FREQUENTLY ASKED QUESTIONS
Updated as of 1-8-2009

1. What happened to Standard Life Insurance Company of Indiana?

After efforts to raise additional capital, Standard Life Insurance Company of Indiana (Standard Life of Indiana), the company consented to an Order of Rehabilitation on December 18, 2008 by the Marion County Circuit Court in response to a petition by the Indiana Department of Insurance (IDOI). The Department took action after determining that Standard Life of Indiana's investment portfolio had deteriorated under current market conditions to the point that the Department of Insurance needed to act to protect the annuity holders of the Company.

Insurance Commissioner, Jim Atterholt, was appointed as Rehabilitator of Standard Life of Indiana. Indiana Commissioner of Insurance Jim Atterholt has appointed Randolph Lamberjack, President of Noble Consulting Services Inc., as Special Deputy Rehabilitator to oversee the rehabilitation process.

Please refer to the Standard Life of Indiana's web site (www.standardlifeofindiana.com) to review important messages from the Indiana Department of Insurance including the Press Release and Order of Rehabilitation.

2. What is the current financial condition of Standard Life Insurance Company of Indiana?

The Order and Management's Consent to the Rehabilitation was a pre-emptive measure to preserve capital. This was done to protect the overall account values of our annuity holders. The current financial condition of the Company has been impacted with the overall downturn of the financial markets and the economy at large. The investment portfolio is performing and is structured to mature with our contractual obligations. Full surrenders would create a fire sale of the assets which would further impact the overall financial condition. The current value of the portfolio is a result of the overall market conditions resulting from extraordinary devaluation in the broad stock and bond markets. Overall values of the U.S. stocks have declined; this has flowed into the bond market. Standard Life of Indiana's investment portfolio did include a number of investments that declined or became impaired but the vast majority of the investment portfolio is government backed and includes quality corporate bonds. Since 92.4 % of all of our investment holdings are investment grade securities; temporary declines in even the highest of quality bonds can be dramatic with changes in interest rates and market conditions. Unfortunately, new capital was not available to replace the losses experienced in recent months that lead up to this action.

3. What is the purpose of a Rehabilitation Order?

Rehabilitation is a Court approved safeguard used in conjunction with the Department of Insurance in an effort to extend powers not available to a company in the normal course of business. Rehabilitation is used in an effort to exercise certain actions that are initiated, we believe, to be in the best interest and protection of the Company and its policyholders. The Rehabilitation Order for Standard Life of Indiana was consensual; meaning that it was approved by the Board of Directors of Standard Life of Indiana. As a result of the Order, certain legal actions can be stayed, administrative and service contracts can be amended to save costs, investments will be administered under the Department of Insurance control, and it will allow the Department of Insurance to oversee operations on site with the Company. This is all being done with the best interest of policyholders and annuitants in mind to safeguard the account balances for the long-term and to continue selected services in a cost effective manner.

4. Who is running the company?

Executive Management changes have occurred as a result of the Rehabilitation Order. Essentially, Commissioner Atterholt replaces the Board of Directors of the Company. Commissioner Atterholt has appointed Randolph Lamberjack, President Noble Consulting Services, to serve as Special Deputy, overseeing the rehabilitation process.

5. How safe is my account value?

At this time, market values and income streams of the portfolio appear sufficient to honor all contract obligations with the exception of surrender options. ALL features of the annuity contracts will be honored under the contract provisions and will be processed on a normal basis with the exception of partial and full surrenders. Therefore, all other payments and benefits will be honored under the normal course which includes: scheduled payments at maturity, annuities in payout, contracts that allow access due to nursing home care, and death benefits.

6. Will my interest rate or crediting rate change?

Interest crediting rates will continue as normal. This may change in the future depending on market conditions.

7. Can I still get my monthly interest payments?

Yes, existing monthly interest distributions will continue uninterrupted. Commencing January 1, 2009, you may request the distribution of monthly-earned interest be established if your contract includes this provision. Please consult your contract or contact our Customer Service Department at (800-222-3216) for assistance.

8. Will Required Minimum Distributions (RMD's) from IRA's be available?

Yes, all new and existing RMD's for traditional IRA contracts will be processed as received. Note that bulk distributions or transfers other than RMD's will not be allowed at this time.

9. Will the penalty free partial withdrawals be allowed?

Unfortunately, partial principal withdrawals will not be honored or processed at this time. However, effective, January 1, 2009, you may request the distribution of monthly – earned interest if you have a contract that includes this feature. Consult your contract or contact our Customer Service Department at (800-222-3216) for assistance.

10. How will surrenders or requests for distributions be handled during the Rehabilitation?

There is a 6-month moratorium on partial and full surrenders, which may be extended by the Court. The liquidity of the portfolio, the current market values and the current capital position do not provide sufficient liquidity and value to allow mass redemptions. These are the primary reasons for the need for the protection of a Rehabilitation Order. Therefore, we are freezing distributions such as cash surrenders and transfers at this time. Annuities that mature will be honored and annuities in payout will continue.

11. How long will the moratorium or freeze on surrenders be in place?

Again, because of the market value of the investment portfolio account, surrenders cannot be honored at this time. At the present time, the Court has approved a moratorium of 6 months on all Standard Life of Indiana's policies. The moratorium may be extended by the Court.

12. How will death claims on annuity contracts be handled?

Death claims will be processed without interruption and paid in full. We will discontinue paying Death Benefits via our Strategic Asset Management (SAM) Accounts, going forward death benefit payments will be made to the designated beneficiary. There is NO other impact or change to death benefit processing during the Rehabilitation.

13. How will annuity policies that mature be handled?

Deferred annuity policies will be paid out once they reach maturity date. The maturity date is typically stated in the contract and usually means either reaching a defined age or the contract being in-force a minimum number of years. Policy maturity and surrender charge period are completely different features. As a result, a policy that reaches the end of the surrender charge period is not necessarily a policy that has reached the maturity date.

14. Can I continue to add money to my account?

NO. At this time we believe the most responsible stance is not take additional revenue that could be restricted. Therefore, new contracts or additional deposits are not being accepted or processed until further notice. Effective Friday, December 19, 2008, the Company will not accept new money for new or existing accounts. We have also returned all new applications that were in process as soon as action could be taken. We believe the discontinuance of automated or bank draft contributions are in the best interest of our customers.

15. Is Rehabilitation different than liquidation? If so, how?

Standard Life is in Rehabilitation. Rehabilitation under Indiana Code 27-9-3 is a court ordered proceeding to protect policyholders. Rehabilitation means that the company is taken over and managed by the Commissioner as court appointed Rehabilitator to pay policyholder claims, on a 100% basis if possible; with the prospect of returning the company to private hands if the rehabilitation is successful. Liquidation means the company's assets are liquidated to pay policyholder claims on a pro-rata basis, and the company is dissolved. Standard Life is not in Liquidation.

16. Will customers that have a pending transfer or a partial or full surrender get some type of communication?

Yes, these customers will receive a letter explaining that there is a 6-month moratorium on full or partial surrenders, which may be extended by the Court.

17. Since there are to be no additional deposits, are Bank Draft premiums being stopped?

Yes. All premiums that have been coming to the Company via Bank Draft will be stopped and a letter forwarded to these contract holders. All annuity premium reminder notices that we have sent in the past have also been halted.

18. If a customer has requested a Penalty Free Withdrawal that would include their Required Minimum Distribution, will these be processed?

Since there is a 6-month moratorium on partial and full surrenders, we will process only the Required Minimum Distribution amount and forward the proceeds to the contract holder.

19. How are Total Command Contracts different?

The base Total Command contracts do not include liquidity features. In order to have some form of liquidity, a policyholder must have purchased a liquidity rider at the time of policy issue. The specific cost to purchase a liquidity rider is a reduction in credited interest rate. Riders may not be added after a policy has been issued.

Total Command contracts with no liquidity rider cannot establish distribution of earned monthly interest. However, during the rehabilitation we will honor requests to distribute monthly-earned interest for policyholders that have purchased a liquidity rider.

20. Where can I get more information?

As we receive questions from our contract holders and employees, we will continue to update our web site and staff on any developments or changes as they occur. You are always welcome to contact your Standard Life Agent or our Customer Service Department at 1-800-222-3216 or visit our web site at www.standardlifeofindiana.com for updates.