING**

Information regarding the past, or historical performance of the sub-accounts of the variable account and the funds available for investment through the sub-accounts of the variable account may appear in advertisements, sales literature or reports to policy owners or prospective purchasers. Such performance information for the sub-accounts will reflect deductions of fund expenses but will not reflect deductions for the fees and charges of the policy or any charges for optional insurance benefits. If the deduction of the policy fees and charges were reflected in the calculations, they would significantly decrease the level of performance shown. We may accompany quotations of performance information for the sub-accounts with performance information for the corresponding funds. Performance information for the funds will take into account all fees and charges applicable at the underlying fund level, but will not reflect any deductions from the corresponding sub-account of the variable account of any policy fees and charges or any charges for optional insurance benefits.

Performance information reflects only the performance of a hypothetical investment during a particular time period in which the calculations are based. We may provide performance information showing total returns and average annual total returns for periods prior to the date a sub-account commenced operation. We will calculate such performance information based on the assumption that the sub-accounts were in existence for the same periods as those indicated for the funds, with the level of charges at the variable account level that were in effect at the inception of the sub-accounts.

Investment results of the funds will fluctuate over time and any presentation of past performance should not be considered as a representation of what may be achieved in the future.

To help you better understand how your policy's death benefits, policy value and surrender value will vary over time under different sets of assumptions, we encourage you to obtain a personalized illustration. Personalized illustrations will assume deductions for fund expenses and policy and variable account charges. We will base these illustrations on the age and risk classification of the insured person and other factors such as the amount of insurance coverage, death benefit option, premiums and rates of return (within limits) you specify. These personalized illustrations will be based on either a hypothetical investment return of the funds of 0% and other percentages not to exceed 12% or on the actual historical experience of the funds as if the sub-accounts had been in existence and a policy issued for the same periods as those indicated for the funds. Subject to regulatory approval, personalized illustrations may be based upon a weighted average of fund expenses rather than an arithmetic average. A personalized illustration is available upon request by contacting our Customer Service Center at P.O. Box 173789 Denver, CO 80217-3789 or by calling 1-877-253-5050.

We may compare performance of the sub-accounts and/or the funds as reported from time to time in advertisements and sales literature to other variable life insurance issuers in general; to the performance of particular types of variable life insurance policies investing in mutual funds; or to investment series of mutual funds with investment objectives similar to each of the sub-accounts, whose performance is reported by Lipper Analytical Services, Inc. ("Lipper") and Morningstar, Inc. ("Morningstar") or reported by other series, companies, individuals or other industry or financial publications of general interest, such as *Forbes*, *Money*, *The Wall Street Journal*, *Business Week*, *Barron's*, *Kiplinger's* and *Fortune*. Lipper and Morningstar are independent services which monitor and rank the performances of variable life insurance issuers in each of the major categories of investment objectives on an industry-wide basis.

Lipper's and Morningstar's rankings include variable annuity issuers as well as variable life insurance issuers. The performance analysis prepared by Lipper and Morningstar ranks such issuers on the basis of total return, assuming reinvestment of distributions, but does not take sales charges, redemption fees or certain expense deductions at the separate account level into consideration. We may also compare the performance of each sub-account in advertising and sales literature to the Standard & Poor's Index of 500 common stocks and the Dow Jones Industrials, which are widely used measures of stock market performance. We may also compare the performance of each sub-account to other widely recognized indices. Unmanaged indices may assume the reinvestment of dividends, but typically do not reflect any "deduction" for the expense of operating or managing an investment portfolio.

## EXPERTS

[To be updated by amendment.]

The statements of assets and liabilities of Southland Separate Account L1 as of December 31, 2002, and the related statements of operations and changes in net assets for each of the three years in the period then ended and the financial statements of Southland Life Insurance Company at December 31, 2002 and 2001, and for each of the two years in the period then ended, appearing in this Statement of Additional Information, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon appearing elsewhere herein, and are included in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

## **FINANCIAL STATEMENTS**

[To be updated by amendment.]

The financial statements of the variable account reflect the operations of the variable account as of December 31, 2002 and for each of the three years in the period then ended and are audited. The periods covered are not necessarily indicative of the longer term performance of the assets held in the variable account.

The financial statements of the company as of December 31, 2002 and 2001 and for the years then ended are audited. The financial statements of the company should be distinguished from the financial statements of the variable account and should be considered only as bearing upon the ability of the company to meet its obligations under the policies. They should not be considered as bearing on the investment performance of the assets held in the variable account. The periods covered are not necessarily indicative of the longer term performance of the company.

The financial statements of the company as of December 31, 2002, and for the year then ended December 31, 2002, have been prepared on the basis of generally accepted accounting principals. The financial statements of the company as of December 31, 2001, and for the year then ended December 31, 2001, have been prepared on the basis of statutory accounting principals.

[Financial statements to be filed by amendment.]

**FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2002, 2001 and 2000**

Southland Separate Account L1  
of  
Southland Life Insurance Company

**INDEX**

	<u>Page</u>
Statements of Assets and Liabilities	S-
Statements of Operations	S-
Statements of Changes in Net Assets	S-
Notes to Financial Statements	S-
Independent Auditor's Report	S-

[To be filed by amendment.]



**FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2002 and 2001**

Southland Life Insurance Company

**INDEX**

	<u>Page</u>
Report of Independent Auditors	F-
Balance Sheets -- Statutory Basis	F-
Statements of Operations -- Statutory Basis	F-
Statements of Changes in Capital and Surplus -- Statutory Basis	F-
Statements of Cash Flows -- Statutory Basis	F-
Notes to Financial Statements -- Statutory Basis	F-

[To be filed by amendment.]



**Part C**  
**OTHER INFORMATION**

**Item 27**                      **Exhibits**

- (a)    (1)    Resolution of the Board of Directors of Southland Life Insurance Company establishing Southland Separate Account L1. (Incorporated by reference to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on October 6, 1995.)
- (b)    Not Applicable.
- (c)    (1)    Form of Underwriting Agreement between Southland Life Insurance Company and ING America Equities, Inc. (Incorporated by reference to the Registration Statement on Form N-4 for Southland Separate Account A1 (File No. 33-89574) filed on February 17, 1995.)
- (2)    Distribution Agreement. (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (3)    Amendment to Southland Life Insurance Company Distribution Agreement. (Incorporated by reference to Post-Effective Amendment No. 6 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on May 1, 2000.)
- (4)    Amendment to Southland Life Insurance Company Distribution Agreement. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-49880) filed with the Commission on January 25, 2001.)
- (5)    Specimen Wholesaling Agreement. (Incorporated by reference to Post-Effective Amendment No. 6 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on May 1, 2000.)
- (6)    Specimen IIG Master Sales and Supervisory Agreement. (Incorporated by reference to Post-Effective Amendment No. 6 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on May 1, 2000.)
- (7)    Specimen Broker-Dealer Supervisory and Selling Agreement for Variable Contracts. (Incorporated by reference to Post-Effective Amendment No. 6 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on May 1, 2000.)
- (d)    (1)    Specimen Survivor Dimensions Universal Life Insurance Policy (Form No. 15291-00). (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-49880) filed on January 25, 2001.)
- (2)    Single Life Term Insurance Rider (Insured #1) (Form No. 15289-00). (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (3)    Single Life Term Insurance Rider (Insured #2) (Form No. 15290-00). (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (4)    Adjustable Term Insurance Rider (Form No. 15288-00). (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (5)    Accelerated Death Benefit Rider (Form No. 15256-98). (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-49880) filed on January 25, 2001.)
- (e)    (1)    Southland Life Variable Universal Life Insurance Application. (Incorporated by reference to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on September 21, 2000.)
- (2)    Application Insert Investment Feature Selection Form (Form No. 21-420 rev. 5/1/02). (Incorporated by reference to Post-Effective Amendment No. 2 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-49880) filed on April 22, 2002.)

Market Dimensions

- (3) Specimen Application for Life Insurance Fixed and Variable Products (Form No. 110945). (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (f) (1) Amended and restated Articles of Incorporation of Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-4 for Southland Separate Account A1 (File No. 33-89574) filed on September 29, 1995.)
- (2) By-laws of Southland Life Insurance Company. (Incorporated by reference to the Registration Statement on Form N-4 for Southland Separate Account A1 (File No. 33-89574) filed on February 17, 1995.)
- (g) Not applicable.
- (h) (1) Participation agreement between Fred Alger Management Inc. and the Company. (Incorporated by reference to Post-Effective Amendment No. 7 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on October 13, 2000.)
- (2) Participation agreement between Fidelity Variable Insurance Products Fund and the Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (3) Amendment dated October 5, 2000, to the participation/distribution agreement between Fidelity Variable Insurance Products Fund and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (4) Amendment dated November 1, 2000, to the participation/distribution agreement between Fidelity Variable Insurance Products Fund and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (5) Amendment to the participation agreement between Fidelity Variable Insurance Products Fund and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (6) Amendment to the participation agreement between Fidelity Variable Insurance Products Fund and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (7) Participation agreement between Fidelity Variable Insurance Products Fund II and the Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-4 for Southland Separate Account A1 (File No. 33-89574) filed on September 29, 1995.)
- (8) Amendment dated October 5, 2000, to the participation agreement between Fidelity Variable Insurance Products Fund II and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (9) Amendment dated November 1, 2000, to the participation agreement between Fidelity Variable Insurance Products Fund II and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (10) Amendment to the participation agreement between Fidelity Variable Insurance Products Fund II and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (11) Amendment to the participation agreement between Fidelity Variable Insurance Products Fund II and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (12) Participation agreement between INVESCO Variable Investment Funds, Inc. and the Company. (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)

- (13) Amendment dated October 4, 2000, to the participation agreement between INVESCO Variable Investment Funds, Inc. and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (14) Amendment dated December 26, 2000, to the participation agreement between INVESCO Variable Investment Funds, Inc. and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-49880) filed on January 25, 2001.)
- (15) Participation agreement between Janus Aspen Series and the Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-4 for Southland Separate Account A1 (File No. 33-89574) filed on September 29, 1995.)
- (16) Letter of Agreement between Security Life of Denver and Janus Capital Corporation. (Institutional Shares). (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (17) Administrative services agreement between Security Life of Denver Insurance Company and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 6 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on May 1, 2000.)
- (18) Administrative services agreement between INVESCO Funds Group, Inc. and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 6 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on May 1, 2000.)
- (19) Service Agreement between Southland Life Insurance Company and Fred Alger Management, Inc. (Incorporated by reference to Post-Effective Amendment No. 7 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on October 13, 2000.)
- (20) Participation Agreement among Southland Life Insurance Company, ING Partners, Inc., ING Life Insurance and Annuity Company, and ING Financial Advisers, LLC. (Incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6 for Southland Separate Account L1 (File No. 333-49880) filed on February 7, 2003.)
- (21) Distribution and shareholder services agreement between Janus Distributors, Inc. and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (22) Letter of Agreement between Security Life of Denver and Janus Capital Corporation. (Service Shares). (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (23) Participation agreement between Janus Aspen Series (Service Shares) and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (24) Amendment dated December 29, 2000, to the participation agreement between Janus Aspen Series (Service Shares) and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-49880) filed on January 25, 2001.)
- (25) Participation agreement among The GCG Trust, Directed Services, Inc. and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on December 19, 2000.)
- (26) Amendment dated December 29, 2000, to the participation agreement among The GCG Trust, Directed Services, Inc. and Southland Life Insurance Company. (Incorporated by reference to Pre-Effective Amendment No. 1 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-49880) filed on January 25, 2001.)
- (27) Administrative and shareholder service agreement between Directed Services, Inc. and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 7 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on October 13, 2000.)

- (28) Participation Agreement among Southland Life Insurance Company, Pilgrim Variable Products Trust and ING Pilgrim Securities, LLC. (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (29) Amendment dated August 30, 2002, to the participation agreement among ING Variable Products Trust, ING Funds Distributor, Inc. and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6 for Southland Separate Account L1 (File No. 333-49880) filed on February 7, 2003.)
- (30) Participation Agreement among Security Life of Denver Insurance Company and Southland Life Insurance Company, Putnam Variable Trust and Putnam Retail Management, Inc. (Incorporated herein by reference to the Form S-6 Initial Registration Statement of Security Life of Denver Insurance Company and its Security Life Separate Account L1, filed November 15, 2001; File No. 333-73464.)
- (31) Amendment to Participation Agreement among Security Life of Denver Insurance Company and Southland Life Insurance Company, Putnam Variable Trust and Putnam Retail Management, L.P. (Incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6 for Security Life Separate Account L1 (File No. 333-50278) filed on February 7, 2003.)
- (32) Administrative and Shareholder Service Agreement among ING Pilgrim Group, LLC and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 9 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on April 22, 2002.)
- (33) Amendment dated August 30, 2002, to the Administrative and Shareholder Service Agreement among ING Fund Services, LLC and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6 for Southland Separate Account L1 (File No. 333-49880) filed on February 7, 2003.)
- (34) Participation Agreement among Southland Life Insurance Company, ING VP Bond Portfolio and ING Funds Distributor, Inc. (Incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6 for Southland Separate Account L1 (File No. 333-49880) filed on February 7, 2003.)
- (35) Participation Agreement among Southland Life Insurance Company, Pioneer Variable Contracts Trust, Pioneer Investment Management, Inc. and Pioneer Funds Distributor, Inc. (Incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6 for Southland Separate Account L1 (File No. 333-49880) filed on February 7, 2003.)
- (36) Participation Agreement among Southland Life Insurance Company, ING Variable Portfolios, Inc. and ING Funds Distributor, Inc. (Incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6 for Southland Separate Account L1 (File No. 333-49880) filed on February 7, 2003.)
- (37) Service Agreement with Investment Advisor between ING Life Insurance and Annuity Company and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6 for Southland Separate Account L1 (File No. 333-49880) filed on February 7, 2003.)
- (i) Administration Services Agreement between Security Life of Denver Insurance Company and Southland Life Insurance Company. (Incorporated by reference to Post-Effective Amendment No. 10 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 33-97852) filed on February 21, 2003.)
- (j) Not applicable.
- (k) Opinion and Consent of Counsel. (To be filed by amendment)
- (l) Actuarial Opinion and Consent. (To be filed by amendment)
- (m) Not applicable.
- (n) Consent of Independent Auditors. (To be filed by amendment)

Survivor Dimensions

- (o) All financial statements are included in the Statement of Additional Information, as indicated therein.
- (p) Document setting forth administrative procedures to be followed by Southland Life Insurance Company for Purchase, Redemption, Transfer, and Conversion. (Incorporated by reference to Post-Effective Amendment No. 2 to the Registration Statement on Form S-6 for Southland Separate Account L1 (File No. 333-46294) filed on April 25, 2001.)
- (q) Not applicable.
- (r) Powers of Attorney. (Incorporated by reference to Post-Effective Amendment No. 3 to the Registration Statement on Form N-6 for Southland Separate Account L1 (File No. 333-49880) filed on February 7, 2003.)

**Item 28 Directors and Officers of the Depositor**

Name and Principal Business Address	Positions and Offices with Depositor
Keith Gubbay, 5780 Powers Ferry Road, NW, Atlanta, GA 30327	Director, President and Chief Executive Officer
P. Randall Lowery, 5780 Powers Ferry Road, NW, Atlanta, GA 30327	Director
Thomas J. McInerney, 5780 Powers Ferry Road, NW, Atlanta, GA 30327	Director
Chris D. Schreier, 5780 Powers Ferry Road, NW, Atlanta, GA 30327	Director, Senior Vice President and Chief Financial Officer
Mark A. Tullis, 5780 Powers Ferry Road, NW, Atlanta, GA 30327	Director
Stephen J. Preston, 1475 Dunwoody Drive, West Chester, PA 19380	Director, Senior Vice President
Shaun P. Mathews, 151 Farmington Avenue, Hartford, CT 06156	Director
James R. Gelder, 20 Washington Avenue South, Minneapolis, MN 55401.	Senior Vice President
Boyd G. Combs, 5780 Powers Ferry Road, NW, Atlanta, GA 30327	Senior Vice President
Jacques de Vaucleeroy, 5780 Powers Ferry Road, NW, Atlanta, GA 30327	Senior Vice President
Cheryl L. Price, 5780 Powers Ferry Road, NW, Atlanta, GA 30327	Vice President and Chief Accounting Officer
Paula Cludray-Engelke, 20 Washington Avenue South, Minneapolis, MN 55401	Secretary

**Item 29 Persons Controlled by or Under Common Control with the Depositor or the Registrant**

Incorporated herein by reference to Exhibit 99-B.16 to Registration Statement on Form N-4 (File No. 333-85326), as filed on April 1, 2002 for ReliaStar Life Insurance Company of New York.

**Item 30 Indemnification** (To be updated by amendment)



Under its Bylaws, Article XXVIII, Southland Insurance Company ("Southland ") indemnifies, to the full extent permitted by the laws of the State of Texas, each person (and the heirs, executors and administrators of such person) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, wherever brought, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director, officer or employee of Southland, or is or was serving at the request of Southland as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of Southland pursuant to such provisions of the bylaws or statutes or otherwise, Southland has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in said Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Southland of expenses incurred or paid by a director or officer or controlling person of Southland in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person of Southland in connection with the securities being registered, Southland will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether or not such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

A corporation may procure indemnification insurance on behalf of an individual who was a director of the corporation. Consistent with the laws of the State of Texas, ING Groep N.V. has procured insurance from Lloyd's of London and several major United States and international excess insurers for its director and officers and the directors and officers of its subsidiaries, including Southland.

A corporation may procure indemnification insurance on behalf of an individual who was a director of the corporation. Consistent with the laws of the State of Texas, ING Groep N.V. has procured insurance from Lloyd's of London and several major United States and international excess insurers for its director and officers and the directors and officers of its subsidiaries, including Southland.

### **Item 31      Principal Underwriters**

- (a)      *Other Activity.* ING America Equities, Inc., the principal underwriter for the policies, is also the principal underwriter for policies issued by ReliaStar Life Insurance Company of New York, ReliaStar Life Insurance Company and Southland Life Insurance Company.
- (b)      *Management of ING America Equities, Inc.*

<u>Name and Principal Business Address</u>	<u>Positions and Offices with Underwriter</u>
Daniel P. Mulheran, 20 Washington Avenue South, Minneapolis, MN 55401	Director, President and Chief Executive Officer
Mark A. Smith, 2001 21 <sup>st</sup> Avenue, N.W. Minot, ND 58703	Director, Vice President
Pamela S. Anson, 2001 21 <sup>st</sup> Avenue, N.W. Minot, ND 58703	Vice President
Anita F. Woods, 5780 Powers Ferry Road, Atlanta, GA 80203	Financial Operations Officer and Chief Financial Officer
Relda A. Fleshman, 1290 Broadway, Denver, CO 80203	Chief Legal Officer
Beth G. Shanker, 1290 Broadway, Denver, CO 80203	Chief Compliance Officer
Paula Cludray-Engelke, 20 Washington Avenue South, Minneapolis, MN 55401	Secretary

Survivor Dimensions

(c) *Compensation From the Registrant.* (To be updated by amendment)

(1)	(2)	(3)	(4)	(5)
Name of Principal Underwriter	2002 Net Underwriting Discounts and Commissions	Compensation on Events Occasioning the Deduction of a Deferred Sales Load	Brokerage Commissions	Other Compensation*
ING America Equities, Inc.	\$	\$ 0	\$ 0	\$ 0

\* Compensation shown in column 5 includes: (To be updated by amendment)

**Item 32 Location of Accounts and Records**

Accounts and records are maintained by Southland Life Insurance Company at 1290 Broadway, Denver, CO 80203-5699 and by ING Americas Finance Shared Services, an affiliate, at 5780 Powers Ferry Road, NW, Atlanta, GA 30327.

**Item 33 Management Services**

None.

**Item 34 Fee Representations**

Southland Life Insurance Company represents that the fees and charges deducted under the variable life insurance policy, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by Southland Life Insurance Company.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act, the Registrant, Southland Separate Account L1, has duly caused this Post-Effective Amendment No. 3 to this Registration Statement on Form N-6 (File No. 333-46294) to be signed on its behalf by the undersigned, duly authorized, in the City of Hartford, and State of Connecticut on the 24<sup>th</sup> day of February, 2003.

SOUTHLAND SEPARATE ACCOUNT L1  
(Registrant)

By: SOUTHLAND LIFE INSURANCE COMPANY  
(Depositor)

By: Keith Gubbay\*  
President  
(principal executive officer)

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 3 has been signed below by the following persons in the capacities indicated and on the date indicated.

Signature	Title
<u>Keith Gubbay*</u> Keith Gubbay	Director and President (principal executive officer)
<u>Thomas J. McInerney*</u> Thomas J. McInerney	Director
<u>Randy Lowery*</u> P. Randall Lowery	Director
<u>Mark A. Tullis*</u> Mark A. Tullis	Director
<u>Chris Schreier*</u> Chris Schreier	Director, Sr. Vice President and Chief Financial Officer (principal financial officer)
<u>Cheryl Price*</u> Cheryl Price	Vice President and Chief Accounting Officer (principal accounting officer)
By: <u>/s/ J. Neil McMurdie</u> J. Neil McMurdie *Attorney-in-Fact February 24, 2003	

**SOUTHLAND SEPARATE ACCOUNT L1**  
**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Exhibit</b>
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(To be filed by amendment)

Survivor Dimensions