

SECURITIES AND EXCHANGE COMMISSION

**FORM 485APOS**

Post-effective amendments [Rule 485(a)]

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**FILER**

**VEL ACCOUNT OF ALLMERICA FINANCIAL LIFE INSURANCE & ANN CO**

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Business Address  
440 LINCOLN ST  
WORCESTER MA 01605  
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Registration No. 33-14672  
811-5183

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-6

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Post-Effective Amendment No. 25

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Post-Effective Amendment No. 1

VEL ACCOUNT  
OF ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY  
(Exact Name of Registrant)

ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY  
440 Lincoln Street  
Worcester MA 01653  
Telephone: (508) 855-1000  
(Address of Principal Executive Office)

Charles F. Cronin, Secretary  
440 Lincoln Street  
Worcester MA 01653  
(Name and Address of Agent for Service of Process)

It is proposed that this filing will become effective:

-----  
immediately upon filing pursuant to paragraph (b)  
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on May 1, 2003 pursuant to paragraph (b)  
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60 days after filing pursuant to paragraph (a) (1)  
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X on May 1, 2003 pursuant to paragraph (a) (1)  
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this post-effective amendment designates a new effective  
----- date for a previously filed post-effective amendment.

FLEXIBLE PREMIUM VARIABLE LIFE

Pursuant to Reg. Section 270.24f-2 of the Investment Company Act of 1940 ("1940 Act"), Registrant hereby declares that an indefinite amount of its securities is being registered under the Securities Act of 1933 ("1933 Act"). The Rule 24f-2 Notice for the issuer's fiscal year ended December 31, 2002 will be filed on or before March 30, 2003.

ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY  
WORCESTER, MASSACHUSETTS

This Prospectus provides important information about Vari-Exceptional Life ("VEL"), an individual flexible premium variable life insurance policy issued by Allmerica Financial Life Insurance and Annuity Company on Policy Form No. 1018-87 ("VEL 87 Policies") and on Policy Form No. 1018-91 ("VEL 91 Policies"). The VEL 87 Policies and VEL 91 Policies differ in certain respects, as described in the referenced sections of this Prospectus. You can determine whether you own a VEL 87 Policy or a VEL 91 Policy by checking the Form Number on the lower left-hand corner of the cover page of the Policy.

The policies are funded through the VEL Account, a separate investment account of the Company that is referred to as the Separate Account, and a fixed-interest account that is referred to as the General Account. PLEASE READ THIS PROSPECTUS CAREFULLY BEFORE INVESTING AND KEEP IT FOR FUTURE REFERENCE.

The Separate Account is subdivided into Sub-Accounts. Each Sub-Account invests exclusively in shares of one of the following Underlying Funds:

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ALLMERICA INVESTMENT TRUST (SERVICE SHARES)  
AIT Core Equity Fund  
AIT Equity Index Fund  
AIT Government Bond Fund  
AIT Money Market Fund  
AIT Select Aggressive Growth Fund  
AIT Select Capital Appreciation Fund  
AIT Select Emerging Markets Fund  
AIT Select Growth and Income Fund  
AIT Select Growth Fund  
AIT Select International Equity Fund  
AIT Select Investment Grade Income Fund  
AIT Select Strategic Growth Fund  
AIT Select Strategic Income Fund  
AIT Select Value Opportunity Fund

ALLIANCE VARIABLE PRODUCTS SERIES FUND, INC. (CLASS B)  
Alliance Premier Growth Portfolio

DELAWARE VIP TRUST  
Delaware VIP International Value Equity Series  
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FIDELITY VARIABLE INSURANCE PRODUCTS FUND  
Fidelity VIP Equity-Income Portfolio  
Fidelity VIP Growth Portfolio  
Fidelity VIP High Income Portfolio  
Fidelity VIP Money Market Portfolio  
Fidelity VIP Overseas Portfolio

FIDELITY VARIABLE INSURANCE PRODUCTS FUND II  
Fidelity VIP II Asset Manager Portfolio

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST  
(CLASS 2)  
FT VIP Franklin Large Cap Growth Securities Fund  
FT VIP Franklin Small Cap Fund

JANUS ASPEN SERIES (SERVICE SHARES)  
Janus Aspen Growth Portfolio

T. ROWE PRICE INTERNATIONAL SERIES, INC.  
T. Rowe International Stock Portfolio

A STATEMENT OF ADDITIONAL INFORMATION DATED \_\_\_\_\_ CONTAINING MORE INFORMATION ABOUT THE POLICY IS ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND IS INCORPORATED BY REFERENCE INTO THIS PROSPECTUS. A COPY MAY BE OBTAINED FREE OF CHARGE BY CALLING 800- \_\_\_\_\_. THIS PROSPECTUS AND THE STATEMENT OF ADDITIONAL INFORMATION CAN ALSO BE OBTAINED FROM THE SECURITIES AND EXCHANGE COMMISSION'S WEBSITE (HTTP://WWW.SEC.GOV).

THE POLICIES ARE NOT SUITABLE FOR SHORT-TERM INVESTMENT. VARIABLE LIFE POLICIES INVOLVE RISKS INCLUDING POSSIBLE LOSS OF PRINCIPAL. IT MAY NOT BE ADVANTAGEOUS TO REPLACE EXISTING INSURANCE WITH THE POLICY. THIS LIFE POLICY IS NOT: A BANK DEPOSIT OR OBLIGATION; OR FEDERALLY INSURED; OR ENDORSED BY ANY BANK OR GOVERNMENTAL AGENCY.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED THAT THE INFORMATION IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PLEASE READ THIS PROSPECTUS CAREFULLY BEFORE INVESTING  
AND KEEP IT FOR FUTURE REFERENCE.

DATED \_\_\_\_\_, 2003

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#### SUMMARY OF RISKS AND BENEFITS

This Summary is intended to provide only a very brief overview of the more significant aspects of the Policy. The remainder of this Prospectus offers a more complete presentation of the topics presented here, and will help you better understand the product. However, the Policy, together with its attached application, constitutes the entire agreement between you and the Company.

The Policy is a life insurance contract with death benefits, Policy Value, and other features traditionally associated with life insurance. The Policy is "variable" because the Policy Value will increase or decrease depending on the investment experience of the Sub-Accounts of the Separate Account. Under some circumstances, the Death Benefit may vary with the investment experience of the Sub-Accounts.

Unlike traditional insurance policies, the Policy has no fixed schedule for payments. Within limits, you may make payments of any amount and frequency. While you may establish a schedule of payments ("planned payments"), the Policy will not necessarily lapse if you fail to make planned payments, and making planned payments will not guarantee that the Policy will remain in force.

#### WHAT ARE THE POLICY'S BENEFITS?

While the Policy is in force, it will provide:

- Life insurance coverage on the named Insured
- Policy Value
- Surrender rights and partial withdrawal rights
- Loan privileges

Other benefits available through the policy include:

- WAIVER OF PREMIUM RIDER - This Rider provides that, during periods of total disability, continuing more than four months, the Company will add to the Policy Value each month an amount selected by you or the amount needed to pay the Policy charges, whichever is greater. This value will be used to keep the Policy in force. This benefit is subject to the Company's maximum issue benefits. Its cost will change yearly.
- GUARANTEED INSURABILITY RIDER - This rider guarantees that insurance may be added at various option dates without Evidence of Insurability. This benefit may be exercised on the option dates even if the Insured is disabled.
- OTHER INSURED RIDER - This Rider provides a term insurance benefit for up to five Insureds. At present this benefit is only available for the spouse and children of the primary Insured. The Rider includes a feature that allows the "Other Insured" to convert the coverage to a flexible premium adjustable life insurance Policy.
- CHILDREN'S INSURANCE RIDER - This rider provides coverage for eligible minor children. It also covers future children, including adopted children and stepchildren.
- EXCHANGE OPTION RIDER - This Rider allows you to use the Policy to insure a different person, subject to Company guidelines.
- LIVING BENEFITS RIDER - This Rider permits part of the proceeds of the Policy to be available before death if the Insured becomes terminally ill or is permanently confined to a nursing home.

#### WHAT ARE THE POLICY'S RISKS?

There are certain risks associated with the Policy:

- There is no guaranteed minimum Policy Value. The value of a Policy will vary up or down to reflect the investment experience of allocations to the Sub-Accounts and the fixed rates of interest earned by

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allocations to the General Account. The Policy Value will also be adjusted for other factors, including the amount of charges imposed. The Policy will terminate if Policy Value is insufficient to cover certain monthly charges plus loan interest accrued, or if Outstanding Loans exceed the Policy Value less surrender charges.

- The Policy Value may decrease to the point where the Policy will lapse and provide no further death benefit without additional premium payments, unless the optional Guaranteed Death Benefit is in effect. The Guaranteed Death Benefit may not be available in all states.
- Taking a loan from your Policy may increase the risk that your Policy will lapse, will have a permanent effect on your Policy Value, and will reduce the Death Benefit. In addition, if your Policy is a modified endowment contract for tax purposes, taking a Policy loan may have tax consequences.
- Surrender of the Policy may be subject to a substantial surrender charge. Partial Withdrawals may be subject to surrender charges and a Partial Withdrawal Charge.
- A Policy may be considered a "modified endowment contract" if total payments during the first seven Policy years (or within seven years of a material change in the Policy) exceed the total net level payments payable, if the Policy had provided paid-up future benefits after seven level annual payments. If the Policy is considered a modified endowment contract, all distributions (including Policy loans, partial withdrawals, surrenders and assignments) will be taxed on an "income-first" basis. In addition, a 10% additional penalty tax may be imposed on that part of a distribution that is includible in income.
- Each Fund is subject to investment risks and other risks. We do not promise that the Funds will meet their investment objectives. Amounts that you have allocated to Sub-Accounts may grow in value, decline in value, or grow less

than you expect, depending on the investment performance of the Funds in which those Sub-Accounts invest. Your bear the investment risk that those Funds possibly will not meet their investment objectives. A description of each Fund's investment policies and a comprehensive discussion of the risks of each Fund may be found in the Fund's prospectus.

SUMMARY OF RISKS AND BENEFITS: FEE TABLES

THE FOLLOWING TABLES DESCRIBE THE FEES AND EXPENSES THAT YOU WILL PAY WHEN BUYING, OWNING, AND SURRENDERING THE POLICY. THE FIRST TABLE DESCRIBES THE FEES AND EXPENSES THAT YOU WILL PAY AT THE TIME THAT YOU BUY THE POLICY, SURRENDER THE POLICY, OR TRANSFER CASH VALUE BETWEEN INVESTMENT OPTIONS.

TRANSACTION FEES

CHARGE	WHEN CHARGE IS DEDUCTED	AMOUNT DEDUCTED
MAXIMUM SALES CHARGE IMPOSED ON PREMIUMS (LOAD)	NA	None
PREMIUM TAXES	From Payments	2.50%
DEFERRED ACQUISITION COSTS ("DAC TAX" CHARGE)	From Payments	1.00%

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CHARGE	WHEN CHARGE IS DEDUCTED	AMOUNT DEDUCTED
SURRENDER CHARGE* MINIMUM AND MAXIMUM CHARGE	Upon Surrender or a Decrease in Face Amount for up to 12 years from Date of Issue of the Policy or from the date of increase in Face Amount, respectively.	Varies based on individual characteristics (sexes, issue ages and underwriting classes) of the Insureds. Considering all possible combinations of sexes, issue ages and underwriting classes of the Insureds, the minimum is \$10.78 (for a Female Standard Non-Smoker Age 15) and the maximum is \$36.73 (for a Male Standard Non-Smoker Age 80) per \$1000 of Face Amount.
CHARGE FOR A REPRESENTATIVE POLICY OWNER		For a Male Standard Non-Smoker Age 45, the rate is \$23.64 per \$1000 of Face Amount.
PARTIAL WITHDRAWAL CHARGE**	Upon Partial Withdrawals in excess of the Free 10% Withdrawal Amount	5% of any withdrawals in excess of the Free 10% Withdrawal amount.
PARTIAL WITHDRAWAL TRANSACTION FEE	Upon any Partial Withdrawal	2% of the amount withdrawn, not to exceed \$25
INCREASE IN FACE AMOUNT	Upon increasing the Face Amount of the Policy	\$40 administrative fee
TRANSFER CHARGES	Upon the 13th transfer and each subsequent transfers in a Policy Year.	Currently \$10 per transfer, guaranteed not to exceed \$25 per transfer.
CHANGING NET PAYMENT ALLOCATION	Upon changing allocations of Net Payments	Currently there is no charge. Any future charge is guaranteed not to exceed \$25.
CHANGING MONTHLY DEDUCTION ALLOCATION	Upon changing allocation of the Monthly Deduction	
PROVIDING A PROJECTION OF VALUES	Upon requesting a projection of values	

\* SURRENDER CHARGE ON THE INITIAL FACE AMOUNT

VEL 91 POLICIES: The maximum surrender charge calculated upon issuance of the VEL 91 Policy or an increase in Face Amount is equal to the sum of (a) plus (b), where (a) is a deferred administrative charge, and (b) is a deferred sales charge. The DEFERRED ADMINISTRATIVE charge is \$8.50 per thousand dollars of the initial Face Amount or of an increase in the Face Amount. The charge is designed to reimburse the Company for administrative costs associated with product

research and development, underwriting, Policy administration, decreasing the Face Amount, and surrendering the Policy. The deferred sales charge is equal to 30% of the Guideline Annual Premium.

In accordance with state insurance regulations, the amount of the maximum surrender charge will not exceed a specified amount per \$1,000 of the initial Face Amount. The maximum surrender charge remains level for the first 44 Policy months, reduces by 1% per month for the next 100 Policy months, and is zero thereafter. If you surrender the Policy before making premium payments associated with the initial Face Amount which are at least equal to the Guideline Annual Premium, the actual charge imposed will be less than the maximum.

VEL 87 POLICIES: The maximum surrender charge calculated upon issuance of the VEL 87 Policy or an increase in Face Amount is equal to the sum of (a) plus (b), where (a) is a deferred administrative charge equal to \$4.50 per thousand dollars of the initial Face Amount, and (b) is a deferred sales charge equal to 30% of the Guideline Annual

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Premium times a factor which is not greater than 1.0. As the factors used in calculating the deferred sales charge in (b) vary with the attained Age and Premium Class (smoker or non-smoker) of the Insured, the deferred sales charge may range between 10.25% and 30% of the Guideline Annual Premium. The maximum surrender charge remains level for the first 44 Policy months, reduces by 1% per month for the next 100 Policy months, and is zero thereafter. If you surrender the VEL 87 Policy before making premium payments associated with the initial Face Amount which are at least equal to the Guideline Annual Premium, the actual surrender charge imposed may be less than the maximum.

The surrender charge shown in the table may not be representative of the charge you would pay. For more information about the surrender charge that would apply to your Policy, please contact us at the address or telephone number shown on the front cover of this Prospectus or contact your agent.

\*\* The Company will reduce the amount of the Policy's outstanding Surrender Charge by the amount of the Partial Withdrawal Charge. If no Surrender Charges apply to the Policy at the time of a withdrawal, no partial withdrawal charge will apply to that withdrawal.

\* \* \*

THE NEXT TABLE DESCRIBES THE FEES AND EXPENSES THAT YOU WILL PAY PERIODICALLY DURING THE TIME THAT YOU OWN THE POLICY, NOT INCLUDING THE FUND FEES AND EXPENSES. EACH OF THESE FEES IS CALCULATED MONTHLY AND DEDUCTED FROM YOUR POLICY VALUE AS PART OF THE MONTHLY DEDUCTION.

PERIODIC CHARGES OTHER THAN FUND OPERATING EXPENSES

<Table>	CHARGE	WHEN CHARGE IS DEDUCTED	AMOUNT DEDUCTED
<Caption>	<S>	<C>	<C>
COST OF INSURANCE*		Monthly	Varies based on individual characteristics (sexes, issue ages and underwriting classes) of the Insureds
MINIMUM AND MAXIMUM CHARGE		Monthly	Considering all possible combinations of sexes, issue ages and underwriting classes of the Insureds, per \$1,000 of original Face Amount: the minimum is \$0.0488 (for Female Preferred Smoker Age 10) and the maximum is \$83.333 (for a Male Sub-Standard Smoker Rated 300% Age 94).
CHARGE FOR A REPRESENTATIVE POLICY OWNER		Monthly	Considering all possible combinations of sexes, issue ages and underwriting classes of the Insureds, Per \$1,000 of original Face Amount: a representative charge is \$0.2772 (for a Male Standard Non-Smoker Age 45)
MONTHLY ADMINISTRATIVE FEE		Monthly	\$25.00 Year 1 \$5.00 Years 2 and later
MORTALITY AND EXPENSE RISK FEES		Daily	Annual rate of 0.90%
SEPARATE ACCOUNT ADMINISTRATIVE CHARGE		Daily for the first ten Policy years	Annual rate of 0.15% (guaranteed not to exceed 0.25%)

PERIODIC CHARGES OTHER THAN FUND OPERATING EXPENSES

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<Caption>

CHARGE	WHEN CHARGE IS DEDUCTED	AMOUNT DEDUCTED
MONTHLY CHARGES FOR OPTIONAL BENEFITS*	Monthly	Varies depending upon the optional benefits selected, and by the individual characteristics of the Insureds
SPLIT OPTION RIDER/ EXCHANGE OPTION RIDER	Upon adding the rider to the contract	\$20.00 (one-time fee)
OTHER INSURED RIDER	Monthly	Varies based on individual characteristics (sexes, issue ages and underwriting classes) of the Insureds
MINIMUM AND MAXIMUM CHARGE	Monthly	Considering all possible combinations of sexes, issue ages and underwriting classes of the Insureds, per \$1,000 of original Face Amount: the minimum is \$0.0488 (for Female Preferred Smoker Age 10) and the maximum is \$83.333 (for a Male Sub-Standard Smoker Rated 300% Age 94).
WAIVER OF PREMIUM RIDER	Monthly	Varies based on individual characteristics (sexes, issue ages and underwriting classes) of the Insureds
MINIMUM AND MAXIMUM CHARGE	Monthly	Considering all possible combinations of sexes, issue ages and underwriting classes of the Insureds, per 1/2 of the monthly benefit: the minimum is \$0.04 (for Female Preferred Smoker Age 19) and the maximum is \$0.35 (for a Male Standard Smoker Rated 250% Age 64).
GUARANTEED INSURABILITY RIDER	Monthly	Varies based on individual characteristics (sexes, issue ages and underwriting classes) of the Insureds
MINIMUM AND MAXIMUM CHARGE	Monthly	Considering all possible combinations of sexes, issue ages and underwriting classes of the Insureds, per \$1,000 of original Face Amount: the minimum is \$0.03 (for Female Preferred Smoker Age 6) and the maximum is \$1.71 (for a Male Standard Smoker Age 65).
CHILDREN'S INSURANCE RIDER	Monthly	\$0.40 per \$1000 of benefit
LIVING BENEFIT RIDER	Upon exercising the rider	\$150 (one-time fee) plus a present value of expected premiums associated with the benefit calculated from the point in time the rider is exercised
PAID-UP INSURANCE OPTION	N/A	None

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- This charge varies based on individual characteristics such as the age, Policy year, underwriting class, Face Amount and sex of the Insured. We determine the current cost of insurance rates, but we guarantee that we will never charge you a higher cost of insurance rate than the guaranteed rate shown in your Policy. We calculate a separate cost of insurance rate for any increase in the Face Amount based on the Insured's circumstances at the time of the increase.
- The charge shown in the table may not be representative of the charge that a particular Policy owner will pay. You may obtain more information about the particular charges that apply to you by contacting us at the address or telephone number shown on the back cover of this Prospectus or contact your agent.



THE NEXT TABLE SHOWS THE MINIMUM AND MAXIMUM TOTAL OPERATING EXPENSES CHARGED BY THE FUNDS THAT YOU MAY PAY PERIODICALLY DURING THE TIME THAT YOU OWN THE POLICY. MORE DETAIL CONCERNING EACH FUND'S FEES AND EXPENSES IS CONTAINED IN THE PROSPECTUS FOR EACH FUND.

ANNUAL FUND OPERATING EXPENSES

TOTAL ANNUAL FUND OPERATING EXPENSES		MINIMUM	MAXIMUM
(expenses that are deducted from Fund assets, including management fees, distribution and/or service fees (12b-1 fees) and other expenses)		x.xx%	x.xx%

The table above shows the minimum and maximum expenses of the Funds during 2002. The levels of fees and expenses vary amount the Underlying Funds, and may vary from year to year.

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THE COMPANY, THE SEPARATE ACCOUNT AND THE FUNDS

WHAT IS THE COMPANY?

Unless otherwise specified, any reference to the "Company" refers to Allmerica Financial Life Insurance and Annuity Company ("Allmerica Financial").

First Allmerica Financial Life Insurance Company ("First Allmerica"), originally organized under the laws of Massachusetts in 1844, is among the five oldest life insurance companies in America. Allmerica Financial is a life insurance company organized under the laws of Delaware in July 1974. Prior to December 31, 2002, Allmerica Financial was a direct subsidiary of First Allmerica, which in turn was a direct subsidiary of Allmerica Financial Corporation ("AFC"). Effective December 31, 2002, Allmerica Financial became a Massachusetts domiciled insurance company and a direct subsidiary of AFC, and First Allmerica became a direct subsidiary of Allmerica Financial. Their principal office is located at 440 Lincoln Street, Worcester, MA 01653, telephone 508-855-1000.

Allmerica Financial and First Allmerica are subject to the laws of the Commonwealth of Massachusetts governing insurance companies and to regulation by the Commissioner of Insurance of Massachusetts. In addition, they are subject to the insurance laws and regulations of other states and jurisdictions in which they are licensed to operate.

WHAT IS THE SEPARATE ACCOUNT?

In this prospectus, "Separate Account" refers to the VEL Account of the Company. The Separate Account is a separate investment account comprised of sub-accounts. Each sub-account invests in a corresponding investment portfolio ("Fund") of a management investment company. The assets used to fund the variable portion of the Policy are set aside in the Separate Account, and are kept separate from the general assets of the Company. Under Massachusetts law, assets equal to the reserves and other liabilities of the Separate Account may not be charged with any liabilities arising out of any other business of the Company. Each Sub-Account is administered and accounted for as part of the general business of the Company, but the income, capital gains, or capital losses of each Sub-Account are allocated to such Sub-Account, without regard to other income, capital gains or capital losses of the Company, or the other Sub-Accounts.

The Company reserves the right, subject to compliance with applicable law, to change the names of the Separate Account and the sub-accounts. The Company may also offer other variable life insurance policies investing in the Separate Account, which are not discussed in this Prospectus. In addition the Separate Account may invest in other underlying funds that are not available to the Policies described in this prospectus.

WHAT ARE THE FUNDS?

Each sub-account invests in a corresponding investment portfolio ("Fund") of an open-end management investment company. The Funds available through this policy are NOT publicly traded. They are only available as variable investment options in variable life insurance policies or variable annuity contracts issued by life insurance companies or, in some cases, through participation in certain qualified pension or retirement plans. The investment advisers of the Funds may manage publicly traded mutual funds with similar names and objectives. However, the Funds are NOT directly related to any publicly traded mutual fund. Consequently, the investment performance of the Funds and any similarly named

publicly traded mutual fund may differ substantially.

A summary of investment objectives of each of the Funds is set forth below. Certain Funds have similar investment objectives and/or policies. Therefore, to choose the Sub-Accounts which best meet your needs and objectives, carefully read the prospectuses of the Funds, along with this Prospectus. There can be no assurance that the investment objectives of the Funds can be achieved. In some states, insurance regulations may restrict the availability of particular Funds.

MORE DETAILED INFORMATION REGARDING THE INVESTMENT OBJECTIVES, RESTRICTIONS AND RISKS, EXPENSES PAID BY THE FUNDS AND OTHER RELEVANT INFORMATION REGARDING THE FUNDS MAY BE FOUND IN THEIR RESPECTIVE PROSPECTUSES, WHICH SHOULD BE READ CAREFULLY BEFORE INVESTING. If you do not have a Prospectus for a particular Fund, please contact us at the address or telephone number listed on the back cover of this Prospectus.

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ALLMERICA INVESTMENT TRUST

ADVISER: ALLMERICA FINANCIAL INVESTMENT MANAGEMENT SERVICES, INC.

AIT CORE EQUITY FUND -- seeks to achieve long-term growth of capital through investments primarily in common stocks and securities convertible into common stocks that are believed to represent significant underlying value in relation to current market prices. Realization of current investment income, if any, is incidental to this objective. The sub-advisers are UBS Global Asset Management (Americas), Inc. and Goldman Sachs Asset Management.

AIT EQUITY INDEX FUND -- seeks to achieve investment results that correspond to the aggregate price and yield performance of a representative selection of common stocks that are publicly traded in the United States. The Equity Index Fund seeks to achieve its objective by attempting to replicate the aggregate price and yield performance of the Standard & Poor's Composite Index of 500 Stocks. The sub-adviser is Opus Investment Management, Inc.

AIT GOVERNMENT BOND FUND -- seeks high income, preservation of capital and maintenance of liquidity, primarily through investments in debt instruments issued or guaranteed by the U.S. Government or its agencies or instrumentalities, and in related options, futures and repurchase agreements. The sub-adviser is Opus Investment Management, Inc.

AIT MONEY MARKET FUND -- seeks to obtain maximum current income consistent with the preservation of capital and liquidity. The sub-adviser is Opus Investment Management, Inc.

AIT SELECT AGGRESSIVE GROWTH FUND -- seeks above-average capital appreciation by investing primarily in common stocks of companies which are believed to have significant potential for capital appreciation. The sub-advisers are Massachusetts Financial Services Company and Jennison Associates LLC.

AIT SELECT CAPITAL APPRECIATION FUND -- seeks long-term growth of capital. Realization of income is not a significant investment consideration, and any income realized on the Fund's investments will be incidental to its primary objective. The sub-adviser is T. Rowe Price Associates, Inc.

AIT SELECT EMERGING MARKETS FUND -- seeks long-term growth of capital by investing in the world's emerging markets. The sub-adviser is Schroder Investment Management North America Inc.

AIT SELECT GROWTH AND INCOME FUND -- seeks a combination of long-term growth of capital and current income. The Fund will invest primarily in dividend-paying common stocks and securities convertible into common stocks. The sub-adviser is J.P. Morgan Investment Management Inc.

AIT SELECT GROWTH FUND -- seeks to achieve long-term growth of capital by investing in a diversified portfolio consisting primarily of common stocks selected on the basis of their long-term growth potential. The sub-adviser is Putnam Investment Management, LLC.

AIT SELECT INTERNATIONAL EQUITY FUND-- seeks maximum long-term total return (capital appreciation and income) primarily by investing in common stocks of established non-U.S. companies. The sub-adviser is Bank of Ireland Asset Management (U.S.) Limited.

AIT SELECT INVESTMENT GRADE INCOME FUND -- seeks as high a level of total return, which includes capital appreciation as well as income, as is consistent with prudent investment management. The sub-adviser is Opus Investment Management, Inc.

AIT SELECT STRATEGIC GROWTH FUND -- seeks long-term capital appreciation. The sub-adviser is TCW Investment Management Company.

AIT SELECT STRATEGIC INCOME FUND -- seeks to maximize total return, consistent with prudent investment management and liquidity needs, by investing in various types of fixed income securities. The sub-adviser is Western Asset Management Company.

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AIT SELECT VALUE OPPORTUNITY FUND -- seeks long-term growth of capital by investing primarily in a diversified portfolio of common stocks of small and mid-size companies, whose securities at the time of purchase are considered by the Sub-Adviser to be undervalued. The sub-adviser is Cramer Rosenthal McGlynn, LLC.

ALLIANCE VARIABLE PRODUCTS SERIES FUND, INC.

ADVISER: ALLIANCE CAPITAL MANAGEMENT L.P.

ALLIANCE PREMIER GROWTH PORTFOLIO -- seeks to achieve long-term growth of capital by investing principally in equity securities of a limited number of large, carefully selected, high-quality U.S. companies.

DELAWARE VIP TRUST

ADVISERS: DELAWARE MANAGEMENT COMPANY AND DELAWARE INTERNATIONAL ADVISERS LTD.

DELAWARE VIP INTERNATIONAL VALUE EQUITY SERIES -- seeks long-term growth without undue risk to principal. Under normal circumstances, the Series will invest at least 80% of its net assets in equity securities. The Series invests primarily in issuers located outside the United States. This Series formerly was known as International Equity Series.

FIDELITY VARIABLE INSURANCE PRODUCTS FUNDS

ADVISER: FIDELITY MANAGEMENT & RESEARCH COMPANY

FIDELITY VIP EQUITY-INCOME PORTFOLIO -- seeks reasonable income by investing primarily in income-producing equity securities. In choosing these securities, the Portfolio also will consider the potential for capital appreciation. The Portfolio's goal is to achieve a yield which exceeds the composite yield on the securities comprising the S&P 500.

FIDELITY VIP GROWTH PORTFOLIO -- seeks to achieve capital appreciation. The Portfolio normally purchases common stocks, although its investments are not restricted to any one type of security. Capital appreciation also may be found in other types of securities, including bonds and preferred stocks.

FIDELITY VIP HIGH INCOME PORTFOLIO -- seeks to obtain a high level of current income, while also considering growth of capital.

FIDELITY VIP MONEY MARKET PORTFOLIO -- seeks to obtain as a high level of current income as is consistent with preserving capital and providing liquidity. The Money market Portfolio will invest only in high-quality money market instruments.

FIDELITY VIP OVERSEAS PORTFOLIO -- seeks long-term growth of capital and provides a means for aggressive investors to diversify their own portfolios by participating in companies and economies outside of the United States.

FIDELITY VIP II ASSET MANAGER PORTFOLIO -- seeks high total return with reduced risk over the long term by allocating its assets among domestic and foreign stocks, bonds and short-term money market instruments.

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

ADVISER: FRANKLIN ADVISERS, INC.

FT VIP FRANKLIN LARGE CAP GROWTH SECURITIES FUND -- seeks capital appreciation. Under normal market conditions, the Fund invests primarily in investments of large capitalization companies with market cap values within those of the top 50% of companies in the Russell 1000 Index, at the time of purchase.

FT VIP FRANKLIN SMALL CAP FUND -- seeks long-term capital growth. Under normal market conditions, the Fund invests primarily in investments of small capitalization companies with market cap values not exceeding (i) \$1.5 billion; or (ii) the highest market capitalization value in the Russell 2000 Index, whichever is greater, at the time of purchase.

JANUS ASPEN SERIES

ADVISER: JANUS CAPITAL

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JANUS ASPEN GROWTH PORTFOLIO -- seeks long-term growth of capital in a manner consistent with the preservation of capital.

T. ROWE PRICE INTERNATIONAL SERIES, INC.

ADVISER: T. ROWE PRICE INTERNATIONAL, INC.

T. ROWE PRICE INTERNATIONAL STOCK PORTFOLIO, INC.-- seeks long-term growth of capital through investments primarily in common stocks of established, non-U.S. companies.

\* \* \*

If there is a material change in the investment policy of a fund, we will notify you of the change. If you have Policy Value allocated to that fund, you may without charge reallocate the Policy Value to another fund or to the Fixed Account. We must receive your written request within 60 days of the LATEST of the:

- Effective date of the change in the investment policy OR
- Receipt of the notice of your right to transfer.

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## THE POLICY

The Company is not currently issuing new VEL 87 or VEL 91 Policies. This Prospectus provides only a very brief overview of the more significant aspects of the Policies and of the Company's administrative procedures, for the benefit of the Company's current Policyowners. The Policy together with its attached application constitutes the entire agreement between you and the Company. Except as noted, the following information applies to both VEL 87 and VEL 91 Policies.

## WHAT ARE THE DIFFERENCES BETWEEN THE VEL 87 POLICY AND THE VEL 91 POLICY?

## "MATURITY DATE" VERSUS "FINAL PREMIUM PAYMENT DATE"

Under VEL 87 Policies, the "Maturity Date" is the Policy anniversary nearest the Insured's 95th birthday. It is the latest date to which insurance may remain in force. If the Insured is still living on the Maturity Date, the Company pays the Policy Value on the Maturity Date (less any outstanding Debt) to the Policyowner, and the VEL 87 Policy terminates.

Under VEL 91 Policies, the "Final Premium Payment Date" is also the Policy anniversary nearest the Insured's 95th birthday. However, a VEL 91 Policy does not terminate on the Final Premium Payment Date. The Policyowner may surrender a VEL 91 Policy on or after the Final Premium Payment Date without the assessment of any surrender charge. If the VEL 91 Policy is not surrendered, the Company will not assess any further Monthly Deductions for the cost of insurance and administrative charges, and the Death Benefit under the VEL 91 Policy will equal the Policy Value (less any outstanding Debt).

## DEFERRED ADMINISTRATIVE SERVICE CHARGE

Under VEL 87 Policies, the component of the surrender charge which is attributable to administrative services is \$4.50 per thousand dollars of Face Amount. Under VEL 91 Policies, this charge is \$8.50 per thousand dollars of Face Amount.

## MAXIMUM SURRENDER CHARGES

Under VEL 87 Policies, the maximum surrender charge is computed by multiplying the otherwise applicable surrender charge by a factor which varies with the Age and smoker/nonsmoker status of the Insured, as set forth in CHARGES AND DEDUCTIONS -- WHAT IS THE SURRENDER CHARGE FOR VEL 87 POLICIES? Under VEL 91 Policies, the maximum surrender charge may be reduced by a dollar amount per thousand dollars of the Face Amount of the VEL 91 Policy.

## MINIMUM MONTHLY FACTOR GUARANTEE PERIODS

Under VEL 87 Policies, if the Policyowner pays premiums at least equal to the Minimum Monthly Factor, the VEL 87 Policy is guaranteed not to lapse during the 12 months following the issuance of the VEL 87 Policy or an increase in the Face Amount of the VEL 87 Policy. Under VEL 91 Policies, the 12-month period is currently extended to 48 months, with the guarantee that the period shall not be less than 36 months.

## MINIMUM FACE AMOUNT FOLLOWING A DECREASE OR WITHDRAWAL

Under VEL 87 Policies, the minimum Face Amount following a requested decrease or withdrawal is \$25,000. Under VEL 91 Policies, this amount is \$50,000.

#### REINSTATEMENT PROVISIONS

If a VEL 87 Policy lapses and reinstatement is requested within one year of Date of Issue, the Policyowner is required to pay the Minimum Monthly factor multiplied by the number of months which elapsed since the date of default, plus the Minimum Monthly Factor for the next three months. If reinstatement occurred more than one year after the Date of Issue, the Policyowner must pay all unpaid first-year monthly administrative fees. Under VEL 91 Policies, the Policyowner is not required to pay these amounts. The period during which the charges are payable is suspended. Upon reinstatement, the charges resume from the date of default.

#### HOW DO I COMMUNICATE WITH THE COMPANY?

You may contact us at the address or telephone number shown on the back cover of this Prospectus or by contacting

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your agent.

#### EFFECTIVE DATE OF TRANSACTIONS

Once your Policy is in force, the effective date of payments, forms and requests you send is usually determined by the day and time we receive the item in good order at the mailing address that appears in this Prospectus. "Good order" means that we have received all information, letters, forms or other documents, completed to our satisfaction, which we believe are necessary to process the transaction. Premium payments, loan requests, transfer requests, loan payments or withdrawal or surrender requests that we receive in good order before the close of business (usually 4:00 p.m. Eastern time, or the close of the New York Stock Exchange, if earlier) on a business day will normally be effective as of the end of that day, unless the transaction is scheduled to occur on another business day. If we receive your payment or request after the close of business on a business day, your payment or request will be effective as of the end of the next business day. If a scheduled transaction falls on a day that is not a business day, we'll process it as of the end of the next business day.

Other forms, notices and requests are normally effective on the day that we receive them in good order, unless the transaction is scheduled to occur on another business day. Assignments, change of owner and change of beneficiary forms are effective as of the day you sign the assignment or form, once we receive them in good order.

#### WRITTEN REQUESTS

Whenever this Prospectus refers to a communication as a "written request," it means in writing, in form and substance reasonably satisfactory to us, and received at the mailing address indicated on the front cover of this Prospectus. We will process the transaction when the written request is received in good order. For some transactions, including assignments and surrender of the Policy, we require you to use Company-approved forms. You may obtain Company-approved forms by calling 800-533-7881.

#### TELEPHONE REQUESTS

You have the privilege to make telephone requests. The Company and our agents and affiliates will not be responsible for losses resulting from acting upon telephone requests reasonably believed to be genuine. We will employ reasonable procedures to confirm that instructions communicated by telephone are genuine; otherwise, we may be liable for any losses due to unauthorized or fraudulent instructions. Such procedures may include, among others things, requiring some form of personal identification prior to acting upon instructions received by telephone. All transfer instructions by telephone are tape recorded.

We cannot guarantee that you will always be able to reach us to complete a telephone transaction. We reserve the right to modify or discontinue the privilege to make requests by telephone at any time without prior notice. Under these circumstances, you should submit your request in writing or other form acceptable to us.

#### HOW DO I APPLY FOR A POLICY?

The Company is not currently issuing new Policies. The following is provided as general information concerning the Company's past procedures for issuing the Policies.

Upon receipt at its Principal Office of a completed application from a

prospective Policyowner, the Company will follow certain insurance underwriting procedures designed to determine whether the proposed Insured is insurable. This process may involve medical examinations, and may require that further information be provided by the proposed Policyowner before a determination of insurability can be made. The Company reserves the right to reject an application which does not meet its underwriting guidelines, but in underwriting insurance, the Company complies with all applicable federal and state prohibitions concerning unfair discrimination. If the application is approved and the Policy is issued and accepted by you, the initial premium held in the General Account will be credited with interest at a specified rate, beginning not later than the date of receipt of the premium at the Principal Office. IF A POLICY IS NOT ISSUED, THE PREMIUMS WILL BE RETURNED TO YOU WITHOUT INTEREST.

It is possible to obtain life insurance protection during the underwriting process through a Conditional Insurance Agreement. If at the time of application you make a payment equal to at least one minimum monthly payment for the Policy as applied for, the Company will provide conditional insurance, subject to the terms of the Conditional Insurance

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Agreement. This coverage generally will continue for a maximum of 90 days from the date of the application or the completion of a medical exam, should one be required. In no event will any insurance proceeds be paid under the Conditional Insurance Agreement if death is by suicide.

CAN I EXAMINE AND CANCEL THE POLICY OR AN INCREASE IN FACE AMOUNT?

Yes. The Policy provides for an initial "Free-Look" period. You may cancel the Policy by mailing or delivering the Policy to the Principal Office or an agent of the Company on or before the latest of:

- 45 days after the application for the Policy is signed, or
- 10 days after you receive the Policy (or longer if required by state law), or
- 10 days after the Company mails or personally delivers a Notice of Withdrawal Rights to you.

When you return the Policy, the Company will mail a refund to you within seven days. The refund of any premium paid by check, however, may be delayed until the check has cleared your bank.

Where required by state law, the refund will equal the premiums paid. In all other states, the refund will equal the sum of:

- (1) the difference between the premiums, including fees and charges paid, and any amounts allocated to the Separate Account, plus
- (2) the value of the amounts allocated to the Separate Account, plus
- (3) any fees or charges imposed on the amounts allocated to the Separate Account.

The amount refunded in (1) above includes any premiums allocated to the General Account.

FREE LOOK WITH FACE AMOUNT INCREASES

After an increase in the Face Amount, the Company will mail or personally deliver a notice of a "Free Look" with respect to the increase. You will have the right to cancel the increase before the latest of:

- 45 days after the application for the increase is signed, or
- 10 days after you receive the new specifications pages issued for the increase (or longer if required by state law), or
- 10 days after the Company mails or delivers a Notice of Withdrawal Rights to you.

Upon canceling the increase, you will receive a credit to your Policy Value of charges which would not have been deducted but for the increase. The amount to be credited will be refunded if you so request. The Company also will waive any surrender charge calculated for the increase.

IS A PAID-UP INSURANCE OPTION AVAILABLE?

Upon Written Request, a Policyowner may exercise a paid-up insurance option. Paid-up life insurance is fixed insurance, usually having a reduced Face Amount, for the lifetime of the Insured with no further premiums due. If the Policyowner elects this option, certain Policyowner rights and benefits may be limited.

The paid-up fixed insurance will be in the amount that the Surrender Value of the Policy can purchase for a net single premium at the Insured's Age and Underwriting Class on the date this option is elected. The Company will transfer any Policy Value in the Separate Account to the General Account on the date it

receives the Written Request to elect the option. If the Surrender Value exceeds the net single premium necessary for the fixed insurance, the Company will pay the excess to the Policyowner. The net single premium is based on the Commissioners 1980 Standard Ordinary Mortality Tables, Smoker or Non-Smoker (Table B for unisex Policies) with increases in the tables for non-standard risks. Interest will not be less than 4.5%.

IF THE PAID-UP INSURANCE OPTION IS ELECTED, THE FOLLOWING POLICYOWNER RIGHTS AND BENEFITS WILL BE AFFECTED:

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- As described above, the paid-up insurance benefit is computed differently from the net death benefit, and the death benefit options will not apply.
- The Company will transfer the Policy Value in the Separate Account to the General Account on the date it receives the written request to elect the option. The Company will not allow transfers of Policy Value from the General Account back to the Separate Account.
- The Policyowner may not make further premium payments.
- The Policyowner may not increase or decrease the Face Amount or make partial withdrawals.
- Riders will continue only with the Company's consent.

After electing paid-up fixed insurance, the Policyowner may make Policy loans or surrender the Policy for its net cash value. The cash value is equal to the net single premium for paid-up insurance at the Insured's attained age. The net cash value is the cash value less any outstanding loans.

WHAT IS THE MINIMUM MONTHLY FACTOR?

The Minimum Monthly Factor is a monthly premium amount calculated by the Company and specified in the Policy. If, in the first 48 Policy months following Date of Issue or the effective date of an increase in the Face Amount or of a Policy Change (12 months for a VEL 87 Policy) which causes a change in the Minimum Monthly Factor:

- You make premium payments (less debt, partial withdrawals and partial withdrawal charges) at least equal to the sum of the Minimum Monthly Factors for the number of months the Policy, increase in Face Amount or Policy Change has been in force, AND
- Debt does not exceed Policy Value less surrender charges, THEN
- the Policy is guaranteed not to lapse during that period.

EXCEPT FOR THE 48 POLICY MONTH PERIOD FOR A VEL 91 POLICY (12 MONTH PERIODS FOR A VEL 87 POLICY), MAKING MONTHLY PAYMENTS AT LEAST EQUAL TO THE MINIMUM MONTHLY FACTOR DOES NOT GUARANTEE THAT THE POLICY WILL REMAIN IN FORCE.

In no event may the total of all premiums paid exceed the current maximum premium limitations set forth in the Policy, which are required by federal tax laws. These maximum premium limitations will change whenever there is any change in the Face Amount, the addition or deletion of a rider, or a change in the Sum Insured Option. If a premium is paid which would result in total premiums exceeding the current maximum premium limitations, the Company will accept only that portion of the premiums that shall make total premiums equal the maximum. Any part of the premiums in excess of that amount will be returned, and no further premiums will be accepted until allowed by the current maximum premium limitation prescribed by Internal Revenue Service ("IRS") rules. Notwithstanding the current maximum premium limitations, however, the Company will accept a premium that is needed in order to prevent a lapse of the Policy during a Policy year.

HOW DO I MAKE PAYMENTS?

Payments are payable to the Company, and may be mailed to the Principal Office or paid through one of the Company's authorized agents. All premium payments after the initial premium payment are credited to the Separate Account or the General Account as of date of receipt at the Principal Office. Payments received before the close of business (usually 4:00 p.m. Eastern time, or the close of the New York Stock Exchange, if earlier) on a business day will normally be credited to the Separate Account or the Fixed Account as of the end of that day. If we receive your payment after the close of business on a business day, your payment or request will be effective as of the end of the next business day.

PREMIUM FLEXIBILITY

Unlike conventional insurance policies, the Policy does not obligate you to pay premiums in accordance with a rigid and inflexible premium schedule. You may establish a schedule of planned premiums which will be billed by the Company at regular intervals. Failure to pay planned premiums will not itself cause the Policy to lapse. However, if the optional Guaranteed Death Benefit rider is in effect, certain minimum premium payment tests must be met.

You also may make uncheduled premium payments at any time prior to the Final Premium Payment Date or skip planned premium payments, subject to the maximum and minimum premium limitations described below.

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You also may elect to pay premiums by means of a monthly automatic payment procedure. Under this procedure, amounts will be deducted each month from your checking account, generally on the Monthly Payment Date, from your checking account and applied as a premium under a Policy. The minimum payment permitted under this procedure is \$50.

Premiums are not limited as to frequency and number. No premium payment may be less than \$100, however, without the Company's consent. Moreover, premium payments must be sufficient to provide a positive Surrender Value at the end of each Policy month, or the Policy may lapse.

#### HOW DO I ALLOCATE MY NET PAYMENTS?

The Net Premium equals the premium paid less the 3 1/2% tax expense charge. In the application for a Policy, you indicate the initial allocation of Net Premiums among the General Account and the Sub-Accounts of the Separate Account. You may allocate premiums to one or more Sub-Accounts, but may not have Policy Value in more than 20 Sub-Accounts at any one time. The minimum amount that may be allocated to a Sub-Account is 1% of Net Premium paid. Allocation percentages must be in whole numbers (for example, 33 1/3% may not be chosen) and must total 100%.

#### FUTURE CHANGES ALLOWED

You may change the allocation of future Net Premiums at any time pursuant to written or telephone request. An allocation change will be effective as of the date of receipt of the notice at the Principal Office.

#### INVESTMENT RISK

The Policy Value in the Sub-Accounts will vary with their investment experience; you bear this investment risk. The investment performance may affect the Death Proceeds as well. Policyowners should periodically review their allocations of premiums and Policy Value in light of market conditions and overall financial planning requirements.

#### CAN I MAKE TRANSFERS?

Yes. Subject to the Company's then current rules, you may transfer the Policy Value among the Sub-Accounts or between a Sub-Account and the General Account. However, the Policy Value held in the General Account to secure a Policy loan may not be transferred. If we receive a transfer request after the close of business (generally 4:00 p.m. Eastern time or the close of the New York Stock Exchange, if earlier), it will be effected at the end of the next business day.

#### IS THE TRANSFER PRIVILEGE SUBJECT TO ANY LIMITATIONS?

Yes. The transfer privilege is subject to the Company's consent. The Company reserves the right to impose limitations on transfers including, but not limited to:

- the minimum or maximum amount that may be transferred,
- the minimum amount that may remain in a Sub-Account following a transfer from that Sub-Account,
- the minimum period of time between transfers, and
- the maximum number of transfers in a period.

If you request a transfer from a Sub-Account that is higher than your Policy Value in the Sub-Account (e.g, you request a transfer of \$100 and the Policy Value in Sub-account is \$98), we will assume that you wish to transfer all of the Policy Value in the Sub-Account.

Currently, transfers to and from the General Account are permitted only if:

- there has been at least a 90-day period since the last transfer from the General Account, and
- the amount transferred from the General Account in each transfer does not exceed the lesser of \$100,000 or 25% of the Accumulated Value under the Policy.

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Currently, the first 12 transfers in a Policy year will be free of any charge.



Thereafter, a \$10 transfer charge will be deducted from the amount transferred for each transfer in that Policy year. The Company may increase or decrease this charge, but it is guaranteed never to exceed \$25. Any transfers made with respect to a conversion privilege, Policy loan or material change in investment Policy will not count towards the 12 free transfers.

These rules are subject to change by the Company.

#### ARE THERE RESTRICTIONS ON MARKET TIMERS?

Yes. The Policy is not designed for use by individuals, professional market timing organizations, or other entities that do "market timing," programmed transfers, frequent transfers, or transfers that are large in relation to the total assets of an Underlying Fund. These and similar activities may adversely affect a Fund's ability to invest effectively in accordance with its investment objectives and policies, and may harm other Policyowners. Accordingly, individuals and organizations that use market-timing investment strategies and make frequent transfers should not invest in the Policy.

In order to prevent "market timing" activities that may harm or disadvantage other Policyowners, the Company may (a) reject or restrict any specific purchase and transfer requests and (b) impose specific limitations with respect to market timers, including restricting transfers by market timers to certain Underlying Funds. In addition, some of the Funds have reserved the right to temporarily or permanently refuse purchase or transfer requests from the Company if, in the judgment of the Fund's investment adviser, the Fund would be unable to invest effectively in accordance with its investment objective or policies, or would otherwise potentially be adversely affected. Accordingly, the Company may not be in a position to effect certain transfers requested by market timers and may refuse such transfer requests without prior notice. We reserve the right to impose, without prior notice, restrictions on transfers that we determine, in our sole discretion, will disadvantage or potentially hurt the rights or interests of other Policyowners. If any of these actions are taken, we will notify the market timer of the action as soon as practicable.

#### IS THERE A DOLLAR-COST AVERAGING OPTION OR AUTOMATIC REBALANCING OPTION?

Yes. You may have automatic transfers of at least \$100 a month made on a periodic basis:

- from the Sub-Accounts which invest in the AIT Money Market Fund and AIT Government Bond Fund, respectively, to one or more of the other Sub-Accounts ("Dollar-Cost Averaging Option"), or
- to reallocate Policy Value among the Sub-Accounts ("Automatic Rebalancing Option").

Automatic transfers may be made on a monthly, bi-monthly, quarterly, semi-annual or annual schedule. The first automatic transfer counts as one transfer towards the 12 free transfers allowed in each Policy year; each subsequent automatic transfer is without charge and does not reduce the remaining number of transfers which may be made free of charge. Generally, all transfers will be processed on the 15th of each scheduled month. If the 15th is not a business day, however, or is the Monthly Payment Date, the automatic transfer will be processed on the next business day. The Dollar-Cost Averaging Option and the Automatic Rebalancing Option may not be in effect at the same time.

If the policy goes into a grace period (see WHAT ARE THE TERMINATION PROVISIONS OF THE POLICY?, under Termination and Reinstatement), automatic Dollar Cost Averaging and Automatic Account Rebalancing transactions are suspended. If you make sufficient payments to keep the policy in force, Dollar Cost Averaging and Automatic Account Rebalancing will resume with the next scheduled automatic transaction.

#### CAN I MAKE FUTURE CHANGES UNDER MY POLICY?

Yes. There are several changes you can make after receiving your Policy, within limits. You may:

- Cancel your Policy under its right-to-examine provision
- Transfer your ownership to someone else
- Change the beneficiary
- Change the allocation of payments, with no tax consequences under current law

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- Make transfers of Policy Value among the funds
- Adjust the death benefit by increasing or decreasing the Face Amount
- Add or remove certain optional insurance benefits

#### HOW DO I CHANGE THE FACE AMOUNT OF MY POLICY?

Subject to certain limitations, you may increase or decrease the specified Face Amount of a Policy at any time by submitting a Written Request to the Company. Any increase or decrease in the specified Face Amount requested by you will become effective on the Monthly Payment Date on or next following the date of receipt of the request at the Principal Office or, if Evidence of Insurability is required, the date of approval of the request.

#### INCREASES IN THE FACE AMOUNT

Along with the Written Request for an increase, you must submit satisfactory Evidence of Insurability. The consent of the Insured also is required whenever the Face Amount is increased. A request for an increase in the Face Amount may not be less than \$10,000. You may not increase the Face Amount after the Insured reaches Age 80. An increase must be accompanied by an additional premium if the Surrender Value is less than \$50 plus an amount equal to the sum of two Minimum Monthly Factors.

On the effective date of each increase in the Face Amount, a transaction charge of \$40 will be deducted from the Policy Value for administrative costs. The effective date of the increase will be the first Monthly Payment Date on or following the date all of the conditions for the increase are met.

An increase in the Face Amount generally will affect the Insurance Amount at Risk, and may affect the portion of the Insurance Amount at Risk included in various Premium Classes (if more than one Premium Class applies), both of which may affect the monthly cost of insurance charges. A surrender charge also will be calculated for the increase.

After increasing the Face Amount, you will have the right (1) during a Free-Look Period, to have the increase canceled and the charges which would not have been deducted but for the increase will be credited to the Policy, and (2) during the first 24 months following the increase, to transfer any or all Policy Value to the General Account free of charge. A refund of charges which would not have been deducted but for the increase will be made at your request.

#### DECREASES IN THE FACE AMOUNT

The minimum amount for a decrease in the Face Amount is \$10,000. The Face Amount in force after any decrease may not be less than \$40,000 (\$25,000 for VEL 87). If, following a decrease in the Face Amount, the Policy would not comply with the maximum premium limitation applicable under the IRS Rules, the decrease may be limited or Policy Value may be returned to the Policyowner (at your election) to the extent necessary to meet the requirements. A return of Policy Value may result in tax liability to you.

A decrease in the Face Amount will affect the total Insurance Amount at Risk and the portion of the Insurance Amount at Risk covered by various Premium Classes, both of which may affect a Policyowner's monthly cost of insurance charges. For purposes of determining the cost of insurance charge, any decrease in the Face Amount will reduce the Face Amount in the following order:

- the Face Amount provided by the most recent increase; then
- the next most recent increases successively; and then
- the initial Face Amount.

This order also will be used to determine whether a surrender charge will be deducted and in what amount. If you request a decrease in the Face Amount, the amount of any surrender charge deducted will reduce the current Policy Value. You may specify one Sub-Account from which the surrender charge will be deducted. If no specification is provided, the Company will make a Pro-Rata Allocation. The current surrender charge will be reduced by the amount deducted.

#### CAN I CONVERT MY POLICY INTO A FIXED POLICY?

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Once during the first 24 months after the Date of Issue or after the effective date of an increase in Face Amount (assuming the Policy is in force), you may convert your Policy without Evidence of Insurability to a flexible premium adjustable life insurance policy with fixed and guaranteed minimum benefits. Assuming that there have been no increases in the initial Face Amount, you can accomplish this within 24 months after the Date of Issue by transferring, without charge, the Policy Value in the Separate Account to the General Account and by simultaneously changing your premium allocation instructions to allocate future premium payments to the General Account. Within 24 months after the effective date of each increase, you can transfer, without charge, all or part of the Policy Value in the Separate Account to the General Account and simultaneously change your premium allocation instructions to allocate all or part of future premium payments to the General Account.

Where required by state law, at your request the Company will issue a flexible premium adjustable life insurance Policy to you. The new Policy will have the

same Face Amount, Issue Age, Dates of Issue, and Premium Class as the original Policy.

#### CAN I MAKE POLICY LOANS?

You may borrow against the Policy Value. Policy loans may be obtained by request to the Company on the sole security of the Policy. The total amount which may be borrowed is the Loan Value.

In the first Policy year, the Loan Value is 75% of Policy Value reduced by applicable surrender charges, as well as Monthly Deductions and interest on Debt to the end of the Policy year. The Loan Value in the second Policy year and thereafter is 90% of an amount equal to the Policy Value reduced by applicable surrender charges. There is no minimum limit on the amount of the loan.

The loan amount normally will be paid within seven days after the Company receives the loan request at the Principal Office, but the Company may delay payments under certain circumstances.

A Policy loan may be allocated among the General Account and one or more Sub-Accounts. If you do not make an allocation, the Company will make a Pro-Rata Allocation based on the amounts in the Accounts on the date the Company receives the loan request. The Policy Value in each Sub-Account equal to the Policy loan allocated to such Sub-Account will be transferred to the General Account, and the number of Accumulation Units equal to the Policy Value so transferred will be canceled. This will reduce the Policy Value in these Sub-Accounts. These transactions are not treated as transfers for purposes of the transfer charge.

#### LOAN AMOUNT EARNS INTEREST IN GENERAL ACCOUNT

As long as the Policy is in force, the Policy Value in the General Account equal to the loan amount will be credited with interest at an effective annual yield of at least 6.00% per year.

#### PREFERRED LOAN OPTION

A preferred loan option is available under the Policy. The preferred loan option will be available upon written request. It may be revoked by you at any time. You may change a preferred loan to a non-preferred loan at any time upon written request. If this option has been selected, after the tenth Policy anniversary the Policy Value in the General Account that is equal to the loan amount will be credited with interest at an effective annual yield of at least 7.5%. The Company's current position is to credit a rate of interest equal to the rate being charged for the preferred loan.

There is some uncertainty as to the tax treatment of preferred loans, which may be treated as a taxable distribution from the Policy. Consult a qualified tax adviser. THE PREFERRED LOAN OPTION IS NOT AVAILABLE IN ALL STATES.

#### LOAN INTEREST CHARGED

Outstanding Policy loans are charged interest. Interest accrues daily and is payable in arrears at the annual rate of 8%. Interest is due and payable at the end of each Policy year or on a pro-rata basis for such shorter period as the loan may exist. Interest not paid when due will be added to the loan amount and will bear interest at the same rate. If the new loan amount exceeds the Policy Value in the General Account after the due and unpaid interest is added to the loan amount, the Company will transfer Policy Value equal to that excess loan amount from the Policy Value in each Sub-Account to the General Account as security for the excess loan amount. The Company will allocate the amount transferred among

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the Sub-Accounts in the same proportion that the Policy Value in each Sub-Account bears to the total Policy Value in all Sub-Accounts.

#### REPAYMENT OF LOANS

Loans may be repaid at any time prior to the lapse of the Policy. Upon repayment of the Debt, the portion of the Policy Value that is in the General Account securing the loan repaid will be allocated to the various Accounts and increase the Policy Value in such accounts in accordance with your instructions. If you do not make a repayment allocation, the Company will allocate Policy Value in accordance with your most recent premium allocation instructions; provided, however, that loan repayments allocated to the Separate Account cannot exceed the Policy Value previously transferred from the Separate Account to secure the Debt.

If Debt exceeds the Policy Value less the surrender charge, the Policy will terminate. A notice of such pending termination will be mailed to the last known address of you and any assignee. If you do not make sufficient payment within 62

days after this notice is mailed, the Policy will terminate with no value.

#### EFFECT OF POLICY LOANS

Although Policy loans may be repaid at any time prior to the lapse of the Policy, Policy loans will permanently affect the Policy Value and Surrender Value, and may permanently affect the Death Proceeds. The effect could be favorable or unfavorable, depending upon whether the investment performance of the Sub-Account(s) is less than or greater than the interest credited to the Policy Value in the General Account attributable to the loan. Moreover, outstanding Policy loans and the accrued interest will be deducted from the proceeds payable upon the death of the Insured or surrender.

#### CAN I SURRENDER THE POLICY?

Yes. You may surrender the Policy at any time and receive its Surrender Value. The Surrender Value is equal to the Policy Value MINUS any Debt and applicable surrender charges.

The Surrender Value will be calculated as of the Valuation Date on which a written request for surrender is received at the Principal Office. A surrender charge is calculated upon issuance of the Policy and from the effective date of any increase in the Face Amount. The duration of the surrender charge is 15 years for issue Ages 0 through 50, grading down to 10 years for issue Ages 55 and above.

The proceeds on surrender may be paid in a single lump sum or under one of the payment options. Normally, the Company will pay the Surrender Value within seven days following the Company's receipt of the surrender request, but the Company may delay payment under certain circumstances.

#### CAN I MAKE PARTIAL WITHDRAWALS?

Yes. Any time after the first Policy year, you may withdraw a portion of the Surrender Value of your Policy, subject to the limits stated below, upon written request filed at the Principal Office. The written request must indicate the dollar amount you wish to receive and the Accounts from which such amount is to be withdrawn. You may allocate the amount withdrawn among the Sub-Accounts and the General Account. If you do not provide allocation instructions, the Company will make a Pro-Rata Allocation. Each partial withdrawal must be in a minimum amount of \$500.

Under Option 1, the Face Amount is reduced by the amount of the withdrawal, and a withdrawal will not be allowed if it would reduce the Face Amount below \$40,000 (\$25,000 for VEL 87).

A withdrawal from a Sub-Account will result in the cancellation of the number of Accumulation Units equivalent in value to the amount withdrawn. The amount withdrawn equals the amount requested by you plus the transaction charge and any applicable partial withdrawal charge. Normally, the Company will pay the amount of the partial withdrawal within seven days following the Company's receipt of the partial withdrawal request, but the Company may delay payment under certain circumstances.

#### WHAT IS THE POLICY VALUE?

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The Policy Value is the total amount available for investment, and is equal to the sum of your accumulation in the General Account PLUS the value of the Accumulation Units in the Sub-Accounts.

The Policy Value is used in determining the Surrender Value (the Policy Value less any Debt and applicable surrender charges). There is no guaranteed minimum Policy Value. Because the Policy Value on any date depends upon a number of variables, it cannot be predetermined.

The Policy Value and the Surrender Value will reflect the frequency and amount of Net Premiums paid, interest credited to accumulations in the General Account, the investment performance of the chosen Sub-Accounts, any partial withdrawals, any loans, any loan repayments, any loan interest paid or credited, and any charges assessed in connection with the Policy.

#### CALCULATION OF POLICY VALUE

The Policy Value is determined first on the Date of Issue and thereafter on each Valuation Date. On the Date of Issue, the Policy Value will be the Net Premiums received, plus any interest earned during the underwriting period when premiums are held in the General Account less any Monthly Deductions due. On each Valuation Date after the Date of Issue the Policy Value will be:

- the aggregate of the values in each of the Sub-Accounts on the Valuation

Date, determined for each Sub-Account by multiplying the value of an Accumulation Unit in that Sub-Account on that date by the number of such Accumulations Units allocated to the Policy; PLUS

- the value in the General Account (including any amounts transferred to the General Account as collateral with respect to a loan).

Thus, the Policy Value is determined by multiplying the number of Accumulation Units in each Sub-Account by the value of the applicable Accumulation Units on the particular Valuation Date, adding the products, and adding the amount of the accumulations in the General Account, if any.

#### THE ACCUMULATION UNIT

Each Net Premium is allocated to the Sub-Account(s) selected by you. Allocations to the Sub-Accounts are credited to the Policy in the form of Accumulation Units. Accumulation Units are credited separately for each Sub-Account.

The number of Accumulation Units of each Sub-Account credited to the Policy is equal to the portion of the Net Premium allocated to the Sub-Account, divided by the dollar value of the applicable Accumulation Unit as of the Valuation Date the payment is received at the Principal Office. The number of Accumulation Units will remain fixed unless changed by a subsequent split of Accumulation Unit value, transfer, partial withdrawal or Policy surrender. In addition, if the Company is deducting the Monthly Deduction or other charges from a Sub-Account, each such deduction will result in cancellation of a number of Accumulation Units equal in value to the amount deducted.

The dollar value of an Accumulation Unit of each Sub-Account varies from Valuation Date to Valuation Date based on the investment experience of that Sub-Account. That experience, in turn, will reflect the investment performance, expenses and charges of the respective Underlying Fund. The value of an Accumulation Unit was set at \$1.00 on the first Valuation Date for each Sub-Account. The dollar value of an Accumulation Unit on a given Valuation Date is determined by multiplying the dollar value of the corresponding Accumulation Unit as of the immediately preceding Valuation Date by the appropriate net investment factor.

#### NET INVESTMENT FACTOR

The net investment factor measures the investment performance of a Sub-Account of the Separate Account during the Valuation Period just ended. The net investment factor for each Sub-Account is equal to 1.0000 plus the number arrived at by dividing (a) by (b) and subtracting (c) from the result, where:

- (a) is the investment income of that Sub-Account for the Valuation Period, plus capital gains, realized or unrealized, credited during the Valuation Period; minus capital losses, realized or unrealized, charged during the Valuation Period; adjusted for provisions made for taxes, if any;

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- (b) is the value of that Sub-Account's assets at the beginning of the Valuation Period;
- (c) is a charge for each day in the Valuation Period equal, on an annual basis, to 0.90% of the daily net asset value of that Sub-Account for mortality and expense risks. This charge may be increased or decreased by the Company, but may not exceed 0.90%.

The net investment factor may be greater or less than one. Therefore, the value of an Accumulation Unit may increase or decrease. You bear the investment risk.

Allocations to the General Account are not converted into Accumulation Units, but are credited interest at a rate periodically set by the Company.

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#### THE DEATH BENEFIT

As long as the Policy remains in force, upon due proof of the Insured's death, the Company will pay the Death Proceeds to the named Beneficiary. The Company normally will pay the Death Proceeds within seven days of receiving due proof of the Insured's death, but the Company may delay payments under certain circumstances. See OTHER INFORMATION -- CAN THE COMPANY DELAY PAYMENTS TO ME?. The Death Proceeds may be received by the Beneficiary in cash or under one or more of the payment options set forth in the Policy.

Prior to the Final Premium Payment Date or Maturity Date, the Death Proceeds are

equal to:

- the Sum Insured provided under Option 1 or Option 2, whichever is elected and in effect on the date of death; PLUS
- any additional insurance on the Insured's life that is provided by rider; MINUS
- any outstanding Debt, any partial withdrawals and partial withdrawal charges, and any Monthly Deductions due and unpaid through the Policy month in which the Insured dies.

After the Final Premium Payment Date, the Death Proceeds equal the Surrender Value. The amount of Death Proceeds payable will be determined as of the date the Company receives due proof of the Insured's death for Option 2 and on the date of the Insured's death for Option 1.

#### WHAT ARE THE SUM INSURED OPTIONS?

The Policies provide two Sum Insured Options: Option 1 and Option 2, as described below. You may change the Option once per Policy year by Written Request. There is no charge for a change in Option. Under Option 1, the Sum Insured is equal to the greater of the Face Amount of insurance or the Guideline Minimum Sum Insured. Under Option 2, the Sum Insured is equal to the greater of the Face Amount of insurance plus the Policy Value or the Guideline Minimum Sum Insured.

#### GUIDELINE MINIMUM SUM INSURED

To remain qualified as "life insurance" for federal tax purposes, federal tax law requires that policies have a minimum amount of pure life insurance protection in relation to the size of the Policy Value. The Guideline Minimum Sum Insured is used to determine compliance with this requirement. So long as the Policy qualifies as a life insurance contract, the insurance proceeds will be excluded from the gross income of the Beneficiary.

#### GUIDELINE MINIMUM SUM INSURED TABLE

<Table> <Caption> Age of Insured on Date of Death ----- <S>	Percentage of Policy Value ----- <C>
40 and under	250%
45	215%
50	185%
55	150%
60	130%
65	120%
70	115%
75	105%
80	105%
85	105%
90	105%
95 and above	100%

For the Ages not listed, the progression between the listed Ages is linear.

Under both Option 1 and Option 2, the Sum Insured provides insurance protection. Under Option 1, the Sum Insured remains level unless the applicable percentage of Policy Value under the Guideline Minimum Sum Insured exceeds the

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Face Amount, in which case the Sum Insured will vary as the Policy Value varies. Under Option 2, the Sum Insured varies as the Policy Value changes.

For any Face Amount, the amount of the Sum Insured (and the Death Proceeds) will be greater under Option 2 than under Option 1. This is because the Policy Value is added to the specified Face Amount and included in the Death Proceeds only under Option 2. Under Option 2, however, the cost of insurance included in the Monthly Deduction will be greater, and the rate at which Policy Value will accumulate will be slower (assuming the same specified Face Amount and the same actual premiums paid).

If you desire to have premium payments and investment performance reflected in the amount of the Sum Insured, you should choose Option 2. If you desire premium payments and investment performance reflected to the maximum extent in the Policy Value, you should select Option 1.

#### CAN I CHANGE THE SUM INSURED OPTION?

Generally, the Sum Insured Option in effect may be changed once each Policy year by sending a Written Request for change to the Principal Office. Changing Sum Insured Options will not require Evidence of Insurability. The effective date of any such change will be the Monthly Payment Date on or following the date of receipt of the request. No charges will be imposed on changes in Sum Insured Options.

#### CHANGE FROM OPTION 1 TO OPTION 2

If the Sum Insured Option is changed from Option 1 to Option 2, the Face Amount will be decreased to equal the Sum Insured less the Policy Value on the effective date of the change. This change may not be made if it would result in a Face Amount of less than \$40,000. A change from Option 1 to Option 2 will not alter the amount of the Sum Insured at the time of the change, but will affect the determination of the Sum Insured from that point on. Because the Policy Value will be added to the new specified Face Amount, the Sum Insured will vary with the Policy Value. Under Option 2, the Insurance Amount at Risk always will equal the Face Amount unless the Guideline Minimum Sum Insured is in effect. The cost of insurance also may be higher or lower than it otherwise would have been without the change in Sum Insured Option. See CHARGES AND DEDUCTIONS -- WHAT IS THE MONTHLY DEDUCTION?

#### CHANGE FROM OPTION 2 TO OPTION 1

If the Sum Insured Option is changed from Option 2 to Option 1, the Face Amount will be increased to equal the Sum Insured which would have been payable under Option 2 on the effective date of the change (i.e., the Face Amount immediately prior to the change plus the Policy Value on the date of the change). The amount of the Sum Insured will not be altered at the time of the change. The change in option, however, will affect the determination of the Sum Insured from that point on, since the Policy Value no longer will be added to the Face Amount in determining the Sum Insured; the Sum Insured will equal the new Face Amount (or, if higher, the Guideline Minimum Sum Insured). The cost of insurance may be higher or lower than it otherwise would have been since any increases or decreases in Policy Value will reduce or increase, respectively, the Insurance Amount at Risk under Option 1. Assuming a positive net investment return with respect to any amounts in the Separate Account, changing the Sum Insured Option from Option 2 to Option 1 will reduce the Insurance Amount at Risk and therefore the cost of insurance charge for all subsequent Monthly Deductions, compared to what such charge would have been if no such change were made.

A change in Sum Insured Option may result in total premiums paid exceeding the then-current maximum premium limitation determined by IRS Rules. In such event, the Company will pay the excess to the Policyowner. See THE POLICY -- "PREMIUM PAYMENTS."

#### WHAT ARE THE DEATH PROCEEDS PAYMENT OPTIONS?

During the Insured's lifetime, you may arrange for the Death Proceeds to be paid in a single sum or under one or more of the available payment options. These choices also are available at the Final Premium Payment Date and if the Policy is surrendered. The Company may make more payment options available in the future.

If no election is made, the Company will pay the Death Proceeds in a single sum. When the Death Proceeds are payable in a single sum, the Beneficiary may, within one year of the Insured's death, select one or more of the payment options if

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no payments have yet been made.

Upon Written Request, the Surrender Value or all or part of the Death Proceeds may be placed under one or more of the payment options below or any other option offered by the Company. If you do not make an election, the Company will pay the benefits in a single sum. A certificate will be provided to the payee describing the payment option selected. If a payment option is selected, the Beneficiary may pay to the Company any amount that would otherwise be deducted from the Sum Insured.

The amounts payable under a payment option for each \$1,000 value applied will be the greater of:

- The rate per \$1,000 of value applied based on the Company's non-guaranteed current payment option rates for the Policy, or
- The rate in the Policy for the applicable payment option.

The following payment options are currently available. The amounts payable under these options are paid from the General Account. None is based on the investment experience of the Separate Account.

Option A: PAYMENTS FOR A SPECIFIED NUMBER OF YEARS. The Company will make equal payments for any selected number of years (not greater than

30). Payments may be made annually, semi-annually, quarterly or monthly.

Option B: LIFETIME MONTHLY PAYMENTS. Payments are based on the payee's age on the date the first payment will be made. One of three variations may be chosen. Depending upon this choice, payments will end:

- (1) upon the death of the payee, with no further payments due (Life Annuity), or
- (2) upon the death of the payee, but not before the sum of the payments made first equals or exceeds the amount applied under this option (Life Annuity with Installment Refund), or
- (3) upon the death of the payee, but not before a selected period (5, 10 or 20 years) has elapsed (Life Annuity with Period Certain).

Option C: INTEREST PAYMENTS. The Company will pay interest at a rate determined by the Company each year, but which will not be less than 3.5%. Payments may be made annually, semi-annually, quarterly or monthly. Payments will end when the amount left with the Company has been withdrawn. However, payments will not continue after the death of the payee. Any unpaid balance plus accrued interest will be paid in a lump sum.

Option D: PAYMENTS FOR A SPECIFIED AMOUNT. Payments will be made until the unpaid balance is exhausted. Interest will be credited to the unpaid balance. The rate of interest will be determined by the Company each year, but will not be less than 3.5%. Payments may be made annually, semi-annually, quarterly or monthly. The payment level selected must provide for the payment each year of at least 8% of the amount applied.

Option E: LIFETIME MONTHLY PAYMENTS FOR TWO PAYEES. One of three variations may be chosen. After the death of one payee, payments will continue to the survivor:

- (1) in the same amount as the original amount; or
- (2) in an amount equal to 2/3 of the original amount; or
- (3) in an amount equal to 1/2 of the original amount.

Payments are based on the payees' ages on the date the first payment is due. Payments will end upon the death of the surviving payee.

#### SELECTION OF PAYMENT OPTIONS

The amount applied under any one option for any one payee must be at least \$5,000. The periodic payment for any one

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payee must be at least \$50. Subject to the Owner and/or the Beneficiary provisions of your Policy, any option selection may be changed before the Death Proceeds become payable. If you make no selection, the Beneficiary may select an option when the Death Proceeds become payable.

If the amount of monthly income payments under Option B(3) for the attained age of the payee are the same for different periods certain, the Company will deem an election to have been made for the longest period certain which could have been elected for such age and amount.

You may give the Beneficiary the right to change from Option C or D to any other option at any time. If the payee selects Option C or D when the Death Proceeds become payable, the payee may reserve the right to change to any other option at a later date. The payee who elects to change options must also be a payee under the new option selected.

#### ADDITIONAL DEPOSITS

An additional deposit may be made to any proceeds when they are applied under Option B or E. A charge not to exceed 3% will be made. The Company may limit the amount of this deposit.

#### RIGHTS AND LIMITATIONS

A payee does not have the right to assign any amount payable under any option. A payee does not have the right to commute any amount payable under Option B or E. A payee will have the right to commute any amount payable under Option A only if the right is reserved in the Written Request selecting the option. If the right to commute is exercised, the commuted values will be computed at the interest rates used to calculate the benefits. The amount left under Option C, and any unpaid balance under Option D, may be withdrawn by the payee only as set forth in the Written Request selecting the option. A corporation or fiduciary payee



may select only Option A, C or D. Such selection will be subject to the consent of the Company.

#### PAYMENT DATES

The first payment under any option, except Option C, will be due on the date the Policy matures by death or otherwise, unless another date is designated. Payments under Option C begin at the end of the first payment period.

The last payment under any option will be made as stated in the description of that option. However, should a payee under Option B or E die prior to the due date of the second monthly payment, the amount applied less the first monthly payment will be paid in a lump sum or under any option other than Option E. A lump sum payment will be made to the surviving payee under Option E or the succeeding payee under Option B.

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#### TERMINATION AND REINSTATEMENT

##### WHAT ARE THE TERMINATION PROVISIONS OF THE POLICY?

The failure to make premium payments will not cause the Policy to lapse unless:

- (a) the Surrender Value is insufficient to cover the next Monthly Deduction plus loan interest accrued; or
- (b) the Debt exceeds the Policy Value less surrender charges.

If one of these situations occurs, the Policy will be in default. You then will have a grace period of 62 days, measured from the date of default, to make sufficient payments to prevent termination. On the date of default, the Company will send a notice to you and to any assignee of record. The notice will state the amount of premium due and the date on which it is due.

Failure to make a sufficient payment within the grace period will result in termination of the Policy. If the Insured dies during the grace period, the Death Proceeds still will be payable, but any Monthly Deductions due and unpaid through the Policy month in which the Insured dies, and any other overdue charge, will be deducted from the Death Proceeds.

During the grace period, automatic Dollar Cost Averaging ("DCA") and Automatic Account Rebalancing ("AAR") transactions are suspended. If you make sufficient payments to keep the policy in force, DCA and AAR will resume with the next scheduled automatic transaction.

##### LIMITED GUARANTEE

Except for the situation described in (b) above, the Policy is guaranteed not to lapse during the first 48 months for a VEL 91 Policy (12 months for a VEL 87 Policy) after the Date of Issue or the effective date of an increase in the Face Amount if you make a minimum amount of premium payments. The minimum amount paid, minus the Debt, partial withdrawals and partial withdrawal charges, must be at least equal to the sum of the Minimum Monthly Factor for the number of months the Policy, increase, or the Policy Change which causes a change in the Minimum Monthly Factor has been in force. The Policy Change which causes a change in the Minimum Monthly Factor is a change in the Face Amount or the addition or deletion of a rider.

Except for the first 48 months after the Date of Issue or the effective date of an increase for a VEL 91 Policy (12 months for a VEL 87 Policy), making payments equal to the Minimum Monthly Factor does not guarantee that the Policy will remain in force.

##### WHAT ARE THE REINSTATEMENT PROVISIONS OF THE VEL 87 POLICY?

A terminated VEL 87 Policy may be reinstated anytime within three years after the date of default and before the Maturity Date, if the VEL 87 Policy has not been surrendered and the Insured is alive. The reinstatement will be effective on the Monthly Payment Date following the date you submit the following to the Company:

- a written application for reinstatement,
- Evidence of Insurability showing that the Insured is insurable according to the Company's underwriting rules, and
- a premium that, after the deduction of the tax expense charge, is large enough to cover the minimum amount payable, as described below.

##### MINIMUM AMOUNT PAYABLE

If reinstatement is requested less than 12 months either after the Date of Issue of the VEL 87 Policy or the effective date of an increase in the Face Amount,

you must pay the lesser of the amount shown in (a) or (b):

Under (a), the minimum amount payable is the sum of the Minimum Monthly Factor for the three-month period beginning on the date of reinstatement.

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Under (b), the minimum amount payable is the sum of:

- the amount by which the surrender charge as of the date of reinstatement exceeds the Policy Value on the date of default; PLUS
- Monthly Deductions for the three-month period beginning on the date of reinstatement.

If reinstatement is requested 12 months or more after the Date of Issue of the VEL 87 Policy or an increase in the Face Amount, you must pay the amount shown in (b) above.

#### SURRENDER CHARGE

The surrender charge on the date of reinstatement is the surrender charge which would have been in effect had the VEL 87 Policy remained in force from the Date of Issue. The Policy Value less Debt on the date of default will be restored to the VEL 87 Policy to the extent it does not exceed the surrender charge on the date of reinstatement. Any Policy Value less Debt as of the date of default which exceeds the surrender charge on the date of reinstatement will not be restored.

#### POLICY VALUE ON REINSTATEMENT

The Policy Value on the date of reinstatement is:

- the Net Premium paid to reinstate the VEL 87 Policy increased by interest from the date the payment was received at the Principal Office; PLUS
- an amount equal to the Policy Value less Debt on the date of default to the extent it does not exceed the surrender charge on the date of reinstatement; MINUS
- the Monthly Deduction due on the date of reinstatement.

You may not reinstate any Debt outstanding on the date of default or foreclosure.

#### WHAT ARE THE REINSTATEMENT PROVISIONS OF THE VEL 91 POLICY?

A terminated VEL 91 Policy may be reinstated any time within three years after the date of default and before the Final Premium Payment Date if the VEL 91 Policy has not been surrendered and the Insured is alive. The reinstatement will be effective on the Monthly Payment Date following the date you submit the following to the Company:

- a written application for reinstatement; AND
- Evidence of Insurability showing that the Insured is insurable according to the Company's underwriting rules; AND
- a premium that, after the deduction of the tax expense charge, is large enough to cover the minimum amount payable, as described below.

#### MINIMUM AMOUNT PAYABLE

If reinstatement is requested when fewer than 48 Monthly Deductions have been made since the Date of Issue or the effective date of an increase in the Face Amount of a VEL 91 Policy, you must pay the lesser of the amount shown in (a) or (b).

Under (a), the minimum amount payable is the Minimum Monthly Factor for the three-month period beginning on the date of reinstatement.

Under (b), the minimum amount payable is the sum of:

- the amount by which the surrender charge as of the date of reinstatement exceeds the Policy Value on the date of default; PLUS
- Monthly Deductions for the three-month period beginning on the date of reinstatement.

If reinstatement is requested after 48 Monthly Deductions have been made since the Date of Issue of the VEL 91 Policy or any increase in the Face Amount, you must pay the amount shown in (b) above. The Company reserves the right to

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increase the Minimum Monthly Factor upon reinstatement.

#### SURRENDER CHARGE

The surrender charge on the date of reinstatement is the surrender charge which would have been in effect had the VEL 91 Policy remained in force from the Date of Issue. The Policy Value less Debt on the date of default will be restored to the VEL 91 Policy to the extent it does not exceed the surrender charge on the date of reinstatement. Any Policy Value less the Debt as of the date of default which exceeds the surrender charge on the date of reinstatement will not be restored.

#### POLICY VALUE ON REINSTATEMENT

The Policy Value on the date of reinstatement is:

- the Net Premium paid to reinstate the VEL 91 Policy increased by interest from the date the payment was received at the Principal Office, PLUS
- an amount equal to the Policy Value less Debt on the date of default to the extent it does not exceed the surrender charge on the date of reinstatement, MINUS
- the Monthly Deduction due on the date of reinstatement.

You may not reinstate any Debt outstanding on the date of default or foreclosure.

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#### CHARGES AND DEDUCTIONS

The following information repeats and expands upon information contained in SUMMARY OF RISKS AND BENEFITS: FEE TABLES. The charges described below will apply to your Policy under the circumstances described. Some of these charges apply throughout the Policy's duration. Other charges apply only if you choose options under the Policy.

#### WHAT CHARGES ARE DEDUCTED FROM PREMIUM PAYMENTS?

Currently, a deduction of 2 1/2% of premiums for state and local premium taxes is made from each premium payment. The premium payment, less the tax expense charge, equals the Net Premium.

While the premium tax of 2 1/2% is deducted from each premium payment, some jurisdictions may not impose premium taxes. Premium taxes vary from state to state, ranging from zero to 4.0%, and the 2 1/2% rate attributable to premiums for state and local premium taxes approximates the average expenses to the Company associated with the premium taxes. The 2% charge may be higher or lower than the actual premium tax imposed by the applicable jurisdiction. The tax expense charge may be increased or decreased to reflect changing tax rates. The Company, however, does not expect to make a profit from this charge.

#### WHAT IS THE MONTHLY DEDUCTION?

Prior to the Final Premium Payment Date under a VEL 91 Policy (Maturity Date under a VEL 87 Policy), a Monthly Deduction from the Policy Value will be made to cover a charge for the cost of insurance, a charge for any optional insurance benefits added by rider, and a monthly administrative charge. The cost of insurance charge and the monthly administrative charge is discussed below. The Monthly Deduction on or following the effective date of a requested increase in the Face Amount also will include a \$40 administrative charge for the increase. See THE POLICY -- HOW DO I CHANGE THE FACE AMOUNT OF MY POLICY?.

The Monthly Deduction will be deducted as of each Monthly Payment Date commencing with the Date of Issue of the Policy. It will be allocated to one Sub-Account according to your instructions or, if no allocation is specified, the Company will make a Pro-Rata Allocation. If the Sub-Account you specify does not have sufficient funds to cover the Monthly Deduction, the Company will deduct the charge for that month as if no specification were made. If, however, on subsequent Monthly Payment Dates there is sufficient Policy Value in the Sub-Account you specified, the Monthly Deduction will be deducted from that Sub-Account. No Monthly Deductions will be made on or after the Final Premium Payment Date of a VEL 91 Policy.

#### COST OF INSURANCE

This charge is designed to compensate the Company for the anticipated cost of providing Death Proceeds to Beneficiaries of those Insureds who die prior to the Final Premium Payment Date under a VEL 91 Policy or the Maturity Date under a VEL 87 Policy. The cost of insurance is determined on a monthly basis, and is determined separately for the initial Face Amount and for each subsequent increase in the Face Amount. Because the cost of insurance depends upon a number of variables, it can vary from month to month.

CALCULATION OF THE CHARGE -- If you select Sum Insured Option 2, the monthly cost of insurance charge for the initial Face Amount will equal the applicable cost of insurance rate multiplied by the initial Face Amount. If you select Sum Insured

Option 1, however, the applicable cost of insurance rate for the initial Face Amount will be multiplied by the initial Face Amount less the Policy Value (minus charges for rider benefits) at the beginning of the Policy month. Thus, the cost of insurance charge may be greater for Policyowners who have selected Sum Insured Option 2 than for those who have selected Sum Insured Option 1 (assuming the same Face Amount in each case and assuming that the Guideline Minimum Sum Insured is not in effect). In other words, since the Sum Insured under Option 1 remains constant while the Sum Insured under Option 2 varies with the Policy Value, any Policy Value increases will reduce the insurance charge under Option 1 but not under Option 2.

If you select Sum Insured Option 2, the monthly insurance charge for each increase in Face Amount (other than an

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increase caused by a change in Sum Insured Option) will be equal to the cost of insurance rate applicable to that increase multiplied by the increase in the Face Amount. If you select Sum Insured Option 1, the applicable cost of insurance rate will be multiplied by the increase in the Face Amount reduced by any Policy Value (minus rider charges) in excess of the initial Face Amount at the beginning of the Policy month.

#### EFFECT OF THE GUIDELINE MINIMUM SUM INSURED

If the Guideline Minimum Sum Insured is in effect under either Option, a monthly cost of insurance charge also will be calculated for that additional portion of the Sum Insured which is required to comply with the Guideline rules. This charge will be calculated by:

- (a) Multiplying the cost of insurance rate applicable to the initial Face Amount times the Guideline Minimum Sum Insured (Policy Value times the applicable percentage), MINUS
- (b) the greater of the Face Amount or the Policy Value (if you selected Sum Insured Option 1) OR the Face Amount PLUS the Policy Value (if you selected Sum Insured Option 2).

When the Guideline Minimum Sum Insured is in effect, the cost of insurance charge for the initial Face Amount and for any increases will be calculated as set forth above. The monthly cost of insurance charge also will be adjusted for any decreases in the Face Amount.

#### COST OF INSURANCE RATES

Cost of insurance rates are based on male, female or a blended unisex rate table, Age and Premium Class of the Insured, the effective date of an increase or date of rider, as applicable, the amount of premiums paid less Debt, any partial withdrawals and withdrawal charges, and risk classification. For those Policies issued on a unisex basis in certain states or in certain cases, sex-distinct rates do not apply.

The cost of insurance rates are determined at the beginning of each Policy year for the initial Face Amount. The cost of insurance rates for an increase in the Face Amount or rider are determined annually on the anniversary of the effective date of each increase or rider. The cost of insurance rates generally increase as the Insured's Age increases. The actual monthly cost of insurance rates will be based on the Company's expectations as to future mortality experience. They will not, however, be greater than the guaranteed cost of insurance rates set forth in the Policy. These guaranteed rates are based on the 1980 Commissioners Standard Ordinary Mortality Table, Smoker or Non-Smoker, Male, Female (or Table B for unisex Policies) and the Insured's sex and Age. The Tables used for this purpose set forth different mortality estimates for males and females and for smokers and non-smokers. Any change in the cost of insurance rates will apply to all persons of the same insuring Age, sex and Premium Class whose Policies have been in force for the same length of time.

Premium Classes also are divided into two categories: smokers and non-smokers. Non-smoking Insureds will incur lower cost of insurance rates than Insureds who are classified as smokers but who are otherwise in the same Premium Class. Any Insured with an Age at issuance under 18 will be classified initially as standard or substandard. The Insured then will be classified as a smoker at Age 18 unless the Insured provides satisfactory evidence that the Insured is a non-smoker. The Company will provide notice to you of the opportunity for the Insured to be classified as a non-smoker when the Insured reaches Age 18.

The cost of insurance rate is determined separately for the initial Face Amount

and for the amount of any increase in the Face Amount. For each increase in the Face Amount you request, at a time when the Insured is in a less favorable Premium Class than previously, a correspondingly higher cost of insurance rate will apply only to that portion of the Insurance Amount at Risk for the increase. For the initial Face Amount and any prior increases, the Company will use the Premium Class previously applicable. On the other hand, if the Insured's Premium Class improves on an increase, the lower cost of insurance rate generally will apply to the entire Insurance Amount at Risk.

#### MONTHLY ADMINISTRATIVE CHARGES

Prior to the Final Premium Payment Date (Maturity Date for a VEL 87 Policy), a monthly administrative charge will be deducted from the Policy Value. The charge is \$25 per month for the first 12 monthly deductions, and \$5 per month thereafter. This charge will be used to compensate the Company for expenses incurred in the administration of the

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Policy, and will compensate the Company for first-year underwriting and other start-up expenses incurred in connection with the Policy. These expenses include the cost of processing applications, conducting medical examinations, determining insurability and the Insured's Premium Class, and establishing Policy records. Under VEL 91 Policies, the Monthly Administrative Charge is not assessed after the Final Premium Payment Date.

#### WHAT CHARGES ARE MADE AGAINST OR REFLECTED IN THE ASSETS OF THE SEPARATE ACCOUNT?

The Company assesses each Sub-Account with a charge for mortality and expense risks assumed by the Company.

#### MORTALITY AND EXPENSE RISK CHARGE

The Company currently makes a charge on an annual basis of 0.90% of the daily net asset value in each Sub-Account. This charge is for the mortality risk and expense risk which the Company assumes in relation to the variable portion of the Policy. The total charges may be increased or decreased by the Board of Directors of the Company once each year, subject to compliance with applicable state and federal requirements, but it may not exceed 0.90% on an annual basis.

The mortality risk assumed by the Company is that Insureds may live for a shorter time than anticipated, and that the Company therefore will pay an aggregate amount of Death Proceeds greater than anticipated. The expense risk assumed is that the expenses incurred in issuing and administering the Policy will exceed the amounts realized from the administrative charges provided in the Policy. If the charge for mortality and expense risks is not sufficient to cover actual mortality experience and expenses, the Company will absorb the losses. If costs are less than the amounts provided, the difference will be a profit to the Company. To the extent this charge results in a current profit to the Company, such profit will be available for use by the Company for, among other things, the payment of distribution, sales and other expenses. Since mortality and expense risks involve future contingencies which are not subject to precise determination in advance, it is not feasible to identify specifically the portion of the charge which is applicable to each.

#### FUND EXPENSES

Because the Sub-Accounts purchase shares of the Funds, the value of the Accumulation Units of the Sub-Accounts will reflect the investment advisory fee and other expenses incurred by the Funds. The prospectuses and statements of additional information of the Funds contain additional information concerning such fees and expenses.

Currently, no charges are made against the Sub-Accounts for federal or state income taxes. Should the Company determine that taxes will be imposed, the Company may make deductions from the Sub-Account to pay such taxes. See FEDERAL TAX CONSIDERATIONS. The imposition of such taxes would result in a reduction of the Policy Value in the Sub-Accounts.

#### WHAT IS THE SURRENDER CHARGE?

The Policies provides for a contingent surrender charge. A separate surrender charge is calculated upon the issuance of the Policy and for each increase in the Face Amount. A surrender charge may be deducted if you request a full surrender of the Policy or a decrease in the Face Amount.

The surrender charge is comprised of a contingent deferred administrative charge and a contingent deferred sales charge. The contingent deferred administrative charge compensates the Company for expenses incurred in administering the Policy. The contingent deferred sales charge compensates the Company for expenses relating to the distribution of the Policy, including agent's commissions, advertising and the printing of the Prospectus and sales

literature.

#### WHAT IS THE SURRENDER CHARGE FOR VEL 87 POLICIES?

A surrender charge may be deducted if you request a full surrender of the Policy or a decrease in the Face Amount if less than 12 years have elapsed from the Date of Issue or from the effective date of any increase in the Face Amount. The maximum surrender charge calculated upon issuance of the Policy is equal to the sum of (a) plus (b), where (a) is a deferred administrative charge equal to \$4.50 per thousand dollars of the initial Face Amount, and (b) is a deferred sales expense charge equal to 30% of the Guideline Annual Premium times a factor of not greater than 1.0. As the factors used in calculating the deferred sales charge in (b) vary with the Age and Premium Class (smoker versus non-smoker) of the Insured, the deferred sales charge may range between 10.25% and 30% of the Guideline Annual Premium. The

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maximum surrender charge continues in a level amount for 44 Policy months, reduces by 1% per month for the next 100 policy months, and is zero thereafter. This reduction in the maximum surrender charge will reduce the deferred sales charge and the deferred administrative charge proportionately. Any \$25 monthly administrative charge not yet deducted will also be deducted at surrender.

If you surrender the Policy before making premium payments with respect to the initial Face Amount which are at least equal to the Guideline Annual Premium, the actual surrender charge imposed may be less than the maximum. The actual surrender charge imposed will be the lesser of either the maximum surrender charge or the sum of \$4.50 per thousand dollars of initial Face Amount plus 30% of premiums paid. Thus, if the amount of the surrender charge is less than the maximum, such amount is comprised of the entire deferred administrative charge plus 30% of premiums paid.

#### INCREASES IN FACE AMOUNT

A separate surrender charge will apply to and is calculated for each increase in Face Amount. The surrender charge for the increase is in addition to that for the initial Face Amount. The maximum surrender charge for the increase is equal to the sum of (a) plus (b), where (a) is equal to \$4.50 per thousand dollars of increase, and (b) is equal to 30% of the Guideline Annual Premium for the increase times a factor of not greater than 1.0. As is true for the initial Face Amount, (a) is a deferred administrative charge, and (b) is a deferred sales charge. The actual surrender charge with respect to the increase may be less than the maximum. The actual surrender charge is the lesser of either the maximum surrender charge or the sum of (a) \$4.50 per thousand dollars of increase in Face Amount, plus (b) 30% of the Policy Value on the date of increase associated with the increase in Face Amount, plus (c) 30% of premiums paid which are associated with the increase in Face Amount.

Additional premium payments may not be required to fund a requested increase in the Face Amount. Therefore, a special rule, which is based on relative Guideline Annual Premium payments, applies to allocate a portion of existing Policy Value to the increase and to allocate subsequent premium payments between the initial Policy and the increase. For example, suppose the Guideline Annual Premium is equal to \$1,500 before an increase and is equal to \$2,000 as a result of the increase. The Policy Value on the effective date of the increase would be allocated 75% ( $\$1,500/\$2,000$ ) to the initial Face Amount, and 25% to the increase. All future premiums would also be allocated 75% to the initial Face Amount and 25% to the increase. Thus, existing Policy Value associated with the increase will equal the portion of the Policy Value allocated to the increase on the effective date of the increase, before any deductions are made. Premiums associated with the increase will equal the portion of the premium payments actually made on or after the effective date of the increase which are allocated to the increase.

#### DECREASES IN FACT AMOUNT

A surrender charge may be deducted on a decrease in the Face Amount. In the event of a decrease, the surrender charge deducted is a fraction of the charge that would apply to a full surrender of the Policy. The fraction will be determined by dividing the amount of the decrease by the current Face Amount and multiplying the result by the surrender charge. If more than one surrender charge is in effect (i.e., pursuant to one or more increases in the Face Amount of the Policy), the surrender charge will be applied in the following order: (1) the most recent increase followed by (2) the next most recent increases successively, and (3) the initial Face Amount. Where a decrease causes a partial reduction in an increase or in the initial Face Amount, a proportionate share of the surrender charge for that increase or for the initial Face Amount will be deducted.

#### WHAT IS THE SURRENDER CHARGE FOR VEL 91 POLICIES?

A surrender charge may be deducted if you request a full surrender of the Policy

or a decrease in the Face Amount if less than 12 years have elapsed from the Date of Issue or from the effective date of any increase in the Face Amount. The maximum surrender charge calculated upon issuance of the Policy is equal to the sum of (a) plus (b), where (a) is a deferred administrative charge equal to \$8.50 per thousand dollars of the initial Face Amount, and (b) is a deferred sales expense charge equal to 30% of the Guideline Annual Premium. In accordance with limitations under state insurance regulations, the amount of the maximum surrender charge will not exceed a specified amount per \$1,000 initial Face Amount, as indicated in \_\_\_\_\_.

The maximum surrender charge continues in a level amount for 44 Policy months, reduces by 1% per month for the next 100 policy months, and is zero thereafter. This reduction in the maximum surrender charge will reduce the deferred sales

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charge and the deferred administrative charge proportionately. Any \$25 monthly administrative charge not yet deducted will also be deducted at surrender.

If you surrender the Policy before making premium payments with respect to the initial Face Amount which are at least equal to the Guideline Annual Premium, the actual surrender charge imposed may be less than the maximum. The actual surrender charge imposed will be the lesser of either the maximum surrender charge or the sum of \$8.50 per thousand dollars of initial Face Amount plus 30% of premiums paid. Thus, if the amount of the surrender charge is less than the maximum, such amount is comprised of the entire deferred administrative charge plus 30% of premiums paid..

#### INCREASES IN FACE AMOUNT

A separate surrender charge will apply to and is calculated for each increase in the Face Amount. The surrender charge for the increase is in addition to that for the initial Face Amount. The maximum surrender charge for the increase is equal to the sum of (a) plus (b), where (a) is equal to \$8.50 per thousand dollars of increase, and (b) is equal to 30% of the Guideline Annual Premium for the increase. In accordance with limitations under state insurance regulations, the amount of the surrender charge will not exceed a specified amount per \$1,000 of increase. As is true for the initial Face Amount, (a) is a deferred administrative charge, and (b) is a deferred sales charge. The actual surrender charge with respect to the increase may be less than the maximum. The actual surrender charge is the lesser of either the maximum surrender charge or the sum of (a) \$8.50 per thousand dollars of an increase in the Face Amount, plus (b) 30% of the Policy Value on the date of the increase associated with the increase in the Face Amount, plus (c) 30% of premiums paid which are associated with the increase in the Face Amount.

Additional premium payments may not be required to fund a requested increase in the Face Amount. Therefore, a special rule, which is based on relative Guideline Annual Premium payments, applies whereby the Policy Value will be allocated between the initial Face Amount and the increase. Subsequent premium payments are allocated between the initial Face Amount and the increase. For example, suppose the Guideline Annual Premium is equal to \$1,500 before an increase and is equal to \$2,000 as a result of the increase. The Policy Value on the effective date of the increase would be allocated 75% (\$1,500/\$2,000) to the initial Face Amount and 25% to the increase. All future premiums would also be allocated 75% to the initial Face Amount and 25% to the increase. Thus, existing Policy Value associated with the increase will equal the portion of Policy Value allocated to the increase on the effective date of the increase, before any deductions are made. Premiums associated with the increase will equal the portion of the premium payments actually made on or after the effective date of the increase which are allocated to the increase.

#### DECREASES IN FACE AMOUNT

A surrender charge may be deducted on a decrease in the Face Amount. In the event of a decrease, the surrender charge deducted is a fraction of the charge that would apply to a full surrender of the Policy. The fraction will be determined by dividing the amount of the decrease by the current Face Amount and multiplying the result by the surrender charge. If more than one surrender charge is in effect (i.e., pursuant to one or more increases in the Face Amount), the surrender charge will be applied in the following order: (1) the most recent increase followed by (2) the next most recent increases successively, and (3) the initial Face Amount. Where a decrease causes a partial reduction in an increase or in the initial Face Amount, a proportionate share of the surrender charge for that increase or for the initial Face Amount will be deducted.

#### WHAT CHARGES APPLY TO PARTIAL WITHDRAWALS?

After the first Policy year, partial withdrawals of Surrender Value may be made. The minimum withdrawal is \$500. Under Option 1, the Face Amount is reduced by the amount of the partial withdrawal, and a partial withdrawal will not be allowed if it would reduce the Face Amount below \$40,000 for VEL 91 Policies

(\$25,000 for VEL 87 Policies).

A transaction charge that is the smaller of 2% of the amount withdrawn, or \$25, will be assessed on each partial withdrawal to reimburse the Company for the cost of processing the withdrawal. The Company does not expect to make a profit on this charge. The transaction fee applies to all partial withdrawals, including a Withdrawal without a surrender charge.

A partial withdrawal charge may also be deducted from the Policy Value. For each partial withdrawal you may withdraw an amount equal to 10% of the Policy Value on the date the written withdrawal request is received by the Company, less

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the total of any prior withdrawals in that Policy year which were not subject to the partial withdrawal charge, without incurring a partial withdrawal charge. Any partial withdrawal in excess of this amount ("excess withdrawal") will be subject to the partial withdrawal charge. The partial withdrawal charge is equal to 5% of the excess withdrawal up to the amount of the surrender charge on the date of withdrawal. There will be no partial withdrawal charge if there is no surrender charge on the date of withdrawal.

This right is not cumulative from Policy year to Policy year. For example, if only 8% of Policy Value were withdrawn in Policy year two, the amount you could withdraw in subsequent Policy years would not be increased by the amount you did not withdraw in the second Policy year.

The Policy's outstanding surrender charge will be reduced by the amount of the partial withdrawal charge deducted, by proportionately reducing the deferred sales charge component and the deferred administrative charge component. The partial withdrawal charge deducted will decrease existing surrender charges in the following order:

- first, the surrender charge for the most recent increase in Face Amount, THEN
- the surrender charge for the next most recent increase successively, THEN
- the surrender charge for the initial Face Amount.

#### WHAT ARE THE TRANSFER CHARGES?

The first 12 transfers in a Policy year will be free of charge. Thereafter, a transfer charge of \$10 will be imposed for each transfer request to reimburse the Company for the administrative costs incurred in processing the transfer request. The Company reserves the right to increase the charge, but it never will exceed \$25. The Company also reserves the right to change the number of free transfers allowed in a Policy year.

You may have automatic transfers of at least \$100 a month made on a periodic basis:

- from the Sub-Accounts which invest in the AIT Money Market Fund and AIT Government Bond Fund to one or more of the other Sub-Accounts; or
- to reallocate Policy Value among the Sub-Accounts.

The first automatic transfer counts as one transfer towards the 12 free transfers allowed in each Policy year. Each subsequent automatic transfer is without charge and does not reduce the remaining number of transfers which may be made without charge.

If you utilize the Conversion Privilege, Loan Privilege or reallocate Policy Value within 20 days of the Date of Issue of the Policy, any resulting transfer of Policy Value from the Sub-Accounts to the General Account will be free of charge, and in addition to the 12 free transfers in a Policy year.

#### WHAT IS THE CHARGE FOR AN INCREASE IN THE FACE AMOUNT?

For each increase in the Face Amount you request, a transaction charge of \$40 will be deducted from Policy Value to reimburse the Company for administrative costs associated with the increase. This charge is guaranteed not to increase and the Company does not expect to make a profit on this charge.

#### ARE THERE OTHER ADMINISTRATIVE CHARGES?

The Company reserves the right to impose a charge guaranteed not to exceed \$25, for the administrative costs incurred for changing the Net Premium allocation instructions, for changing the allocation of any Monthly Deductions among the various Sub-Accounts, or for a projection of values.



## FEDERAL TAX CONSIDERATIONS

The effect of federal income taxes on the value of the Policy, on loans, withdrawals, or surrenders, on death benefit payments, and on the economic benefit to you or the Beneficiary depends upon a variety of factors. The following discussion is based upon the Company's understanding of the present federal income tax laws as they currently are interpreted. From time to time legislation is proposed which, if passed, could significantly, adversely and possibly retroactively affect the taxation of the Policy. No representation is made regarding the likelihood of continuation of current federal income tax laws or of current interpretations by the IRS. Moreover, no attempt has been made to consider any applicable state or other tax laws. It should be recognized that the following summary of federal income tax aspects of amounts received under the Policy is not exhaustive, does not purport to cover all situations, and is not intended as tax advice. Specifically, the discussion below does not address certain tax provisions that may be applicable if the Policyowner is a corporation or the Trustee of an employee benefit plan. A qualified tax adviser always should be consulted with regard to the application of law to individual circumstances.

## HOW ARE THE COMPANY AND THE SEPARATE ACCOUNT TAXED?

The Company is taxed as a life insurance company under Subchapter L of the Code and files a consolidated tax return with its parent and affiliates. The Company does not expect to incur any income tax upon the earnings or realized capital gains attributable to the Separate Account. Based on this, no charge is made for federal income taxes which may be attributable to the Separate Account.

Periodically, the Company will review the question of a charge to the Separate Account for federal income taxes. Such a charge may be made in future years for any federal income taxes incurred by the Company. This might become necessary if the tax treatment of the Company ultimately is determined to be other than what the Company believes it to be, if there are changes made in the federal income tax treatment of variable life insurance at the Company level, or if there is a change in the Company's tax status. Any such charge would be designed to cover the federal income taxes attributable to the investment results of the Separate Account.

Under current laws the Company also may incur state and local taxes (in addition to premium taxes) in several states. At present these taxes are not significant. If there is a material change in applicable state or local tax laws, charges may be made for such taxes paid, or reserves for such taxes, attributable to the Separate Account.

## HOW ARE THE POLICIES TAXED?

The Company believes that the Policy described in this Prospectus will be considered a life insurance contract under Section 7702 of the Code, which generally provides for the taxation of life insurance policies and places limitations on premiums and the relationship of the Policy Value to the Insurance Amount at Risk. As a result, the Death Proceeds payable are excludable from the gross income of the Beneficiary. Moreover, any increase in the Policy Value is not taxable until received by the Policyowner or the Policyowner's designee. However, if a Policy fails to qualify as life insurance under Section 7702, the Policy will not provide most of the tax advantages normally provided by life insurance. The Company reserves the right to amend the Policies to comply with any future changes in the Code, any regulations or rulings under the Code and any other requirements imposed by the Internal Revenue Service. WHAT ARE MODIFIED ENDOWMENT POLICIES AND HOW ARE THEY TAXED?, below.

Depending upon the circumstances, a surrender, partial withdrawal, change in the Sum Insured Option, change in the Face Amount, lapse with Policy loan outstanding or assignment of the Policy may have tax consequences. In particular, under specified conditions, a distribution under the Policy during the first 15 years from Date of Issue that reduces future benefits under the Policy will be taxed to the Policyowner as ordinary income to the extent of any investment earnings in the Policy. Federal, state and local income, estate, inheritance, and other tax consequences of ownership or receipt of Policy proceeds depend on the circumstances of each Insured, Policyowner or Beneficiary.

If you surrender the Policy, you are subject to income tax on the portion of the distribution that exceeds the investment in the contract. The investment in the contract is the gross Premiums paid for the Policy minus any amounts previously received from the Policy if such amounts were properly excluded from your gross income.

Policy loans are generally not treated as taxable distributions. Interest paid

on a Policy loan is generally not deductible. You are generally taxed on partial withdrawals to the extent the amount distributed exceeds the investment in the contract. In certain situations, partial withdrawals or reduction in benefits during the first fifteen years of the Policy may result in a taxable distribution before the investment in the contract is recovered. Withdrawals and loans from modified endowment contracts are subject to less favorable tax treatment. For an additional discussion of modified endowment contracts, please see What ARE MODIFIED ENDOWMENT POLICIES AND HOW ARE THEY TAXED?, below.

If the Death Benefit is not received in a lump sum but is instead applied under one of the settlement options, payments generally will be prorated between amounts attributable to the Death Benefit, which will be excludable from the Beneficiary's income, and amounts attributable to interest (occurring after the Insured's death), which will be includable in the Beneficiary's income.

If you are Owner and Insured under the Policy, the Death Benefit will be included in your gross estate for federal estate tax purposes. Even if the Insured is not the Owner but retains incidents of ownership in the Policy, the Death Benefit will also be included in the Insured's gross estate. Examples of incidents of ownership include the right to:

- change beneficiaries,
- assign the Policy,
- revoke an assignment,
- pledge the Policy, or
- obtain a Policy loan.

If you are Owner and Insured under the Policy, and you transfer all incidents of ownership in the Policy, the Death Benefit will be included in your gross estate if you die within three years from the date of the ownership transfer. State and local estate and inheritance taxes may also apply. In addition, certain transfers of the Policy or Death Benefit, either during life or at death, to individuals two or more generations below the transferor may be subject to the federal generation skipping transfer tax. This rule also applies if the transfer is to a trust for the benefit of individuals two or more generations below the transferor.

The Policy may be used in various arrangements, including nonqualified deferred compensation or salary continuance plans, split dollar insurance plans, executive bonus plans, retiree medical benefit plans and others. The tax consequences of such plans may vary depending on the particular facts and circumstances of each individual arrangement. If you are contemplating the use of a Policy in any of these arrangements, you should consult a qualified tax adviser regarding the tax attributes of the particular arrangement.

#### HOW ARE POLICY LOANS TAXED?

The Company believes that non-preferred loans received under the Policy will be treated as an indebtedness of the Policyowner for federal income tax purposes. Under current law, these loans will not constitute income for the Policyowner while the Policy is in force (but see "Modified Endowment Policies"). There is a risk, however, that a preferred loan may be characterized by the IRS as a withdrawal and taxed accordingly. At the present time, the IRS has not issued any guidance on whether loans with the attributes of a preferred loan should be treated differently than a non-preferred loan. This lack of specific guidance makes the tax treatment of preferred loans uncertain. In the event pertinent IRS guidelines are issued in the future, you may convert your preferred loan to a non-preferred loan. However, it is possible that, notwithstanding the conversion, some or all of the loan could be treated as a taxable distribution from the Policy.

Section 264 of the Code restricts the deduction of interest on Policy loans. Consumer interest paid on Policy loans under an individually owned Policy is not tax deductible. No tax deduction for interest is allowed on Policy loans exceeding \$50,000 in the aggregate, if the Insured is an officer or employee of, or is financially interested in, any business carried on by the taxpayer. There is an exception to this rule which permits a deduction for interest on loans up to \$50,000 related to any business-owned policies covering officers or 20-percent owners, up to a maximum equal to the greater of (1) five individuals, or (2) the lesser of (a) 5% of the total number of officers and employees of the corporation, or (b) 20

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individuals.

#### WHAT ARE MODIFIED ENDOWMENT POLICIES AND HOW ARE THEY TAXED?

The Technical and Miscellaneous Revenue Act of 1988 ("the 1988 Act") adversely

affects the tax treatment of distributions under so-called "modified endowment contracts." A life insurance policy is treated as a modified endowment contract under Section 7702A of the Code if it meets the definition of life insurance in Section 7702, but fails the "seven-pay test" of Section 7702A.. The Policy would fail to satisfy the seven-pay test if the cumulative premiums paid under the Policy at any time during the first seven Policy years (or within seven years of a material change in the Policy) exceed the sum of the net level premiums that would have been paid, had the Policy provided for paid-up future benefits after the payment of seven level annual premiums. In addition, if benefits are reduced at anytime during the life of the Policy, there may be adverse tax consequences. Please consult your tax adviser.

If the Policy is considered a modified endowment contract, the Death Benefit will still qualify for the exclusion from gross income, and increases in Policy value are not subject to current taxation unless withdrawn or otherwise accessed. However, all distributions under the Policy will be taxed on an "income-first" basis. Most distributions received by the Policyowner directly or indirectly (including loans, withdrawals, surrenders, or the assignment or pledge of any portion of the Policy Value) will be includible in gross income to the extent that the cash Surrender Value of the Policy exceeds the Policyowner's investment in the Policy. Any additional amounts will be treated as a return of capital to the extent of the Policyowner's basis in the Policy. With certain exceptions, an additional 10% tax will be imposed on the portion of any distribution that is includible in income. All modified endowment contracts issued by the same insurance company to the same Policyowner during any calendar period will be treated as a single modified endowment contract in determining taxable distributions.

Currently, each Policy is reviewed when premiums are received to determine if it satisfies the seven-pay test. If the Policy does not satisfy the seven-pay test, the Company will notify the Policyowner of the option of requesting a refund of the excess premium. The refund process must be completed within 60 days after the Policy anniversary, or the Policy will be classified permanently as a modified endowment contract.

#### WHAT ARE THE DIVERSIFICATION REQUIREMENTS FOR THE SEPARATE ACCOUNT?

The Code also requires that the investment of each Sub-Account be adequately diversified in accordance with Treasury regulations in order to be treated as a life insurance Policy for tax purposes. Although the Company does not have control over the investments of the Funds, the Company believes that the Funds currently meet the Treasury's diversification requirements, and the Company will monitor continued compliance with these requirements. In connection with the issuance of previous regulations relating to diversification requirements, the Treasury Department announced that such regulations do not provide guidance concerning the extent to which Policyowners may direct their investments to particular divisions of a separate account. Regulations in this regard may be issued in the future. It is possible that if and when regulations are issued, the Policy may need to be modified to comply with such regulations. For these reasons, the Policy or the Company's administrative rules may be modified as necessary to prevent a Policyowner from being considered the owner of the assets of the Separate Account.

#### CAN I BE CONSIDERED THE OWNER OF THE ASSETS OF THE SEPARATE ACCOUNT FOR TAX PURPOSES?

The IRS has stated that you will be considered the owner of Separate Account assets if you possess incidents of ownership in those assets, such as the ability to exercise investment control over the assets. At the time the diversification regulations were issued, the Treasury Department announced that the regulations do not provide guidance concerning circumstances in which investor control of the Separate Account investments may cause an investor to be treated as the owner of the Separate Account. The Treasury Department also stated that future guidance would be issued regarding the extent that owners could direct Sub-Account investments without being treated as owners of the underlying assets of the Separate Account.

Your rights under this Policy are different than those described by the IRS in rulings in which it found that contract owners were not owners of Separate Account assets. For example, you have the choice to allocate Premiums and Policy Values among more investment options. In addition, you may be able to transfer among investment options

more frequently than in such rulings. These differences could result in you being treated as the owner of the Separate Account. If this occurs, income and gain from the Separate Account assets would be includible in your gross income. The Company does not know what standards will be set forth in any regulations or rulings which the Treasury Department may issue. It is possible that future standards announced by the Treasury Department could adversely affect the tax treatment of your contract. We reserve the right to modify the Policy as necessary to attempt to prevent you from being considered the federal tax owner

of the assets of the Separate Account. However we make no guarantee that such modification to the Policy will be successful.

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#### OTHER INFORMATION

##### ARE THERE OTHER IMPORTANT POLICY PROVISIONS?

The following Policy provisions may vary in certain states in order to comply with requirements of the insurance laws, regulations and insurance regulatory agencies in those states.

##### POLICYOWNER

The Policyowner is the Insured unless another Policyowner has been named in the application for the Policy. The Policyowner generally is entitled to exercise all rights under the Policy while the Insured is alive, subject to the consent of any irrevocable Beneficiary (the consent of a revocable Beneficiary is not required). The consent of the Insured is required whenever the Face Amount of insurance is increased.

##### BENEFICIARY

The Beneficiary is the person or persons to whom the insurance proceeds are payable upon the Insured's death. Unless otherwise stated in the Policy, the Beneficiary has no rights in the Policy before the death of the Insured. While the Insured is alive, you may change any Beneficiary unless you have declared a Beneficiary to be irrevocable. If no Beneficiary is alive when the Insured dies, the Policyowner (or the Policyowner's estate) will be the Beneficiary. If more than one Beneficiary is alive when the Insured dies, they will be paid in equal shares, unless you have chosen otherwise. Where there is more than one Beneficiary, the interest of a Beneficiary who dies before the Insured will pass to surviving Beneficiaries proportionally, unless otherwise requested.

##### INCONTESTABILITY

The Company will not contest the validity of the Policy after it has been in force during the Insured's lifetime for two years from the Date of Issue. The Company will not contest the validity of any increase in the Face Amount after such increase or rider has been in force during the Insured's lifetime for two years from its effective date.

##### SUICIDE

The Death Proceeds will not be paid if the Insured commits suicide, while sane or insane, within two years from the Date of Issue. Instead, the Company will pay the Beneficiary an amount equal to all premiums paid for the Policy, without interest, and less any outstanding Debt and any partial withdrawals. If the Insured commits suicide, while sane or insane, generally within two years from the effective date of any increase in the Sum Insured, the Company's liability with respect to such increase will be limited to a refund of the cost thereof. The Beneficiary will receive the administrative charges and insurance charges paid for such increase.

##### AGE AND SEX

If the Insured's Age or sex as stated in the application for the Policy is not correct, benefits under the Policy will be adjusted to reflect the correct Age and sex, if death occurs prior to the Final Premium Payment Date. The adjusted benefit will be that which the most recent cost of insurance charge would have purchased for the correct Age and sex. In no event will the Sum Insured be reduced to less than the Guideline Minimum Sum Insured. In the case of a Policy issued on a unisex basis, this provision as it relates to misstatement of sex does not apply.

##### ASSIGNMENT

The Policyowner may assign the Policy as collateral or make an absolute assignment of the Policy. All rights under the Policy will be transferred to the extent of the assignee's interest. The consent of the assignee may be required in order to make changes in premium allocations, to make transfers, or to exercise other rights under the Policy. The Company is not bound by an assignment or release thereof, unless it is in writing and is recorded at the Principal Office. When recorded, the assignment will take effect as of the date the Written Request was signed. Any rights created by the assignment will be subject to any payments made or actions taken by the Company before the assignment is recorded. The Company is not responsible for determining the validity of any assignment or release.

##### CAN THE COMPANY DELAY PAYMENTS TO ME?

Payments of any amount due from the Separate Account upon surrender, partial

withdrawals, or death of the Insured, as well as payments of a Policy loan and transfers, may be postponed whenever: (1) the New York Stock Exchange is

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closed other than customary weekend and holiday closings, or trading on the New York Stock Exchange is restricted as determined by the SEC or (2) an emergency exists, as determined by the SEC, as a result of which disposal of securities is not reasonably practicable or it is not reasonably practicable to determine the value of the Separate Account's net assets. Payments under the Policy of any amounts derived from the premiums paid by check may be delayed until such time as the check has cleared your bank.

The Company also reserves the right to defer payment of any amount due from the General Account upon surrender, partial withdrawal or death of the Insured, as well as payments of Policy loans and transfers from the General Account, for a period not to exceed six months.

#### DO I HAVE ANY VOTING RIGHTS?

To the extent required by law, the Company will vote Underlying Fund shares held by each Sub-Account in accordance with instructions received from Policyowners with Policy Value in such Sub-Account. If the 1940 Act or any rules thereunder should be amended, or if the present interpretation of the 1940 Act or such rules should change and, as a result the Company determines that it is permitted to vote shares in its own right, whether or not such shares are attributable to the Policy, the Company reserves the right to do so.

Each person having a voting interest will be provided with proxy materials of the respective Underlying Fund, together with an appropriate form with which to give voting instructions to the Company. Shares held in each Sub-Account for which no timely instructions are received will be voted in proportion to the instructions which have been received by the Company. The Company also will vote shares held in the Separate Account that it owns and which are not attributable to the Policy in the same proportion.

The number of votes which a Policyowner has the right to instruct will be determined by the Company as of the record date established for the Underlying Fund. This number is determined by dividing each Policyowner's Policy Value in the Sub-Account, if any, by the net asset value of one share in the corresponding Underlying Fund in which the assets of the Sub-Account are invested.

We may, when required by state insurance regulatory authorities, disregard voting instructions if the instructions require that the Fund shares be voted so as (1) to cause a change in the sub-classification or investment objective of one or more of the Funds, or (2) to approve or disapprove an investment advisory contract for the Funds. In addition, the Company may disregard voting instructions that are in favor of any change in the investment policies or in any investment adviser or principal underwriter if the change has been initiated by Policyowners or the Trustees. Our disapproval of any such change must be reasonable and, in the case of a change in investment policies or investment adviser, based on a good faith determination that such change would be contrary to state law or otherwise is inappropriate in light of the objectives and purposes of the Funds. In the event we do disregard voting instructions, a summary of and the reasons for that action will be included in the next periodic report to Policyowners.

#### WHAT REPORTS WILL I RECEIVE CONCERNING MY POLICY?

The Company will maintain the records relating to the Separate Account. Statements of significant transactions such as premium payments, changes in specified Face Amount, changes in Sum Insured Option, transfers among Sub-Accounts and the General Account, partial withdrawals, increases in loan amount by you, loan repayments, lapse, termination for any reason, and reinstatement will be sent to you promptly. An annual statement also will be sent to you within 30 days after a Policy anniversary. The annual statement will summarize all of the above transactions and deductions of charges during the Policy year. It also will set forth the status of the Death Proceeds, Policy Value, Surrender Value, amounts in the Sub-Accounts and General Account, and any Policy loan(s).

The Owner should review the information in all statements carefully. All errors or corrections must be reported to the Company immediately to assure proper crediting to the Contract. The Company will assume that all transactions are accurately reported on confirmation statements and quarterly/annual statements unless the Owner notifies the Principal Office in writing within 30 days after receipt of the statement. In addition, you will be sent periodic reports containing financial statements and other information for the Separate Account and the Underlying Funds as required by the 1940 Act.

ARE THERE ANY PENDING LEGAL PROCEEDINGS INVOLVING THE SEPARATE ACCOUNT?

There are no legal proceedings pending to which the Separate Account is a party, or to which the assets of the Separate Account are subject. The Company and Allmerica Investments, Inc. are not involved in any litigation that is of material importance in relation to their total assets or that relates to the Separate Account.

MAY THE COMPANY ADD, DELETE OR SUBSTITUTE FUNDS?

The Company reserves the right, subject to applicable law, to make additions to, deletions from, or substitutions for the shares that are held in the Sub-Accounts or that the Sub-Accounts may purchase. If the shares of any Underlying Fund are no longer available for investment or if in the Company's judgment further investment in any Underlying Fund should become inappropriate in view of the purposes of the Separate Account or the affected Sub-Account, the Company may redeem the shares of that Underlying Fund and substitute shares of another registered open-end management company. The Company will not substitute any shares attributable to a Policy interest in a Sub-Account without notice to the Policyowner and prior approval of the SEC and state insurance authorities, to the extent required by law. The Separate Account may, to the extent permitted by law, purchase other securities for other policies or permit a conversion between policies upon request by a Policyowner.

The Company also reserves the right to establish additional Sub-Accounts of the Separate Account, each of which would invest in shares of a new Underlying Fund or in shares of another investment company. Subject to applicable law and any required SEC approval, the Company may, in its sole discretion, establish new Sub-Accounts or eliminate one or more Sub-Accounts if marketing needs, tax considerations or investment conditions warrant. Any new Sub-Accounts may be made available to existing Policyowners on a basis to be determined by the Company.

If any of these substitutions or changes are made, the Company may endorse the Policy to reflect the substitution or change, and will notify Policyowners of all such changes. If the Company deems it to be in the best interest of Policyowners, and subject to any approvals that may be required under applicable law, the Separate Account or any Sub-Account(s) may be operated as a management company under the 1940 Act, may be deregistered under the 1940 Act if registration is no longer required, or may be combined with other Sub-Accounts or other separate accounts of the Company.

WHAT IS MIXED AND SHARED FUNDING?

Shares of the Funds of the Trust also are issued to separate accounts of the Company and its affiliates which issue variable annuity contracts ("mixed funding"). Shares of the portfolios of the Underlying Funds also are issued to other unaffiliated insurance companies ("shared funding"). It is conceivable that in the future such mixed funding or shared funding may be disadvantageous for variable life Policyowners or variable annuity contract owners. Although the Company and the Underlying Investment Companies currently do not foresee any such disadvantages to either variable life insurance Policyowners or variable annuity contract owners, the Company and the respective Trustees intend to monitor events in order to identify any material conflicts and to determine what action, if any, should be taken. If the Trustees were to conclude that separate Funds should be established for variable life and variable annuity separate accounts, the Company will bear the expenses.

WHO ARE THE INDEPENDENT ACCOUNTANTS OF THE COMPANY?

PricewaterhouseCoopers LLP are the Company's independent accountants.

The financial statements of the Company as of December 31, 2002 and 2001 and for each of the three years in the period ended December 31, 2002, and the financial statements of VEL Account of the Company as of December 31, 2002 and for the periods indicated, included in the Statement of Additional Information constituting part of the Registration Statement, have been so included in reliance on the reports of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The financial statements of the Company included herein should be considered only as bearing on the ability of the

Company to meet its obligations under the Policy.

WHERE CAN I FIND THE FINANCIAL STATEMENTS OF THE COMPANY AND THE SEPARATE ACCOUNT?

Financial Statements for the Company and for the Separate Account are included

in the Statement of Additional Information. The financial statements of the Company should be considered only as a bearing on our ability to meet our obligations under the Policy. They should not be considered as a bearing on the investment performance of the assets held in the Separate Account.

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#### THE GENERAL ACCOUNT

This Prospectus describes flexible premium variable life insurance Policies, and is intended generally to serve as a disclosure document only for the aspects of the Policy relating to the Separate Account. For complete details regarding the General Account, see the Policy itself.

As discussed earlier, you may allocate Net Premiums and transfer Policy Value to the General Account. Because of exemption and exclusionary provisions in the securities law, any amount in the General Account generally is not subject to regulation under the provisions of the 1933 Act or the 1940 Act. Accordingly, the disclosures in this section have not been reviewed by the SEC. Disclosures regarding the fixed portion of the Policy and the General Account may, however, be subject to certain generally applicable provisions of the federal securities laws concerning the accuracy and completeness of statements made in prospectuses.

#### GENERAL DESCRIPTION

The General Account of the Company is made up of all of the general assets of the Company other than those allocated to any separate account. Allocations to the General Account become part of the assets of the Company and are used to support insurance and annuity obligations. Subject to applicable law, the Company has sole discretion over the investment of assets of the General Account.

A portion or all of Net Premiums may be allocated or transferred to accumulate at a fixed rate of interest in the General Account. Such net amounts are guaranteed by the Company as to principal and a minimum rate of interest. The allocation or transfer of funds to the General Account does not entitle you to share in the investment experience of the General Account.

#### GENERAL ACCOUNT VALUES AND POLICY LOANS

The Company bears the full investment risk for amounts allocated to the General Account, and guarantees that interest credited to each Policyowner's Policy Value in the General Account will be at an effective annual yield of 4.0% ("Guaranteed Minimum Rate") compounded daily.

The Company may, at its sole discretion, credit a higher rate of interest ("excess interest"), although it is not obligated to credit interest in excess of 4% per year, and might not do so. The excess interest rate, if any, in effect on the date a premium is received at the Principal Office, however, is guaranteed on that premium for one year, unless the Policy Value associated with the premium becomes security for the Policy loan. AFTER SUCH INITIAL ONE-YEAR GUARANTEE OF INTEREST ON NET PREMIUM, ANY INTEREST CREDITED ON THE POLICY'S ACCUMULATED VALUE IN THE GENERAL ACCOUNT IN EXCESS OF THE GUARANTEED MINIMUM RATE PER YEAR WILL BE DETERMINED IN THE SOLE DISCRETION OF THE COMPANY. THE POLICYOWNER ASSUMES THE RISK THAT INTEREST CREDITED MAY NOT EXCEED THE GUARANTEED MINIMUM RATE. Even if excess interest is credited to accumulated value in the General Account, no excess interest will be credited to that portion of the Policy Value which is equal to the Debt. Such Policy Value, however, will be credited interest at an effective annual yield of at least 6%.

The Company guarantees that, on each Monthly Payment Date, the Policy Value in the General Account will be the amount of the Net Premiums allocated or the Policy Value transferred to the General Account, plus interest at an annual rate of 4%, plus any excess interest which the Company credits, less the sum of all Policy charges allocable to the General Account and any amounts deducted from the General Account in connection with loans, partial withdrawals, surrenders or transfers.

Policy loans also may be made from the Policy Value in the General Account.

#### DELAY OF PAYMENTS

Transfers, surrenders, partial withdrawals, Death Proceeds and Policy loans payable from the General Account may be delayed up to six months. If payment is delayed for 30 days or more, however, the Company will pay interest at least equal to an effective annual yield of 3 1/2% for the period of deferment. Amounts from the General Account used to pay premiums on policies with the Company will not be delayed.

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ACCUMULATION UNIT: a measure of your interest in a Sub-Account.

AGE: the Insured's age as of the nearest birthday measured from the Policy anniversary.

BENEFICIARY: the person(s) designated by the Policyowner to receive the insurance proceeds upon the death of the Insured.

COMPANY: Allmerica Financial Life Insurance and Annuity Company. "We," "our," "us," and "the Company" refer to Allmerica Financial Life Insurance and Annuity Company in this Prospectus.

DATE OF ISSUE: the date set forth in the Policy used to determine the Monthly Payment Date, Policy months, Policy years, and Policy anniversaries.

DEATH PROCEEDS: Prior to the Final Premium Payment Date for a VEL 91 Policy or the Maturity Date for a VEL 87 Policy, the Death Proceeds equal the amount calculated under the applicable Sum Insured Option (Option 1 or Option 2), less Debt outstanding at the time of the Insured's death, partial withdrawals, if any, partial withdrawal charges, and any due and unpaid Monthly Deductions. After the Final Premium Payment Date, the Death Proceeds equal the Surrender Value of the VEL 91 Policy.

DEBT: all unpaid Policy loans plus interest due or accrued on such loans.

DELIVERY RECEIPT: an acknowledgment, signed by the Policyowner and returned to the Company's Principal Office, that the Policyowner has received the Policy and the Notice of Withdrawal Rights.

EVIDENCE OF INSURABILITY: information, including medical information satisfactory to the Company, that is used to determine the Insured's Premium Class.

FACE AMOUNT: the amount of insurance coverage applied for; the Face Amount of each Policy is set forth in the specifications pages of the Policy.

FINAL PREMIUM PAYMENT DATE: Under a VEL 91 Policy, the Policy anniversary nearest the Insured's 95th birthday. The Final Premium Payment Date under a VEL 91 Policy is the latest date on which a premium payment may be made. After this date, the Death Proceeds equal the Surrender Value of the Policy. The Net Death Benefit may be different before and after the Final Payment Date.

GENERAL ACCOUNT: all the assets of the Company other than those held in a separate account.

GUIDELINE ANNUAL PREMIUM: the annual amount of premium that would be payable through the Final Premium Payment Date or Maturity Date of the Policy for the specified Sum Insured, if premiums were fixed by the Company as to both timing and amount, and monthly cost of insurance charges were based on the 1980 Commissioners Standard Ordinary Mortality Tables, Smoker or Non-Smoker, Male, Female (or Table B for unisex Policies), net investment earnings at an annual effective rate of 5%, and fees and charges as set forth in the Policy and any Policy riders. The Sum Insured Option 1 Guideline Annual Premium is used when calculating the maximum surrender charge.

GUIDELINE MINIMUM SUM INSURED: the Guideline Minimum Sum Insured required to qualify the Policy as "life insurance" under federal tax laws. The Guideline Minimum Sum Insured varies by age; it is calculated by multiplying the Policy Value by a percentage determined by the Insured's Age. The percentage factor is a percentage that, when multiplied by the Policy Value, determines the minimum death benefit required under federal tax laws. For both the Option 1 and the Option 2, the percentage factor is based on the Insured's attained age, as set forth in GUIDELINE MINIMUM SUM INSURED TABLE in SUM INSURED OPTIONS -- "GUIDELINE MINIMUM SUM INSURED" under THE POLICIES.

INSURANCE AMOUNT AT RISK: the Sum Insured less the Policy Value.

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LOAN VALUE: the maximum amount that may be borrowed under the Policy.

MATURITY DATE: Under a VEL 87 Policy, the Maturity Date is the Policy anniversary nearest the Insured's 95th birthday. The Maturity Date is the latest date to which insurance may remain in force under a VEL 87 Policy. If the Insured under a VEL 87 Policy is still living on the Maturity Date, the Company pays the Policy Value on the Maturity Date (less any outstanding Debt) to the Policyowner, and the VEL 87 Policy terminates.

MINIMUM MONTHLY FACTOR: The Minimum Monthly Factor is a monthly premium amount calculated by the Company and specified in the Policy. If, in the first 48



Policy months following the Date of Issue or the effective date of an increase in the Face Amount or of a Policy Change for a VEL 91 Policy (12 months for a VEL 87 Policy) which causes a change in the Minimum Monthly Factor:

- You make premium payments (less debt, partial withdrawals and partial withdrawal charges) at least equal to the sum of the Minimum Monthly Factors for the number of months the Policy, increase in Face Amount or Policy Change has been in force, and
- Debt does not exceed Policy Value less surrender charges, then
- the Policy is guaranteed not to lapse during that period.

EXCEPT FOR THE 48 POLICY MONTH PERIODS FOR A VEL 91 POLICY (12 MONTH PERIODS FOR A VEL 87 POLICY), MAKING MONTHLY PAYMENTS AT LEAST EQUAL TO THE MINIMUM MONTHLY FACTOR DOES NOT GUARANTEE THAT THE POLICY WILL REMAIN IN FORCE.

MONTHLY DEDUCTION: charges deducted monthly from the Policy Value of the Policy prior to the Maturity Date or Final Premium Payment Date. The charges include the monthly cost of insurance, the monthly cost of any benefits provided by riders, and the monthly administrative charge.

MONTHLY PAYMENT DATE: the date on which the Monthly Deduction is deducted from the Policy Value.

NET PREMIUM: an amount equal to the premium less a tax expense charge.

POLICY CHANGE: any change in the Face Amount, the addition or deletion of a rider, or a change in the Sum Insured Option.

POLICY VALUE: the total amount available for investment under the Policy at any time. It is equal to the sum of (a) the value of the Accumulation Units credited to the Policy in the Sub-Accounts, and (b) the accumulation in the General Account credited to that Policy.

POLICYOWNER: the person, persons or entity entitled to exercise the rights and privileges under the Policy.

PREMIUM CLASS: the risk classification that the Company assigns the Insured based on the information in the application and any other Evidence of Insurability considered by the Company. The Insured's Premium Class will affect the cost of insurance charge and the amount of premium required to keep the Policy in force.

PRINCIPAL OFFICE: the Company's office, located at 440 Lincoln Street, Worcester, Massachusetts 01653.

PRO-RATA ALLOCATION: In certain circumstances, you may specify from which Sub-Account certain deductions will be made or to which Sub-Account the Policy Value will be allocated. If you do not, the Company will allocate the deduction or Policy Value among the General Account and the Sub-Accounts in the same proportion that the Policy Value in the General Account and the Policy Value in each Sub-Account bear to the total Policy Value on the date of deduction or allocation.

SEPARATE ACCOUNT: A Separate Account consists of assets segregated from the Company's other assets. The investment

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performance of the assets of each Separate Account is determined separately from the other assets of the Company. The assets of a Separate Account which are equal to the reserves and other contract liabilities are not chargeable with liabilities arising out of any other business which the Company may conduct.

SUB-ACCOUNT: Each Sub-Account invests exclusively in the shares of a corresponding Underlying Fund.

SUM INSURED: the amount payable upon the death of the Insured, before the Maturity Date or Final Premium Payment Date, prior to deductions for Debt outstanding at the time of the Insured's death, partial withdrawals and partial withdrawal charges, if any, and any due and unpaid Monthly Deductions. The amount of the Sum Insured will depend on the Sum Insured Option chosen, but always will be at least equal to the Face Amount.

SURRENDER VALUE: the amount payable upon a full surrender of the Policy. It is the Policy Value less any Debt and applicable surrender charges.

UNDERLYING FUNDS ("FUNDS"): the investment portfolios of the Allmerica Investment Trust ("Trust"), Alliance Variable Products Series Fund, Inc. ("Alliance"), Delaware VIP Trust ("Delaware VIP"), Fidelity Variable Insurance Products Fund ("Fidelity VIP") and Fidelity Variable Insurance Products Fund II ("Fidelity VIP II"), Franklin Templeton Variable Insurance Products Trust ("FT

VIP"), Janus Aspen Series ("Janus"), and T. Rowe Price International Series, Inc. ("T. Rowe Price"), which are available under the Policies.

VALUATION DATE: a day on which the net asset value of the shares of any of the Underlying Funds is determined and Accumulation Unit values of the Sub-Accounts are determined. Valuation Dates currently occur on each day on which the New York Stock Exchange is open for trading, and on such other days (other than a day during which no payment, partial withdrawal, or surrender of the Policy is received) when there is a sufficient degree of trading in an Underlying Fund's securities such that the current net asset value of the Underlying Fund may be affected materially.

WRITTEN REQUEST: a request in writing, by the Policyowner, satisfactory to the Company.

YOU OR YOUR: the Policyowner, as shown in the application or the latest change filed with the Company.

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(BACK COVER)

- THE STATEMENT OF ADDITIONAL INFORMATION ("SAI") INCLUDES ADDITIONAL INFORMATION ABOUT THE VEL ACCOUNT OF ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY. THE SAI IS AVAILABLE WITHOUT CHARGE UPON REQUEST BY CALLING 800-\_\_\_\_\_.
- PERSONALIZED ILLUSTRATIONS OF DEATH BENEFITS, CASH SURRENDER VALUES AND CASH VALUES ARE AVAILABLE BY CALLING \_\_\_\_\_.
- IF YOU OWN A POLICY AND WOULD LIKE MORE INFORMATION, YOU MAY CALL TOLL-FREE 800 -\_\_\_\_\_.

ALL CORRESPONDENCE MAY BE MAILED TO: ALLMERICA LIFE, P.O. BOX 8014, BOSTON MA 02266-8014

INFORMATION ABOUT THE VEL ACCOUNT (INCLUDING THE SAI) CAN BE REVIEWED AND COPIED AT THE SECURITIES AND EXCHANGE COMMISSION'S PUBLIC REFERENCE ROOM IN WASHINGTON, DC. INFORMATION ON THE OPERATION OF THE PUBLIC REFERENCE ROOM MAY BE OBTAINED BY CALLING THE COMMISSION AT 202-942-8090. REPORTS AND OTHER INFORMATION ABOUT THE VEL ACCOUNT ARE AVAILABLE ON THE COMMISSION'S INTERNET SITE AT <http://www.sec.gov>. COPIES OF THIS INFORMATION MAY BE OBTAINED, UPON PAYMENT OF A DUPLICATING FEE, BY WRITING THE PUBLIC REFERENCE SECTION OF THE COMMISSION, 450 FIFTH STREET, NW, WASHINGTON, DC 20549-0102.

ALLMERICA'S LOGOS, ET AL

VEL Separate Account of Allmerica Financial Life Insurance and Annuity Company  
File No. 811-5183 (33-14672 and 3390320)

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VEL ACCOUNT  
OF  
ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY

STATEMENT OF ADDITIONAL INFORMATION

INDIVIDUAL FLEXIBLE PAYMENT VARIABLE LIFE INSURANCE POLICIES

THIS STATEMENT OF ADDITIONAL INFORMATION IS NOT A PROSPECTUS. IT SHOULD BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED MAY 1, 2003 ("THE PROSPECTUS") FOR THE INDIVIDUAL FLEXIBLE PAYMENT VARIABLE LIFE INSURANCE POLICIES FUNDED BY THE VEL II ACCOUNT OF ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY. THE PROSPECTUS MAY BE OBTAINED FROM CLIENT SERVICES, ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY, 440 LINCOLN STREET, WORCESTER, MASSACHUSETTS 01653, TELEPHONE 1-800-\_\_\_\_\_.

VEL Account (87/91)

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GENERAL INFORMATION AND HISTORY

First Allmerica Financial Life Insurance Company ("First Allmerica"), originally organized under the laws of Massachusetts in 1844, is among the five oldest life insurance companies in America. Allmerica Financial Life Insurance and Annuity Company ("Allmerica Financial") is a life insurance company organized under the laws of Delaware in July 1974. Prior to December 31, 2002, First Allmerica was the immediate parent of Allmerica Financial and a direct subsidiary of Allmerica Financial Corporation ("AFC"). Effective December 31, 2002, Allmerica Financial became a Massachusetts domiciled insurance company and a direct wholly-owned subsidiary of AFC, while First Allmerica became a wholly-owned subsidiary of Allmerica Financial (and thereby became an INDIRECT wholly-owned subsidiary of AFC). Their principal office is located at 440 Lincoln Street, Worcester, MA 01653, telephone 508-855-1000.

Allmerica Financial and First Allmerica are subject to the laws of the state of Massachusetts governing insurance companies and to regulation by the Commissioner of Insurance of Massachusetts. In addition, they are subject to the insurance laws and regulations of other states and jurisdictions in which it is licensed to operate. As of December 31, 2002, Allmerica Financial had over \$\_\_\_\_ billion in assets and over \$\_\_\_\_ billion of life insurance in force. As of December 31, 2001, Allmerica Financial and First Allmerica had over \$\_\_\_\_ billion in combined assets and over \$\_\_\_\_ billion in life insurance in force. Allmerica Financial and First Allmerica are referred to collectively as the "Company."

The VEL Account of Allmerica Financial (the "Separate Account") was authorized by vote of the Board of Directors of the Company on April 2, 1987. The Separate Account is registered with the Securities and Exchange Commission ("SEC") as a unit investment trust under the Investment Company Act of 1940 ("1940 Act"). Such registration does not involve the supervision of its management or investment practices or policies of the Separate Account or the Company by the SEC.

Several Sub-Accounts of the Separate Account are available under the VEL 87 policy and the VEL 91 Each Sub-Account invests in a corresponding Underlying Fund of one of the following investment companies:

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ALLMERICA INVESTMENT TRUST (SERVICE SHARES)  
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FIDELITY VARIABLE INSURANCE PRODUCTS FUND  
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AIT Core Equity Fund

Fidelity VIP Equity-Income Portfolio

AIT Equity Index Fund	Fidelity VIP Growth Portfolio
AIT Government Bond Fund	Fidelity VIP High Income Portfolio
AIT Money Market Fund	Fidelity VIP Money Market Portfolio
AIT Select Aggressive Growth Fund	Fidelity VIP Overseas Portfolio
AIT Select Capital Appreciation Fund	
AIT Select Emerging Markets Fund	FIDELITY VARIABLE INSURANCE PRODUCTS FUND II
AIT Select Growth and Income Fund	-----
AIT Select Growth Fund	Fidelity VIP II Asset Manager Portfolio
AIT Select International Equity Fund	
AIT Select Investment Grade Income Fund	FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST (CLASS 2)
AIT Select Strategic Growth Fund	-----
AIT Select Strategic Income Fund	FT VIP Franklin Large Cap Growth Securities Fund
AIT Select Value Opportunity Fund	FT VIP Franklin Small Cap Fund
ALLIANCE VARIABLE PRODUCTS SERIES FUND, INC. (CLASS B)	JANUS ASPEN SERIES (SERVICE SHARES)
-----	-----
Alliance Premier Growth Portfolio	Janus Aspen Growth Portfolio
DELAWARE VIP TRUST	T. ROWE PRICE INTERNATIONAL SERIES, INC.
-----	-----
Delaware VIP International Value Equity Series	T. Rowe International Stock Portfolio

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#### SERVICES

##### SERVICE PROVIDERS

**CUSTODIAN OF SECURITIES.** The Company serves as custodian of the assets of the Separate Account. Underlying Fund shares owned by the Sub-Accounts are held on an open account basis. The Company's ownership of Underlying Fund shares is reflected on the records of the Underlying Fund and is not represented by any transferable stock certificates.

**AUDITING SERVICES.** The financial statements of the Company as of December 31, 2002 and 2001 and for each of the three years in the period ended December 31, 2002, and the financial statements of the VEL Account of the Company as of December 31, 2002 and for the periods indicated, included in this Statement of Additional Information constituting part of this Registration Statement, have been so included in reliance on the reports of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting. PricewaterhouseCoopers LLP is located at 160 Federal Street, Boston MA 02110.

**MAIL ROOM SERVICES.** BOSTON FINANCIAL DATA SERVICES, INC. WITH PRINCIPAL OFFICES AT 2 HERITAGE DRIVE, NORTH QUINCY, MASSACHUSETTS 02171, PROVIDES MAILROOM SERVICE FACILITIES AND LOCKBOX SERVICES TO THE COMPANY.

##### OTHER SERVICE ARRANGEMENTS

We may enter into certain arrangements under which we (or our affiliates) are compensated by the investment advisers, distributors and/or affiliates of the underlying funds for the distribution and/or administrative services which we provide to the underlying funds. The amount of the compensation usually is based on the aggregate net asset value of assets held in the separate account of the Company that are invested in an underlying funds The amounts we receive under these arrangements currently range from 0.10% to 0.40%.

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#### UNDERWRITERS AND DISTRIBUTION

VeraVest Investments, Inc. ("VeraVest"; formerly Allmerica Investments, Inc.), a wholly-owned subsidiary of Allmerica Financial, acts as the principal underwriter and general distributor of the Policies. VeraVest is registered with the SEC as a broker-dealer and is a member of the National Association of Securities Dealers, Inc. ("NASD"). VeraVest is located at 440 Lincoln Street, Worcester, MA 01653. The Policies were sold by agents of Allmerica Financial who are registered representatives of VeraVest or of other broker-dealers. The Policies are no longer being issued.

The Company pays commissions to registered representatives who sell the Policies based on a commission schedule. After issue of the Policy or an increase in the Face Amount, commissions generally will equal 50% of the first-year premiums up to a basic premium amount established by the Company. Thereafter, commissions generally will equal 4% of any additional premiums. Certain registered representatives, including registered representatives enrolled in the Company's training program for new agents, may receive additional first-year and renewal commissions and training reimbursements. General Agents of the Company and certain registered representatives also may be eligible to receive expense

reimbursements based on the amount of earned commissions. General Agents may also receive overriding commissions, which will not exceed 11% of first-year or 14% of renewal premiums.

The Company intends to recoup the commission and other sales expense through a combination of the deferred sales charge component of the anticipated surrender and partial withdrawal charges, and the investment earnings on amounts allocated to accumulate on a fixed basis in excess of the interest credited on fixed accumulations by the Company. There is no additional charge to Policyowners or to the Separate Account. Any surrender charge assessed on the Policy will be retained by the Company except for amounts it may pay to Allmerica Investments, Inc. for services it performs and expenses it may incur as principal underwriter and general distributor.

The aggregate amounts of commissions paid to VeraVest for sales of all policies funded by the VEL Account for the years 1999, 2000, and 2001 were \$\_\_\_\_\_, \$\_\_\_\_\_, and \$\_\_\_\_\_. No commissions were retained by VeraVest for sales of all contracts funded by the VEL Account (including contracts not described in the Prospectus) for the years 1999, 2000 and 2001.

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#### ADDITIONAL INFORMATION ABOUT SURRENDER CHARGES

A separate surrender charge is calculated upon the issuance of the Policy and for each increase in the Face Amount. A surrender charge may be deducted if you request a full surrender of the Policy or a decrease in the Face Amount.

The surrender charge is comprised of a contingent deferred administrative charge and a contingent deferred sales charge. The contingent deferred administrative charge compensates the Company for expenses incurred in administering the Policy. The contingent deferred sales charge compensates the Company for expenses relating to the distribution of the Policy, including agent's commissions, advertising and the printing of the Prospectus and sales literature.

#### SURRENDER CHARGE UNDER VEL 87 POLICIES

A surrender charge may be deducted if you request a full surrender of the Policy or a decrease in the Face Amount if less than 12 years have elapsed from the Date of Issue or from the effective date of any increase in the Face Amount. The maximum surrender charge calculated upon issuance of the Policy is equal to the sum of (a) plus (b), where (a) is a deferred administrative charge equal to \$4.50 per thousand dollars of the initial Face Amount, and (b) is a deferred sales expense charge equal to 30% of the Guideline Annual Premium times a factor of not greater than 1.0, as specified in below under CALCULATION OF MAXIMUM SURRENDER CHARGES -- VEL 87 POLICIES. As the factors used in calculating the deferred sales charge in (b) vary with the Age and Premium Class (smoker versus non-smoker) of the Insured, the deferred sales charge may range between 10.25% and 30% of the Guideline Annual Premium. The maximum surrender charge continues in a level amount for 44 Policy months, reduces by 1% per month for the next 100 policy months, and is zero thereafter. This reduction in the maximum surrender charge will reduce the deferred sales charge and the deferred administrative charge proportionately. Any \$25 monthly administrative charge not yet deducted will also be deducted at surrender.

If you surrender the Policy before making premium payments with respect to the initial Face Amount which are at least equal to the Guideline Annual Premium, the actual surrender charge imposed may be less than the maximum. The actual surrender charge imposed will be the lesser of either the maximum surrender charge or the sum of \$4.50 per thousand dollars of initial Face Amount plus 30% of premiums paid. Thus, if the amount of the surrender charge is less than the maximum, such amount is comprised of the entire deferred administrative charge plus 30% of premiums paid.

A separate surrender charge will apply to and is calculated for each increase in Face Amount. The surrender charge for the increase is in addition to that for the initial Face Amount. The maximum surrender charge for the increase is equal to the sum of (a) plus (b), where (a) is equal to \$4.50 per thousand dollars of increase, and (b) is equal to 30% of the Guideline Annual Premium for the increase times a factor of not greater than 1.0 as specified in CALCULATION OF MAXIMUM SURRENDER CHARGES -- VEL 87 POLICIES, below. As is true for the initial Face Amount, (a) is a deferred administrative charge, and (b) is a deferred sales charge. The actual surrender charge with respect to the increase may be less than the maximum. The actual surrender charge is the lesser of either the maximum surrender charge or the sum of (a) \$4.50 per thousand dollars of increase in Face Amount, plus (b) 30% of the Policy Value on the date of increase associated with the increase in Face Amount, plus (c) 30% of premiums paid which are associated with the increase in Face Amount.

Additional premium payments may not be required to fund a requested increase in the Face Amount. Therefore, a special rule, which is based on relative Guideline

Annual Premium payments, applies to allocate a portion of existing Policy Value to the increase and to allocate subsequent premium payments between the initial Policy and the increase. For example, suppose the Guideline Annual Premium is equal to \$1,500 before an increase and is equal to \$2,000 as a result of the increase. The Policy Value on the effective date of the increase would be allocated 75% ( $\$1,500/\$2,000$ ) to the initial Face Amount, and 25% to the increase. All future premiums would also be allocated 75% to the initial Face Amount and 25% to the increase. Thus, existing Policy Value associated with the increase will equal the portion of the Policy Value allocated to the increase on the effective date of the increase, before any deductions are made. Premiums associated with the increase will equal the portion of the premium payments actually made on or after the effective date of the increase which are allocated to the increase.

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See CALCULATION OF MAXIMUM SURRENDER CHARGES -- VEL 87 POLICIES, below, for examples illustrating the calculation of the maximum surrender charge for the initial Face Amount and for any increases, as well as for the surrender charge based on actual premiums paid or associated with any increases.

A surrender charge may be deducted on a decrease in the Face Amount. In the event of a decrease, the surrender charge deducted is a fraction of the charge that would apply to a full surrender of the Policy. The fraction will be determined by dividing the amount of the decrease by the current Face Amount and multiplying the result by the surrender charge. If more than one surrender charge is in effect (i.e., pursuant to one or more increases in the Face Amount of the Policy), the surrender charge will be applied in the following order: (1) the most recent increase followed by (2) the next most recent increases successively, and (3) the initial Face Amount. Where a decrease causes a partial reduction in an increase or in the initial Face Amount, a proportionate share of the surrender charge for that increase or for the initial Face Amount will be deducted.

#### SURRENDER CHARGE UNDER VEL 91 POLICIES

A surrender charge may be deducted if you request a full surrender of the Policy or a decrease in the Face Amount if less than 12 years have elapsed from the Date of Issue or from the effective date of any increase in the Face Amount. The maximum surrender charge calculated upon issuance of the Policy is equal to the sum of (a) plus (b), where (a) is a deferred administrative charge equal to \$8.50 per thousand dollars of the initial Face Amount, and (b) is a deferred sales expense charge equal to 30% of the Guideline Annual Premium. In accordance with limitations under state insurance regulations, the amount of the maximum surrender charge will not exceed a specified amount per \$1,000 initial Face Amount, as indicated in CALCULATION OF MAXIMUM SURRENDER CHARGES -- VEL 91 POLICIES, below.

The maximum surrender charge continues in a level amount for 44 Policy months, reduces by 1% per month for the next 100 policy months, and is zero thereafter. This reduction in the maximum surrender charge will reduce the deferred sales charge and the deferred administrative charge proportionately. Any \$25 monthly administrative charge not yet deducted will also be deducted at surrender.

If you surrender the Policy before making premium payments with respect to the initial Face Amount which are at least equal to the Guideline Annual Premium, the actual surrender charge imposed may be less than the maximum. The actual surrender charge imposed will be the lesser of either the maximum surrender charge or the sum of \$8.50 per thousand dollars of initial Face Amount plus 30% of premiums paid. Thus, if the amount of the surrender charge is less than the maximum, such amount is comprised of the entire deferred administrative charge plus 30% of premiums paid. See CALCULATION OF MAXIMUM SURRENDER CHARGES -- VEL 91 POLICIES, below.

A separate surrender charge will apply to and is calculated for each increase in the Face Amount. The surrender charge for the increase is in addition to that for the initial Face Amount. The maximum surrender charge for the increase is equal to the sum of (a) plus (b), where (a) is equal to \$8.50 per thousand dollars of increase, and (b) is equal to 30% of the Guideline Annual Premium for the increase. In accordance with limitations under state insurance regulations, the amount of the surrender charge will not exceed a specified amount per \$1,000 of increase, as indicated in CALCULATION OF MAXIMUM SURRENDER CHARGES -- VEL 91 POLICIES, below. As is true for the initial Face Amount, (a) is a deferred administrative charge, and (b) is a deferred sales charge. The actual surrender charge with respect to the increase may be less than the maximum. The actual surrender charge is the lesser of either the maximum surrender charge or the sum of (a) \$8.50 per thousand dollars of an increase in the Face Amount, plus (b) 30% of the Policy Value on the date of the increase associated with the increase in the Face Amount, plus (c) 30% of premiums paid which are associated with the increase in the Face Amount.

Additional premium payments may not be required to fund a requested increase in the Face Amount. Therefore, a special rule, which is based on relative Guideline

Annual Premium payments, applies whereby the Policy Value will be allocated between the initial Face Amount and the increase. Subsequent premium payments are allocated between the initial Face Amount and the increase. For example, suppose the Guideline Annual Premium is equal to \$1,500 before an increase and is equal to \$2,000 as a result of the increase. The Policy Value on the effective date of the increase would be allocated 75% ( $\$1,500/\$2,000$ ) to the initial Face Amount and 25% to the increase. All future premiums would also be allocated 75% to the initial Face Amount and 25% to the increase. Thus, existing Policy Value associated with the increase will equal the portion of Policy Value allocated to the increase on the effective date of the

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increase, before any deductions are made. Premiums associated with the increase will equal the portion of the premium payments actually made on or after the effective date of the increase which are allocated to the increase.

See CALCULATION OF MAXIMUM SURRENDER CHARGES -- VEL 91 POLICIES below for examples illustrating the calculation of the maximum surrender charge for the initial Face Amount and for any increases, as well as for the surrender charge based on actual premiums paid or associated with any increases.

A surrender charge may be deducted on a decrease in the Face Amount. In the event of a decrease, the surrender charge deducted is a fraction of the charge that would apply to a full surrender of the Policy. The fraction will be determined by dividing the amount of the decrease by the current Face Amount and multiplying the result by the surrender charge. If more than one surrender charge is in effect (i.e., pursuant to one or more increases in the Face Amount), the surrender charge will be applied in the following order: (1) the most recent increase followed by (2) the next most recent increases successively, and (3) the initial Face Amount. Where a decrease causes a partial reduction in an increase or in the initial Face Amount, a proportionate share of the surrender charge for that increase or for the initial Face Amount will be deducted.

#### CHARGES ON PARTIAL WITHDRAWAL

After the first Policy year, partial withdrawals of Surrender Value may be made under VEL 87 Policies and VEL 91 Policies. The minimum withdrawal is \$500. Under Option 1, the Face Amount is reduced by the amount of the partial withdrawal, and a partial withdrawal will not be allowed if it would reduce the Face Amount below \$40,000 for VEL 91 Policies (\$25,000 for VEL 87 Policies).

A transaction charge which is the smaller of 2% of the amount withdrawn, or \$25, will be assessed on each partial withdrawal to reimburse the Company for the cost of processing the withdrawal. The Company does not expect to make a profit on this charge. The transaction fee applies to all partial withdrawals, including a Withdrawal without a surrender charge.

A partial withdrawal charge may also be deducted from the Policy Value. For each partial withdrawal you may withdraw an amount equal to 10% of the Policy Value on the date the written withdrawal request is received by the Company, less the total of any prior withdrawals in that Policy year which were not subject to the partial withdrawal charge, without incurring a partial withdrawal charge. Any partial withdrawal in excess of this amount ("excess withdrawal") will be subject to the partial withdrawal charge. The partial withdrawal charge is equal to 5% of the excess withdrawal up to the amount of the surrender charge on the date of withdrawal. There will be no partial withdrawal charge if there is no surrender charge on the date of withdrawal.

This right is not cumulative from Policy year to Policy year. For example, if only 8% of Policy Value were withdrawn in Policy year two, the amount you could withdraw in subsequent Policy years would not be increased by the amount you did not withdraw in the second Policy year.

The Policy's outstanding surrender charge will be reduced by the amount of the partial withdrawal charge deducted, by proportionately reducing the deferred sales charge component and the deferred administrative charge component. The partial withdrawal charge deducted will decrease existing surrender charges in the following order:

- first, the surrender charge for the most recent increase in Face Amount,
- second, the surrender charge for the next most recent increase successively,
- last, the surrender charge for the initial Face Amount.

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A separate surrender charge is calculated upon issuance of a VEL 87 Policy and upon each increase in Face Amount. The maximum Surrender Charge calculated upon issuance of the VEL 87 Policy is equal to \$4.50 per thousand dollars of the initial Face Amount plus 30% of the Guideline Annual Premium times a factor of not greater than 1.0, as indicated on pages D-1 and D-2. The maximum surrender charge for an increase in Face Amount is \$4.50 per thousand dollars of increase, plus 30% of the Guideline Annual Premium for the increase times a factor of not greater than 1.0, as indicated below. The calculation may be summarized in the following formula:

<Table>  
 <S><C>  

$$\text{Maximum Surrender Charge} = \frac{(\$4.50 \times \text{Face Amount}) + (0.3 \times \text{Guideline Annual Premium} \times \text{Factor})}{1000}$$
  
 </Table>

The maximum surrender charge remains level for the first 44 policy months, reduces by 1% per month for the next 100 policy months, and is zero thereafter. The actual surrender charge imposed may be less than the maximum. The actual surrender charge imposed will be the lesser of either the maximum surrender charge or the sum of \$4.50 per thousand dollars of Face Amount plus 30% of premiums paid which are associated with the initial Face Amount or increase, as applicable.

The Factors used in calculating the maximum surrender charges vary with the issue Age and Premium Class as indicated in the table below.

FACTORS USED IN CALCULATION OF MAXIMUM SURRENDER CHARGES

<Table>  
 <Caption>

NON-SMOKER FACTORS

AGE	FACTOR	AGE	FACTOR	AGE	FACTOR
---	-----	---	-----	---	-----
<S>	<C>	<C>	<C>	<C>	<C>
18	1.0000	39	0.8600	60	0.6500
19	1.0000	40	0.8500	61	0.6400
20	1.0000	41	0.8400	62	0.6300
21	1.0000	42	0.8300	63	0.6200
22	1.0000	43	0.8200	64	0.6100
23	1.0000	44	0.8100	65	0.6000
24	1.0000	45	0.8000	66	0.5900
25	1.0000	46	0.7900	67	0.5800
26	0.9900	47	0.7800	68	0.5700
27	0.9800	48	0.7700	69	0.5600
28	0.9700	49	0.7600	70	0.5500
29	0.9600	50	0.7500	71	0.5400
30	0.9500	51	0.7400	72	0.5300
31	0.9400	52	0.7300	73	0.5200
32	0.9300	53	0.7200	74	0.5100
33	0.9200	54	0.7100	75	0.5000
34	0.9100	55	0.7000	76	0.4900
35	0.9000	56	0.6900	77	0.4800
36	0.8900	57	0.6800	78	0.4700
37	0.8800	58	0.6700	79	0.4600
38	0.8700	59	0.6600	80	0.4500

<Caption>

SMOKER FACTORS

AGE	FACTOR	AGE	FACTOR	AGE	FACTOR
---	-----	---	-----	---	-----
<S>	<C>	<C>	<C>	<C>	<C>
0	0.8000	27	0.7833	54	0.5583
1	0.8000	28	0.7750	55	0.5500
2	0.8000	29	0.7667	56	0.5417

</Table>

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<Table>

<S>	<C>	<C>	<C>	<C>	<C>
3	0.8000	30	0.7583	57	0.5333
4	0.8000	31	0.7500	58	0.5250
5	0.8000	32	0.7417	59	0.5167
6	0.8000	33	0.7333	60	0.5083
7	0.8000	34	0.7250	61	0.5000
8	0.8000	35	0.7167	62	0.4917
9	0.8000	36	0.7083	63	0.4833



10	0.8000	37	0.7000	64	0.4750
11	0.8000	38	0.6917	65	0.4667
12	0.8000	39	0.6833	66	0.4583
13	0.8000	40	0.6750	67	0.4500
14	0.8000	41	0.6667	68	0.4417
15	0.8000	42	0.6583	69	0.4333
16	0.8000	43	0.6500	70	0.4250
17	0.8000	44	0.6417	71	0.4167
18	0.8000	45	0.6333	72	0.4083
19	0.8000	46	0.6250	73	0.4000
20	0.8000	47	0.6167	74	0.3917
21	0.8000	48	0.6083	75	0.3833
22	0.8000	49	0.6000	76	0.3750
23	0.8000	50	0.5917	77	0.3667
24	0.8000	51	0.5833	78	0.3583
25	0.8000	52	0.5750	79	0.3500
26	0.7917	53	0.5667	80	0.3417

</Table>

EXAMPLES

For the purposes of these examples, assume that a male, Age 45, non-smoker purchases a \$100,000 VEL 87 Policy. In this example the Guideline Annual Premium equals \$1,740.95, and the factor is 0.8000. The maximum surrender charge at issue is calculated as follows:

<S>	<C>	<C>
(1)	Deferred Administrative Charge (\$4.50/\$1,000 of Face Amount)	\$450.00
(2)	Deferred Sales Charge (30% of Guideline Annual Premium X Factor from page D-1)	\$417.83
	Maximum Surrender Charge	\$867.83

</Table>

The actual surrender charge is the smaller of the maximum surrender charge and the following sum:

<S>	<C>	<C>
(1)	Deferred Administrative Charge (\$4.50/\$1,000 of Face Amount)	\$450.00
(2)	Deferred Sales Charge (30% of Premiums Paid associated with the initial Face Amount)	Varies
		-----
		Sum of (1) and (2)

</Table>

The maximum surrender charge is \$867.83. All premiums are associated with the initial Face Amount unless the Face Amount is increased.

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EXAMPLE 1:

Assume the Policyowner surrenders the VEL 87 Policy in the 10th Policy month, having paid total premiums of \$1,000. The actual surrender charge would be \$750. If, instead of \$1,000, total premiums of \$1,392.76 or greater had been paid, the actual surrender charge would be \$867.83.

EXAMPLE 2:

Assume the Policyowner surrenders the VEL 87 Policy in the 54th month, having paid total premiums of \$1,000. After the 44th Policy month, the maximum surrender charge decreases by 1% per month (\$8.6783 per month in this example). In this example the maximum surrender charge would be \$781.05. The actual surrender charge would be \$750. If instead of \$1,000, total premiums of \$1,103.50 or greater had been paid, the actual surrender charge would be \$781.05.

EXAMPLE 3:

This example illustrates the calculation of the surrender charge for an increase. A separate surrender charge is calculated when the Face Amount of a VEL 87 Policy is increased. Assume our sample Policyowner increases the Face Amount to \$250,000 on the 24th monthly payment date at Age 47. In this example the Guideline Annual Premium for the increase is \$2,781.62 and the factor is ..7800.

The maximum surrender charge for the increase is \$1,325.90 as calculated below:

<Table>		
<S>	<C>	<C>
(1)	Deferred Administrative Charge (\$4.50/\$1,000 of Face Amount)	\$675.00
(2)	Deferred Sales Charge (30% of Guideline Annual Premium for the increase / / Factor)	\$650.90
	Maximum Surrender Charge	\$1,325.90

The actual surrender charge for the increase is the smaller of the maximum surrender charge for the increase and the following sum:

<Table>		
<S>	<C>	<C>
(1)	Deferred Administrative Charge	\$675.00
(2)	Deferred Sales Charge (30% of the Policy Value, on the effective date of the increase, associated with the increase)	Varies
(3)	(30% of Premiums paid associated the increase)	Varies
		-----
		Sum of (1), (2), and (3)

To calculate the actual surrender charge, premium and accumulated value must be allocated between the initial Face Amount and the increase. This is done as follows:

- (a) Premium is allocated to the initial Face Amount if it is received before an application for an increase.
- (b) Premium is associated with the base policy and the increase in proportion to their respective Guideline Annual Premiums if the premium is received after an application for an increase. In this example, 38.5% of premium (\$1,740.95/\$4,522.57) is allocated to the initial Face Amount and 61.5% of premium (\$2,781.62/\$4,522.57) is allocated to the increase.
- (c) The Policy Value on the effective date of an increase is also allocated between the initial Face Amount and the increase in proportion to their Guideline Annual Premiums. In this example 61.5% (\$2,781.62/\$4,522.57) of the Policy Value will be allocated to the increase.

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Continuing the example, assume that the Policyowner has paid \$1,000 of premium before the \$2,000 after the effective date of the increase. Also, assume that the Policy Value of the VEL 87 Policy on the effective date of the increase is \$900. The following values result when the VEL 87 Policy is surrendered in the 54th policy month.

- (a) Related to the Initial Face Amount
  - (i) The maximum surrender charge began to decrease in the 44th policy month and now equals \$781.05.
  - (ii) The actual surrender charge is the lesser of \$781.05 and the following sum.

<Table>		
<S>	<C>	<C>
(1)	Deferred Administrative Charge	\$450.00
(2)	30% of premium paid before the increase	\$300.00
(3)	11.55% (.30 X .385) of premium paid after the increase	\$231.00
		\$981.00

The actual surrender charge for the initial Face Amount is thus \$781.05.

- (a) Related to the Increase in Face Amount
  - (i) The maximum surrender charge is \$1,325.90, decreasing by 1% per month beginning in the 68th Policy month (44 months after the

effective date of the increase).

(ii) The actual surrender charge is the lesser of \$1,325.90 and the following sum.

(ii) The actual surrender charge is the lesser of \$781.05 and the following sum.

<Table>	
<S>	<C>
(1) Deferred Administrative Charge	\$675.00
(2) 18.45% (.30 X .615) of the \$900 Policy Value on the effective date of the increase	\$166.05
(3) 18.45% of the \$2,000.00 of premium paid after the increase	\$369.00
	\$1,210.05
</Table>	

The surrender charge for the increase in Face Amount is \$1,210.05. The total surrender charge on the VEL 87 Policy is the sum of the surrender charge for the initial Face Amount plus the surrender charge for the increase. The total surrender charge is therefore \$1,991.10 (the sum of \$781.05 + \$1,210.05).

EXAMPLE 4:

This example illustrates the calculation of the charges on partial withdrawal and their impact on the surrender charges. In addition to the facts in Example 3, assume that a \$1,000 partial withdrawal is made in the 36th Policy month. Assume that the Policy Value on the date of the partial withdrawal request was \$1,500. The partial withdrawal charge is \$42.50 (10% of Policy Value, \$150 in this example, may be withdrawn at no charge other than the transaction charge. The balance of \$850 is assessed a charge of 5%.) A transaction charge of \$20 (equal to the lesser of \$25 or 2% of the amount withdrawn) would also be assessed.

The maximum and actual surrender charges for the increase are reduced by the partial withdrawal charge of \$42.50 (but not the transaction charge of \$20). When the Policyowner surrenders the VEL 87 Policy in the 54th Policy month, the maximum surrender charge for the increase is \$1,283.40 (the difference of \$1,325.90 X \$42.50) and the actual surrender charge for the increase is \$1,167.55 (the difference of \$1,210.05 X \$42.50). The total surrender charge on the Policy is \$1,948.60 (the sum of \$781.05 + \$1,167.55).

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CALCULATION OF MAXIMUM SURRENDER CHARGES - VEL 91 POLICIES

A separate surrender charge is calculated upon issuance of the VEL 91 Policy and upon each increase in the Face Amount. The maximum surrender charge calculated upon issuance of the VEL 91 Policy is equal to \$8.50 per thousand dollars of the initial Face Amount plus 30% of the Guideline Annual Premium. The maximum surrender charge for an increase in Face Amount is \$8.50 per thousand dollars of increase, plus 30% of the Guideline Annual Premium for the increase. The calculation may be summarized in the following formula:

<Table>	
<S>	<C>
Maximum Surrender Charge =	$(\$8.50 \times \text{Face Amount}) + (0.3 \times \text{Guideline Annual Premium} \times \text{Factor})$
	-----
	1000
</Table>	

In accordance with limitations under state insurance regulations, the amount of the maximum surrender charge at certain ages will not exceed a specified amount per \$1,000 of initial Face Amount (or increase in the Face Amount) as shown on pages E-1 and E-2.

The maximum surrender charge remains level for the first 44 Policy months, reduces by 1% per month for the next 100 Policy months, and is zero thereafter. The actual surrender charge imposed may be less than the maximum. The actual surrender charge imposed will be the lesser of either the maximum surrender charge or the sum of \$8.50 per thousand dollars of Face Amount plus 30% of premiums paid which are associated with the initial Face Amount or increase, as applicable.

The Factors used in calculating the maximum surrender charges vary with the issue Age and Premium Class (smoker) under a VEL 91 Policy, as indicated in the table below.

MAXIMUM SURRENDER CHARGE PER \$1,000 FACE AMOUNT

AGE AT ISSUE OR INCREASE	MALE NONSMOKER	MALE SMOKER	FEMALE NONSMOKER	FEMALE SMOKER	UNISEX NONSMOKER	UNISEX SMOKER
0		8.60		7.86		8.46
1		8.57		7.86		8.44
2		8.67		7.95		8.53
3		8.78		8.05		8.64
4		8.89		8.15		8.75
5		9.02		8.25		8.86
6		9.14		8.35		8.98
7		9.28		8.45		9.11
8		9.42		8.56		9.25
9		9.58		8.68		9.40
10		9.74		8.80		9.55
11		9.92		8.93		9.72
12		10.10		9.06		9.89
13		10.29		9.20		10.07
14		10.49		9.34		10.26
15		N/A		9.50		10.45
16		N/A		9.65		N/A
17		N/A		9.82		N/A
18	10.04	N/A	9.37	9.99	9.91	N/A
19	10.20	N/A	9.52	10.16	10.06	N/A
20	10.36	N/A	9.67	10.34	10.22	N/A
21	10.53	N/A	9.83	10.53	10.39	N/A
22	N/A	N/A	10.00	N/A	N/A	N/A
23	N/A	N/A	10.17	N/A	N/A	N/A
24	N/A	N/A	10.35	N/A	N/A	N/A

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<S>	<C>	<C>	<C>	<C>	<C>	<C>
25-74	N/A	N/A	N/A	N/A	N/A	N/A
75	N/A	46.14	N/A	N/A	N/A	N/A
76	N/A	46.06	N/A	N/A	N/A	N/A
77	N/A	45.91	N/A	N/A	N/A	45.84
78	44.57	45.73	N/A	N/A	44.51	45.59
79	44.28	45.52	N/A	44.01	44.20	45.31
80	44.00	45.33	43.13	43.63	43.88	45.02

EXAMPLES

For the purposes of these examples, assume that a male, Age 45, non-smoker purchases a \$100,000 VEL 91 Policy. In this example the Guideline Annual Premium equals \$1,740.95. The maximum surrender charge at issue is calculated as follows:

<S>	<C>	<C>
(1) Deferred Administrative Charge ((\$8.50/\$1,000 of Face Amount))		\$850.00
(2) Deferred Sales Charge (30% of Guideline Annual Premium)		\$522.29
Maximum Surrender Charge		\$1,372.29

The actual surrender charge is the smaller of the maximum surrender charge and the following sum:

<S>	<C>	<C>
(1) Deferred Administrative Charge ((\$8.50/\$1,000 of Face Amount))		\$850.00
(2) Deferred Sales Charge (30% of Premiums Paid associated with the initial Face Amount)		Varies
		-----
		Sum of (1) and (2)

The maximum surrender charge is \$1,372.29. All premiums are associated with the initial Face Amount unless the Face Amount is increased.

EXAMPLE 1:

Assume the Policyowner surrenders the VEL 91 Policy in the 10th Policy month, having paid total premiums of \$1,500. The actual surrender charge would be \$1,300. If, instead of \$1,500, total premiums of \$1,740.95 or greater had been paid, the actual surrender charge would be \$1,372.29.

EXAMPLE 2:

Assume the Policyowner surrenders the VEL 91 Policy in the 54th Policy month, having paid total premiums of \$1,500. After the 44th Policy month, the maximum surrender charge decreases by 1% per month (\$13.7229 per month in this example). In this example the maximum surrender charge would be \$1,235.06. The actual surrender charge is \$1,235.06. If instead of \$1,500, total premiums of less than \$1,283.52 had been paid, the actual surrender charge would be less than \$1,235.06.

EXAMPLE 3:

This example illustrates the calculation of the surrender charge for an increase. A separate surrender charge is calculated when the Face Amount of the VEL 91 Policy is increased. Assume our sample Policyowner increases the Face Amount to \$250,000 on the 24th Monthly Payment Date at Age 47. In this example the Guideline Annual Premium for the increase is \$2,781.62.

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The maximum surrender charge for the increase is \$2,109.49 as calculated below:

<S>	<C>	<C>
(1)	Deferred Administrative Charge (\$8.50/\$1,000 of Face Amount)	\$1,275.00
(2)	Deferred Sales Charge (30% of Guideline Annual Premium for the increase X Factor)	\$834.49
	Maximum Surrender Charge	\$2,109.49

The actual surrender charge for the increase is the smaller of the maximum surrender charge for the increase and the following sum:

<S>	<C>	<C>
(1)	Deferred Administrative Charge	
(2)	Deferred Sales Charge (30% of the Policy Value, on the effective date of the increase, associated with the increase)	Varies
(3)	(30% of Premiums paid associated the increase)	Varies
	Sum of (1), (2), and (3)	-----

To calculate the actual surrender charges, premium and accumulated value must be allocated between the initial Face Amount and the increase. This is done as follows:

- (a) Premium is allocated to the initial Face Amount if it is received before an application for an increase.
- (b) Premium is associated with the base Policy and the increase in proportion to their respective Guideline Annual Premiums if the premium is received after an application for an increase. In this example, 38.5% of premium (\$1,740.95/\$4,522.57) is allocated to the initial Face Amount and 61.5% of premium (\$2,781.62/\$4,522.57) is allocated to the increase.
- (c) The Policy Value on the effective date of an increase is also allocated between the initial Face Amount and the increase in proportion to their Guideline Annual Premiums. In this example 61.5% (\$2,781.62/\$4,522.57) of the Policy Value will be allocated to the increase.

Continuing the example, assume that the Policyowner has paid \$1,500 of premium before the \$2,000 after the effective date of the increase. Also, assume that the Policy Value of the VEL 91 Policy on the effective date of the increase is \$1,300. The following values result when the VEL 91 Policy is surrendered in the 54th Policy month.

(a) Related to the Initial Face Amount

(i) The maximum surrender charge began to decrease in the 44th Policy month, and now equals \$1,235.06

(ii) The actual surrender charge is the lesser of \$1,234.06 and the following sum.

<S>	<C>
(1) Deferred Administrative Charge	\$850.00
(2) 30% of premium paid before the increase	\$450.00
(3) 11.55% (.30 X .385) of premium paid after the increase	\$231.00
	\$1,531.00

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The actual surrender charge for the initial Face Amount is thus \$1,235.06.

(a) Related to the increase in Face Amount

1. The maximum surrender charge is \$2,109.49, decreasing by 1% per month beginning in the 68th Policy month (44 months after the effective date of the increase).
2. The actual surrender charge is the lesser of \$2,109.49 and the following sum.

<S>	<C>
(1) Deferred Administrative Charge	\$1,275.00
(2) 18.45% (.30 X .615) of the \$1,300 Policy Value on the effective date of the increase	\$369.00
(3) 18.45% of the \$2,000.00 of premium paid after the increase	\$1,883.85

The surrender charge for the increase in face amount is \$1,883.85. The total surrender charge on the Policy is the sum of the surrender charge for the initial Face Amount plus the surrender charge for the increase. The total surrender charge is therefore \$3,118.91 (the sum of \$1,235.06 + \$1,883.85).

EXAMPLE 4:

This example illustrates the calculation of the charges on partial withdrawal and their impact on the surrender charge(s). In addition to the facts in Example 3, assume that a \$1,000 partial withdrawal is made in the 36th Policy month. Assume that the Policy Value on the date of the partial withdrawal request was \$1,500. The partial withdrawal charge is \$42.50 (10% of Policy Value, \$150 in this example, may be withdrawn at no charge other than the transaction charge. The balance of \$850 is assessed a charge of 5%.) A transaction charge of \$20 (equal to the lesser of \$25 or 2% of the amount withdrawn) would also be assessed.

The maximum and actual surrender charges for the increase are reduced by the partial withdrawal charge of \$42.50 (but not the transaction charge of \$20). When the Policyowner surrenders the Policy in the 54th Policy month, the maximum surrender charge for the increase is \$2,066.99 (the difference of \$2,109.49 -- \$42.50) and the actual surrender charge for the increase is \$1,841.35 (the difference of \$1,883.85 -- \$42.50).

The total surrender charge on the Policy is \$3,076.41 (the sum of \$1,235.06 + \$1,841.35).

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PERFORMANCE INFORMATION

The VEL 87 Policies were first offered to the public in 1987, and the VEL 91 Policies were first offered in 1991. The Company may advertise "Total Return" and "Average Annual Total Return" performance information based on the periods that the Sub-Accounts have been in existence and based on the periods that the Underlying Funds have been in existence. Table I is based on the INCEPTION DATES OF THE SUB-ACCOUNTS OF THE SEPARATE ACCOUNT. and Table II shows Sub-Account performance based on the INCEPTION DATES OF THE UNDERLYING FUNDS

The returns in the tables reflect the charges assessed against the Separate

Account (e.g., the mortality and expense risk charge and the administration charge) and all charges and expenses of the Underlying Funds. However, the tax expense charge, the charges that vary with each Policy because they are based on certain factors that vary with the individual characteristics of the Insured (e.g., the Monthly Deduction and Surrender Charges), and transaction charges are not reflected in the rates of return shown below. If these charges were deducted, the returns in the Tables would have been significantly lower. The tables do not illustrate how investment performance of the underlying funds will affect policy values and benefits because they do not reflect deduction of all applicable policy charges.

In each table, "One-Year Total Return" refers to the total of the income generated by a Sub-Account, based on certain charges and assumptions as described in the respective tables, for the one-year period ended December 31, 2002. "Average Annual Total Return" is based on the same charges and assumptions, but reflects the hypothetical annually compounded return that would have produced the same cumulative return if the Sub-Account's performance had been constant over the entire period. Because average annual total returns tend to smooth out variations in annual performance return, they are not the same as actual year-by-year results.

#### OTHER PERFORMANCE INFORMATION

We may compare performance information for a sub-account in reports and promotional literature to:

- Standard & Poor's 500 Composite Stock Price Index (S&P 500)
- Dow Jones Industrial Average (DJIA)
- Shearson, Lehman Aggregate Bond Index
- Other unmanaged indices of unmanaged securities widely regarded by investors as representative of the securities markets
- Other groups of variable life separate accounts or other investment products tracked by Lipper Inc.
- Other services, companies, publications or persons, such as Morningstar, Inc., who rank the investment products on performance or other criteria
- The Consumer Price Index

In advertising, sales literature, publications or other materials, we may give information on various topics of interest to Policy owners and prospective Policy owners. These topics may include:

- The relationship between sectors of the economy and the economy as a whole and its effect on various securities markets, investment strategies and techniques (such as value investing, market timing, dollar cost averaging, asset allocation and automatic account rebalancing)
- The advantages and disadvantages of investing in tax-deferred and taxable investments
- Customer profiles and hypothetical payment and investment scenarios
- Financial management and tax and retirement planning

At times, the Company may also advertise the ratings and other information assigned to it by independent rating organizations such as A.M. Best Company ("A.M. Best"), Moody's Investors Service ("Moody's"), Standard & Poor's Insurance Rating Services ("S&P") and Duff & Phelps. A.M. Best's and Moody's ratings reflect their current opinion of the Company's relative financial strength and operating performance in comparison to the norms of the life/health insurance industry. S&P's and Duff & Phelps' ratings measure the ability of an insurance company to meet its obligations under insurance policies it issues do not measure the ability of such companies to meet other non-policy obligations. The ratings also do not relate to the performance of the Underlying Portfolios.

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TABLE I  
AVERAGE ANNUAL TOTAL RETURNS FOR PERIODS  
ENDING DECEMBER 31, 2002  
SINCE INCEPTION OF THE SUB-ACCOUNTS

The following performance information is based on the periods that the Sub-Accounts have been in existence. The performance information is net of total Underlying Fund expenses and all Sub-Account charges. THE DATA DOES NOT REFLECT THE TAX EXPENSE CHARGE, MONTHLY CHARGES UNDER THE POLICY OR SURRENDER CHARGES.

It is assumed that an annual premium payment of \$3,000 (approximately one Guideline Annual Premium) was made at the beginning of each Policy year and that ALL premiums were allocated to EACH Sub-Account individually.

<Table>  
<Caption>

	SUB-ACCOUNT INCEPTION DATE	FOR YEAR ENDED 12/31/02	5 YEARS	10 YEARS (OR SINCE INCEPTION IF LESS)
<S>	<C>	<C>	<C>	<C>
AIT Core Equity Fund (Service Shares)	11/19/87			
AIT Equity Index Fund (Service Shares)	10/25/90			
AIT Government Bond Fund (Service Shares)	11/06/91			
AIT Money Market Fund (Service Shares)	12/22/87			
AIT Select Aggressive Growth Fund (Service Shares)	09/17/92			
AIT Select Capital Appreciation Fund (Service Shares)	04/30/95			
AIT Select Emerging Markets Fund (Service Shares)	06/04/98			
AIT Select Growth and Income Fund (Service Shares)	09/17/92			
AIT Select Growth Fund (Service Shares)	09/17/92			
AIT Select International Equity Fund (Service Shares)	05/03/94			
AIT Select Investment Grade Income Fund (Service Shares)	12/02/87			
AIT Select Strategic Growth Fund (Service Shares)	06/04/98			
AIT Select Strategic Income Fund (Service Shares)	05/01/01			
AIT Select Value Opportunity Fund (Service Shares)	05/06/93			
Alliance Premier Growth Portfolio (Class B)	05/01/01			
Delaware VIP International Value Equity Series	05/18/93			
Fidelity VIP Equity-Income Portfolio	11/16/87			
Fidelity VIP Growth Portfolio	11/16/87			
Fidelity VIP High Income Portfolio	11/19/87			
Fidelity VIP Money Market Fund	12/10/87			
Fidelity VIP Overseas Portfolio	11/19/87			
Fidelity VIP II Asset Manager Portfolio	05/11/94			
FT VIP Franklin Large Cap Growth Securities Fund (Class 2)	05/01/01			
FT VIP Franklin Small Cap Fund (Class 2)	05/01/01			
Janus Aspen Growth Portfolio (Service Shares)	05/01/01			
T. Rowe Price International Stock Portfolio	06/25/95			

</Table>

PERFORMANCE INFORMATION REFLECTS ONLY THE PERFORMANCE OF A HYPOTHETICAL INVESTMENT DURING THE PARTICULAR TIME PERIOD ON WHICH THE CALCULATIONS ARE BASED. ONE-YEAR TOTAL RETURN AND AVERAGE ANNUAL TOTAL RETURN FIGURES ARE BASED ON HISTORICAL EARNINGS AND ARE NOT INTENDED TO INDICATE FUTURE PERFORMANCE. PERFORMANCE INFORMATION SHOULD BE CONSIDERED IN LIGHT OF THE INVESTMENT OBJECTIVES AND POLICIES, CHARACTERISTICS AND QUALITY OF THE PORTFOLIO OF THE UNDERLYING FUND IN WHICH A SUB-ACCOUNT INVESTS AND THE MARKET CONDITIONS DURING THE GIVEN TIME PERIOD, AND SHOULD NOT BE CONSIDERED AS A REPRESENTATION OF WHAT MAY BE ACHIEVED IN THE FUTURE.

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TABLE II  
AVERAGE ANNUAL TOTAL RETURNS FOR PERIODS  
ENDING DECEMBER 31, 2002  
SINCE INCEPTION OF UNDERLYING FUND(1)

The following performance information is based on the periods that the Underlying Funds have been in existence. The performance information is net of total Underlying Fund expenses and all Sub-Account charges. THE DATA DOES NOT REFLECT THE TAX EXPENSE CHARGE, MONTHLY CHARGES UNDER THE POLICY OR SURRENDER CHARGES. It is assumed that an annual premium payment of \$3,000 (approximately one Guideline Annual Premium) was made at the beginning of each Policy year and that ALL premiums were allocated to EACH Sub-Account individually.

<Table>  
<Caption>

	UNDERLYING PORTFOLIO INCEPTION DATE	FOR YEAR ENDED 12/31/02	5 YEARS	10 YEARS (OR SINCE INCEPTION IF LESS)
<S>	<C>	<C>	<C>	<C>
AIT Core Equity Fund (Service Shares)*	04/29/85			
AIT Equity Index Fund (Service Shares)*	09/28/90			
AIT Government Bond Fund (Service Shares)*	08/26/91			
AIT Money Market Fund (Service Shares)*	04/29/85			
AIT Select Aggressive Growth Fund (Service Shares)*	08/21/92			
AIT Select Capital Appreciation Fund (Service Shares)*	04/28/95			
AIT Select Emerging Markets Fund (Service Shares)*	02/20/98			



AIT Select Growth and Income Fund (Service Shares)*	08/21/92
AIT Select Growth Fund (Service Shares)*	08/21/92
AIT Select International Equity Fund (Service Shares)*	05/02/94
AIT Select Investment Grade Income Fund (Service Shares)*	04/29/85
AIT Select Strategic Growth Fund (Service Shares)*	02/20/98
AIT Select Strategic Income Fund (Service Shares)*	07/03/00
AIT Select Value Opportunity Fund (Service Shares)*	04/30/93
Alliance Premier Growth Portfolio (Class B)*	06/26/92
Delaware VIP International Value Equity Series	10/29/92
Fidelity VIP Equity-Income Portfolio	10/09/86
Fidelity VIP Growth Portfolio	10/09/86
Fidelity VIP High Income Portfolio	09/19/85
Fidelity VIP Money Market Fund	04/01/82
Fidelity VIP Overseas Portfolio	01/28/87
Fidelity VIP II Asset Manager Portfolio	09/06/89
FT VIP Franklin Large Cap Growth Securities Fund (Class 2)*	05/01/96
FT VIP Franklin Small Cap Fund (Class 2)*	11/01/95
Janus Aspen Growth Portfolio (Service Shares)*	09/13/93
T. Rowe Price International Stock Portfolio	03/31/94

</Table>

(1) Many of the Underlying Funds in which the Sub-Accounts invest existed prior to the date the Sub-Accounts commenced operations. In this table, the specified period is based on the inception date of each Underlying Fund rather than the inception date of the Sub-Account. As such, the table represents what the performance of a Sub-Account would have been if the Sub-Account had been both in existence and invested in the corresponding Underlying Fund since the date indicated. In that respect, these numbers are hypothetical and are not the actual performance numbers for the Sub-Accounts or the Policy.

\* These funds include a charge for 12b-1 fees. For period beyond the inception dates of the Sub-Accounts, these hypothetical performance figures are based upon the historical performance of the non 12b-1 class of shares, but adjusted to reflect the effect of the 12b-1 fee on performance.

PERFORMANCE INFORMATION REFLECTS ONLY THE PERFORMANCE OF A HYPOTHETICAL INVESTMENT DURING THE PARTICULAR TIME PERIOD ON WHICH THE CALCULATIONS ARE BASED. ONE-YEAR TOTAL RETURN AND AVERAGE ANNUAL TOTAL RETURN FIGURES ARE BASED ON HISTORICAL EARNINGS AND ARE NOT INTENDED TO INDICATE FUTURE PERFORMANCE. PERFORMANCE INFORMATION SHOULD BE CONSIDERED IN LIGHT OF THE INVESTMENT OBJECTIVES AND POLICIES, CHARACTERISTICS AND QUALITY OF THE PORTFOLIO OF THE UNDERLYING FUND IN WHICH A SUB-ACCOUNT INVESTS AND THE MARKET CONDITIONS DURING THE GIVEN TIME PERIOD, AND SHOULD NOT BE CONSIDERED AS A REPRESENTATION OF WHAT MAY BE ACHIEVED IN THE FUTURE.

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#### FINANCIAL STATEMENTS

The independent accountants of the Company and the Variable Account is PricewaterhouseCoopers LLP. The financial statements of the Company as of December 31, 2002 and 2001 and for each of the three years in the period ended December 31, 2002, and the financial statements of VEL Account of the Company as of December 31, 2001 and for the periods indicated, included in this Prospectus constituting part of this Registration Statement, have been so included in reliance on the reports of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The financial statements of the Company included herein should be considered only as bearing on the ability of the Company to meet its obligations under the Policies.

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#### PART C: OTHER INFORMATION

##### ITEM 27. EXHIBITS

###### (A) BOARD OF DIRECTORS RESOLUTION.

Certified copy of Resolutions of the Board of Directors of the Company of April 2, 1987 establishing the VEL Account was previously filed on April 16, 1998 in Post-Effective Amendment No. 20 of this Registration Statement on Form S-6, and is incorporated by reference herein.

###### (B) CUSTODIAN AGREEMENTS.

Not applicable.

(C) UNDERWRITING CONTRACTS.

- (1) Underwriting and Administrative Services Agreement between the Company and Allmerica Investments, Inc. was previously filed on April 16, 1998 in Post-Effective Amendment No. 20 of this Registration Statement on Form S-6, and is incorporated by reference herein.
- (2) General Agents Agreement was previously filed on April 16, 1998 in Post-Effective Amendment No. 20 of this Registration Statement on Form S-6, and is incorporated by reference herein.
- (3) Career Agent Agreement was previously filed in on April 16, 1998 in Post-Effective Amendment No. 20 of this Registration Statement on Form S-6, and is incorporated by reference herein.

(D) POLICY.

- (1) The Policy and initial Policy endorsements were previously filed in on April 16, 1998 in Post-Effective Amendment No. 20 of this Registration Statement on Form S-6, and are incorporated by reference herein. The following endorsements were previously filed on April 2, 1997 in Post-Effective Amendment No. 19 of this Registration Statement on Form S-6, and are incorporated by reference herein:
  - (2) Paid up Life Insurance Option Endorsement
  - (3) Preferred Loan Endorsement

(E) APPLICATION.

Application was previously filed on April 16, 1998 in Post-Effective Amendment No. 20 of this Registration Statement on Form S-6, and is incorporated by reference herein.

(F) DEPOSITOR'S CERTIFICATE OF INCORPORATION AND BYLAWS.

Amended Articles of Incorporation and Bylaws of the Company were previously filed on September 29, 1995 in Post-Effective Amendment No. 17 of this Registration Statement on Form S-6 , and are incorporated by reference herein.

(G) REINSURANCE CONTRACTS.

- (1) Reinsurance contract dated January 1, 2001 among First Allmerica Financial Life Insurance Company and General & Cologne Life Re of America was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is

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incorporated by reference herein.

- (2) Reinsurance contract dated January 1, 2001 among Allmerica Financial Life Insurance and Annuity Company and Reinsurance Company of Missouri, Inc. was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (3) Reinsurance contract dated July 1, 2000 among First Allmerica Financial Life Insurance Company and Life Reassurance Corporation of America (Swiss Re) was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (4) Reinsurance contract dated April 1, 2000 among First Allmerica Financial Life Insurance Company and Munich American Reinsurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (5) Reinsurance contract dated January 1, 2000 among First Allmerica Financial Life Insurance Company and Security Life of Denver Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (6) Reinsurance contract dated January 1, 2000 among First Allmerica Financial Life Insurance Company and Life Reassurance Corporation of America (Swiss Re) was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.

- (7) Reinsurance contract dated November 1, 1999 among First Allmerica Financial Life Insurance Company and RGA Reinsurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (8) Reinsurance contract dated January 1, 1999 among First Allmerica Financial Life Insurance Company and AXA Re Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (9) Reinsurance contract dated January 1, 1998 among Allmerica Financial Life Insurance and Annuity Company and RGA Reinsurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (10) Reinsurance contract dated April 1, 1996 among First Allmerica Financial Life Insurance Company and Transamerica Occidental Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (11) Reinsurance contract dated March 1, 1996 among First Allmerica Financial Life Insurance Company and Northwestern National Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (12) Reinsurance contract dated March 1, 1996 among First Allmerica Financial Life Insurance Company and Connecticut General Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.

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- (13) Reinsurance contract dated November 22, 1995 among First Allmerica Financial Life Insurance Company and Life Reassurance Corporation of America was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (14) Reinsurance contract dated January 1, 1995 among State Mutual Life Assurance Company of America and Life Reinsurance Corporation of America was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (15) Reinsurance contract dated January 1, 1994 among State Mutual Life Assurance Company of America and Connecticut General Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (16) Reinsurance contract dated January 1, 1993 among State Mutual Life Assurance Company of America and Life Reassurance Corporation of America was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (17) Reinsurance contract dated January 1, 1993 among State Mutual Life Assurance Company and The Cologne Life Reinsurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (18) Reinsurance contract dated February 26, 1991 among State Mutual Life Assurance Company of America and The Lincoln National Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (19) Reinsurance contract dated May 1, 1989 among State Mutual Life Assurance Company of America and General American Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (20) Reinsurance contract dated May 1, 1989 among State Mutual Life Assurance Company of America and Connecticut General Life Insurance Company was previously filed in February 2003 in

Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.

- (21) Reinsurance contract dated July 1, 1986 among State Mutual Life Assurance Company of America and General American Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (22) Reinsurance contract dated August 1, 1983 among State Mutual Life Assurance Company of America and The Lincoln National Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (23) Reinsurance contract dated August 1, 1983 among State Mutual Life Assurance Company and Connecticut General Life Insurance Company was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (24) Reinsurance contract dated August 1, 1983 among State Mutual Life Assurance Company and Cologne Life Reinsurance Company was previously filed in February 2003 in Post-Effective

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Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.

(H) PARTICIPATION AGREEMENTS.

- (1) Amendment dated May 1, 2002 to the Allmerica Investment Trust Participation Agreement was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466 on Form S-6, and is incorporated by reference herein. Participation Agreement between the Company and Allmerica Investment Trust dated March 22, 2000 was previously filed in April 2000 in Post-Effective Amendment No. 14 of Registration Statement No. 33-57792/811-7466 on Form S-6, and is incorporated by reference herein.
- (2) Amendment dated May 1, 2001 to the Fidelity VIP Participation Agreement was previously filed in April 2002 in Post-Effective Amendment No. 5 of Registration No. 333-84879/811-09529 on Form S-6, and is incorporated by reference herein. Participation Agreement, as amended, with Variable Insurance Products Fund was previously filed in Post-Effective Amendment No. 20 on April 16, 1998 on Form S-6, and is incorporated by reference herein.
- (3) Amendment dated October 1, 2001 to the Fidelity VIP II Participation Agreement was previously filed in April 2002 in Post-Effective Amendment No. 5 of Registration No. 333-84879/811-09529 on Form S-6, and is incorporated by reference herein. Participation Agreement, as amended, with Variable Insurance Products Fund II was previously filed in Post-Effective Amendment No. 20 on April 16, 1998 on Form S-6, and is incorporated by reference herein.
- (4) Amendment dated May 1, 2001 to the Delaware Participation Agreement was previously filed in Post-Effective Amendment No. 5 of Registration No. 333-84879/811-09529 on Form S-6, and is incorporated by reference herein. Participation Agreement with Delaware Group Premium Fund, Inc. was previously filed on April 16, 1998 in Post-Effective Amendment No. 11 on Form S-6, and is incorporated by reference herein.
- (5) Amendment to Schedule A dated October 1, 2000 to the T. Rowe Price International Series, Inc. Participation Agreement was previously filed in April 2001 in Post-Effective Amendment No. 4 of Registration No. 333-84879/811-09529 on Form S-6, and is incorporated by reference herein. Participation Agreement with T. Rowe Price International Series, Inc. was previously filed in Post-Effective Amendment No. 20 on April 16, 1998 on Form S-6, and is incorporated by reference herein.
- (6) Amendment to the Fidelity Service Agreement, effective as of January 1, 1997, was previously filed on April 30, 1997 in Post-Effective Amendment No. 19 on Form S-6, and is incorporated by reference herein. Fidelity Service Agreement, effective as of November 1, 1995, was previously filed on April 30, 1996 in Post-Effective Amendment No. 18 on Form S-6, and is incorporated by reference herein.

- (7) Service Agreement with Rowe-Price-Fleming International, Inc. was previously filed on April 16, 1998 in Post-Effective Amendment No. 12 on Form S-6, and is incorporated by reference herein.
- (8) Amendment dated February 25, 2000 to the Janus Participation Agreement was previously filed in April 2002 in Post-Effective Amendment No. 5 of Registration No. 333-84879/811-09529 on Form S-6, and is incorporated by reference herein. Participation Agreement between the Company and Janus Distributors, Inc. dated May 27, 1999 was previously filed in April 2001 in Post-Effective Amendment No. 4 of Registration No. 333-84879/811-09529 on Form S-6, and is incorporated by reference herein.

<Page>

- (9) Amendment dated May 1, 2002 to the Franklin Templeton Participation Agreement was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 333-57792/811-7466 on Form S-6, and is incorporated by reference herein. Participation Agreement between the Company and Franklin Templeton Variable Insurance Products Trust dated March 1, 2000 was previously filed in Pre-Effective Amendment No. 1 of Registration No. 333-93031/811-09631 on Form S-6, and is incorporated by referenced herein.
- (10) Amendment dated May 1, 2002 to the Alliance Amended and Restated Participation Agreement was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 333-57792/811-7466 on Form S-6, and is incorporated by reference herein. Merger and Consolidated Agreement and Amended and Restated Participation Agreement with Alliance were previously filed in April 2001 in Post-Effective Amendment No. 4 of Registration No. 333-84879/811-09529 on Form S-6, and are incorporated by reference herein.

(I) ADMINISTRATIVE CONTRACTS.

- (1) Service Agreement dated March 1, 2001 between Boston Financial Data Services, Inc. and Allmerica Financial Life Insurance and Annuity Company for lockbox and mailroom services was previously filed in February 2003 in Post-Effective Amendment No. 17 of Registration Statement No. 33-57792/811-7466, and is incorporated by reference herein.
- (2) Directors' Power of Attorney is filed herewith.

(J) OTHER MATERIAL CONTRACTS.

Not Applicable.

(K) LEGAL OPINION.

Opinion of Counsel is filed herewith.

(L) ACTUARIAL OPINION.

Not Applicable. The Registration Statement does not include illustrations.

(M) CALCULATION.

Not Applicable. The Registration Statement does not include illustrations.

(N) OTHER OPINIONS.

Consent of Independent Accountants will be filed by Post-Effective Amendment

(O) OMITTED FINANCIAL STATEMENTS.

Financial Statements included in Part B Financial Statements for Allmerica Financial Life Insurance and Annuity Company and Financial Statements for the VEL Account of Allmerica Financial Life Insurance and Annuity Company will be filed by Post-Effective Amendment.

(P) INITIAL CAPITAL AGREEMENT.

Not Applicable.

(Q) REDEEMABILITY EXEMPTION.

Not Applicable. Any such disclosures are included in the

<Page>

ITEM 28. DIRECTORS AND OFFICERS OF THE DEPOSITOR

The principal business address of all the following Directors and Officers is:  
 440 Lincoln Street  
 Worcester, Massachusetts 01653

<Table>

<Caption>

NAME AND POSITION WITH COMPANY  
 <S>

PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS  
 <C>

Bruce C. Anderson  
 Director and Vice President

Director (since 1996) and Vice President (since 1984) of First Allmerica

Warren E. Barnes  
 Vice President and Corporate Controller

Vice President (since 1996) and Corporate Controller (since 1998) of First Allmerica

Charles F. Cronin  
 Secretary

Secretary and Counsel (since 2000) of First Allmerica; Counsel (since 1996) of First Allmerica; Attorney (1991-1996) of Nutter, McClennen & Fish

J. Kendall Huber  
 Director, Vice President and General Counsel

Director, Vice President and General Counsel (since 2000) of First Allmerica; Vice President (1999) of Promos Hotel Corporation; Vice President and Deputy General Counsel (1998-1999) of Legg Mason, Inc.; Vice President and Deputy General Counsel (1995-1998) of USF&G Corporation

Mark A. Hug  
 Director, President and Chief Executive Officer

President and Chief Executive Officer (since 2002) of First Allmerica; Director (since 2001) and Vice President (since 2000) of First Allmerica; Senior Vice President of Life and Annuity Products (1997-1999) for The Equitable Life Assurance Society

John P. Kavanaugh  
 Director, Vice President and Chief Investment Officer

Director and Chief Investment Officer (since 1996) and Vice President (since 1991) of First Allmerica; Director (since 1996) and President (since 1995) of Opus Investment Management, Inc.

Mark C. McGivney  
 Vice President & Treasurer

Vice President (since 1997) and Treasurer (since 2000) of First Allmerica; Associate, Investment Banking (1996-1997) of Merrill Lynch & Co.

Edward J. Parry, III  
 Director, Vice President and Chief Financial Officer

Director and Chief Financial Officer (since 1996), Vice President (since 1993) and Treasurer (1993-2000) of First Allmerica

Robert P. Restrepo, Jr.  
 Director

Director and Vice President (since 1998) of First Allmerica; Chief Executive Officer (1996 to 1998) of Travelers Property & Casualty; Senior Vice President (1993 to 1996) of Aetna Life & Casualty Company

Gregory D. Tranter  
 Director and Vice President

Director and Vice President (since 2000) of First Allmerica; Vice President (1996-1998) of Travelers Property & Casualty; Director of Geico Team (1983-1996) of Aetna Life & Casualty

</Table>

ITEM 29. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH THE DEPOSITOR OR THE REGISTRANT

<Page>

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-----  
 ALLMERICA FINANCIAL CORPORATION

DELAWARE  
 -----

|  
 |

100%	100%	100%	100%	100%	100%	100%
Opus Investment Management, Inc.	Financial Profiles, Inc.	Allmerica Funding Corp	Allmerica Financial Life Insurance and Annuity Company	AFC Capital Trust I	VeraVest, Inc.	First Sterling Limited
Massachusetts	California	Massachusetts	Massachusetts	Delaware	Massachusetts	Bermuda

100%  
-----  
First Sterling  
Reinsurance  
Company  
Limited  
  
Bermuda  
-----

100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
VeraVest Investments, Inc.	VeraVest Investment Advisors, Inc.	Allmerica Financial Investment Management Services, Inc.	Allmerica Financial Services Insurance Agency, Inc.	Allmerica Investments Insurance Agency Inc. of Alabama	First Allmerica Financial Life Insurance Company	Allmerica Investments Insurance Agency of Florida, Inc.	Allmerica Investment Insurance Agency Inc. of Georgia	Allmerica Investment Insurance Agency Inc. of Kentucky	Allmerica Investments Insurance Agency Inc. of Mississippi
Massachusetts	Massachusetts	Massachusetts	Massachusetts	Alabama	Massachusetts	Florida	Georgia	Kentucky	Mississippi

100%	100%	100%	100%	100%	100%	100%
Allmerica Benefits, Inc.	Allmerica Asset Management, Limited	The Hanover Insurance Company	Allmerica Financial Insurance Brokers, Inc.	Citizens Insurance Company of Illinois	Advantage Insurance Network, Inc.	Allmerica Trust Company, N.A.
Florida	Bermuda	New Hampshire	Massachusetts	Illinois	Delaware	Federally Chartered

100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Allmerica Financial Benefit Insurance Company	Allmerica Plus Insurance Agency, Inc.	The Hanover American Insurance Company	Hanover Texas Insurance Management Company, Inc.	Massachusetts Bay Insurance Company	Allmerica Financial Alliance Insurance Company	AMGRO, Inc.	Citizens Insurance Company of Ohio	Citizens Insurance Company of America	Citizens Insurance Company of the Midwest
Michigan	Massachusetts	New Hampshire	Texas	New Hampshire	New Hampshire	Massachusetts	Ohio	Michigan	Indiana

100%	100%	100%
Lloyds Credit Corporation	AMGRO Receivables Corporation	Citizens Management Inc.
Massachusetts	Delaware	Delaware

Hanover  
Lloyd's  
Insurance  
Company

Texas

Affiliated Lloyd's plan company, controlled by Underwriters for the benefit of The Hanover Insurance Company

Allmerica Investment Trust	Allmerica Securities Trust
Massachusetts	Massachusetts

Affiliated Management Investment Companies

-----  
AAM High Yield  
Fund, L.L.C.

Massachusetts  
-----

L.P. or L.L.C. established for the benefit  
of First Allmerica, Allmerica Financial Life,  
Hanover and Citizens

-----	-----	-----
Allmerica Equity Index Pool	Greendale Special Placements Fund	AAM Equity Fund
Massachusetts	Massachusetts	Massachusetts
-----	-----	-----

Grantor Trusts established for the benefit of First Allmerica,  
Allmerica Financial Life, Hanover and Citizens

</Table>

January 3, 2003

<Page>

ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY

<Table>

<Caption>

NAME ----	ADDRESS -----	TYPE OF BUSINESS -----
<S> AAM Equity Fund	<C> 440 Lincoln Street Worcester MA 01653	<C> Massachusetts Grantor Trust
AAM High Yield Fund, L.L.C.	440 Lincoln Street Worcester MA 01653	Limited liability company
Advantage Insurance Network, Inc.	440 Lincoln Street Worcester MA 01653	Life Insurance Agency
AFC Capital Trust I	440 Lincoln Street Worcester MA 01653	Statutory Business Trust
Allmerica Asset Management, Limited	440 Lincoln Street Worcester MA 01653	Investment advisory services
Allmerica Benefits, Inc.	440 Lincoln Street Worcester MA 01653	Non-insurance medical services
Allmerica Equity Index Pool	440 Lincoln Street Worcester MA 01653	Massachusetts Grantor Trust
Allmerica Financial Alliance Insurance Company	100 North Parkway Worcester MA 01605	Multi-line property and casualty insurance
Allmerica Financial Benefit Insurance Company	645 West Grand River Howell MI 48843	Multi-line property and casualty insurance
Allmerica Financial Corporation	440 Lincoln Street Worcester MA 01653	Holding Company
Allmerica Financial Insurance Brokers, Inc.	440 Lincoln Street Worcester MA 01653	Insurance Broker
Allmerica Financial Life Insurance and Annuity Company	440 Lincoln Street Worcester MA 01653	Life insurance, accident and health insurance, annuities, variable annuities and variable life insurance
Allmerica Financial Services Insurance Agency, Inc.	440 Lincoln Street Worcester MA 01653	Insurance Agency
Allmerica Funding Corp.	440 Lincoln Street Worcester MA 01653	Investment corporation
Allmerica Financial Investment Management Services, Inc. (formerly known as Allmerica Institutional Services, Inc. and 440 Financial Group of Worcester, Inc.)	440 Lincoln Street Worcester MA 01653	Investment advisory services
Allmerica Investment Trust	440 Lincoln Street	Investment Trust



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<Table>  
<Caption>

NAME ----	ADDRESS -----	TYPE OF BUSINESS -----
<S>	<C>	<C>
	Worcester MA 01653	
Allmerica Investments Insurance Agency Inc. of Alabama	440 Lincoln Street Worcester MA 01653	Insurance Agency
Allmerica Investments Insurance Agency of Florida, Inc.	440 Lincoln Street Worcester MA 01653	Insurance Agency
Allmerica Investment Insurance Agency Inc. of Georgia	440 Lincoln Street Worcester MA 01653	Insurance Agency
Allmerica Investment Insurance Agency Inc. of Kentucky	440 Lincoln Street Worcester MA 01653	Insurance Agency
Allmerica Investments Insurance Agency Inc. of Mississippi	440 Lincoln Street Worcester MA 01653	Insurance Agency
Allmerica Plus Insurance Agency, Inc.	440 Lincoln Street Worcester MA 01653	Insurance Agency
Allmerica Securities Trust	440 Lincoln Street Worcester MA 01653	Investment Trust
Allmerica Trust Company, N.A.	440 Lincoln Street Worcester MA 01653	Limited purpose national trust company
AMGRO, Inc.	100 North Parkway Worcester MA 01605	Premium financing
Citizens Insurance Company of America	645 West Grand River Howell MI 48843	Multi-line property and casualty insurance
Citizens Insurance Company of Illinois	333 Pierce Road Itasca IL 60143	Multi-line property and casualty insurance
Citizens Insurance Company of the Midwest	3950 Priority Way South Drive, Suite 200 Indianapolis IN 46280	Multi-line property and casualty insurance
Citizens Insurance Company of Ohio	8101 N. High Street P.O.Box 342250 Columbus, OH 43234	Multi-line property and casualty insurance
Citizens Management, Inc. (formerly Sterling Risk Management Services, Inc.)	440 Lincoln Street Worcester, MA 01653	Risk management services
Financial Profiles, Inc.	5421 Avenida Encinas Suite A Carlsbad, CA 92008	Software company
First Allmerica Financial Life Insurance Company	440 Lincoln Street Worcester MA 01653	Life, pension, annuity, accident and health insurance company
First Sterling Limited	41 Cedar Avenue Hamilton HM 12, Bermuda	Holding Company

</Table>

<Page>

<Table>  
<Caption>

NAME ----	ADDRESS -----	TYPE OF BUSINESS -----
<S>	<C>	<C>
First Sterling Reinsurance Company Limited	41 Cedar Avenue Hamilton HM 12, Bermuda	Reinsurance Company
Greendale Special Placements Fund	440 Lincoln Street Worcester MA 01653	Massachusetts Grantor Trust
The Hanover American Insurance	100 North Parkway	Multi-line property and casualty

Company	Worcester MA 01605	insurance
The Hanover Insurance Company	100 North Parkway Worcester MA 01605	Multi-line property and casualty insurance
Hanover Texas Insurance Management Company, Inc.	NationsBank Tower 15301 Dallas Pkwy. Dallas, TX 75248	Attorney-in-fact for Hanover Lloyd's Insurance Company
Hanover Lloyd's Insurance Company	7557 Rambler Road Suite 500 Dallas TX 75231	Multi-line property and casualty insurance
Lloyds Credit Corporation	440 Lincoln Street Worcester MA 01653	Premium financing service franchises
Massachusetts Bay Insurance Company	100 North Parkway Worcester MA 01605	Multi-line property and casualty insurance
Opus Investment Management, Inc.	440 Lincoln Street Worcester MA 01653	Investment Advisory Services
VeraVest, Inc. (formerly known as Allmerica Services Corporation)	440 Lincoln Street Worcester MA 01653	Securities, retail broker-dealer
VeraVest Investment Advisors, Inc. (formerly know as Allmerica Investment Management Company, Inc.)	440 Lincoln Street Worcester, MA 01653	Investment advisory services
VeraVest Investments, Inc. (formerly known as Allmerica Investments, Inc.)	440 Lincoln Street Worcester, MA 01653	Securities, retail broker-dealer

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ITEM 30. INDEMNIFICATION

RULE 484 UNDERTAKING Article VIII of Registrant's Bylaws provides: "Each Director and each Officer of the Corporation, whether or not in office, (and his executors or administrators), shall be indemnified or reimbursed by the Corporation against all expenses actually and necessarily incurred by him in the defense or reasonable settlement of any action, suit, or proceeding in which he is made a party by reason of his being or having been a Director or Officer of the Corporation, including any sums paid in settlement or to discharge judgment, except in relation to matters as to which he shall be finally adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of his duties as such Director or Officer; and the foregoing right of indemnification or reimbursement shall not affect any other rights to which he may be entitled under the Articles of Incorporation, any statute, bylaw, agreement, vote of stockholders, or otherwise."

Insofar as indemnification for liability arising under the 1933 Act may be permitted to Directors, Officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public Policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such

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liabilities (other than the payment by the Registrant of expenses incurred or paid by a Director, Officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such Director, Officer or controlling person in connection with the securities being registered, the Registrant 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 whether such indemnification by it is against public Policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

ITEM 31. PRINCIPAL UNDERWRITERS

(A) VeraVest Investments, Inc. also acts as a principal underwriter for the following:

- VEL Account, VEL II Account, VEL Account III, Separate Account SPL-D, Separate Account IMO, Select Account III, Inheritance Account, Separate Accounts VA-A, VA-B, VA-C, VA-G, VA-H, VA-K, VA-P, Allmerica Select Separate Account II, Group VEL Account, Separate Account KG, Separate Account KGC, Fulcrum Separate Account, Fulcrum Variable Life Separate Account, Separate Account FUVUL, Separate Account IMO and Allmerica Select Separate Account of Allmerica

Financial Life Insurance and Annuity Company

- Inheritance Account, VEL II Account, Separate Account I, Separate Account VA-K, Separate Account VA-P, Allmerica Select Separate Account II, Group VEL Account, Separate Account KG, Separate Account KGC, Fulcrum Separate Account, and Allmerica Select Separate Account of First Allmerica Financial Life Insurance Company.
- Allmerica Investment Trust

(B) The Principal Business Address of each of the following Directors and Officers of VeraVest Investments, Inc. is 440 Lincoln Street, Worcester, MA 01653.

NAME ----	POSITION OR OFFICE WITH UNDERWRITER -----
Emil J. Aberizk, Jr.	Vice President
Michael J. Brodeur	Vice President
Charles F. Cronin	Secretary/Clerk
Claudia J. Eckels	Vice President
J. Kendall Huber	Director
Mark A. Hug	Director and Vice President
Richard M. LaVista	President
Mark C. McGivney	Treasurer
William F. Monroe, Jr.	Vice President and Chief Compliance Officer
K. David Nunley	Vice President
Jeffrey S. Rano	Vice President and Chief Financial Officer
Robert Scheinerman	Vice President

<Page>

(C) As indicated in Part B (Statement of Additional Information), in response to Item 17, there were no commissions retained by Allmerica Investments, Inc., the principal underwriter of the Contracts, for sales of variable contracts funded by the Registrant in 2002. No other commissions or other compensation was received by the principal underwriter, directly or indirectly, from the Registrant during the Registrant's last fiscal year.

ITEM 32. LOCATION OF ACCOUNTS AND RECORDS

Each account, book or other document required to be maintained by Section 31(a) of the 1940 Act and Rules 31a-1 to 31a-3 thereunder, are maintained by the Company at 440 Lincoln Street, Worcester, Massachusetts.

ITEM 33. MANAGEMENT SERVICES

The Company provides daily unit value calculations and related services for the Company's separate accounts.

ITEM 34. FEE REPRESENTATION (pursuant to Section 26(e) of the Investment Company Act of 1940)

The Company hereby represents that the aggregate fees and charges under the Policy are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by the Company.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant has duly caused this Post-Effective Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized, in the City of Worcester, and Commonwealth of Massachusetts, on the 3rd day of February, 2003.

VEL ACCOUNT OF  
ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY

By: /S/ CHARLES F. CRONIN

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, this Post-Effective Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<Table> <Caption> SIGNATURES	TITLE	DATE
-----	-----	-----
<S>	<C>	<C>
/s/ WARREN E. BARNES ----- Warren E. Barnes	Vice President and Corporate Controller	February 3, 2003
BRUCE C. ANDERSON* -----	Director and Vice President	February 3, 2003
J. KENDALL HUBER* -----	Director, Vice President and General Counsel	February 3, 2003
MARK A. HUG* -----	Director, President and Chief Executive Officer	February 3, 2003
JOHN P. KAVANAUGH* -----	Director, Vice President and Chief Investment Officer	February 3, 2003
EDWARD J. PARRY III* -----	Director, Vice President and Chief Financial Officer	February 3, 2003
ROBERT P. RESTREPO, JR.* -----	Director	February 3, 2003
GREGORY D. TRANTER* -----	Director and Vice President	February 3, 2003

\* Sheila B. St. Hilaire, by signing her name hereto, does hereby sign this document on behalf of each of the above-named Directors and Officers of the Registrant pursuant to the Power of Attorney dated January 6, 2003 duly executed by such persons.

/s/ Sheila B. St. Hilaire  
-----  
Sheila B. St. Hilaire, Attorney-in-Fact  
(33-14672)  
<Page>

FORM N-6 EXHIBIT TABLE

- Exhibit (I) (2) Directors' Power of Attorney
- Exhibit (K) Opinion of Counsel

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint J. Kendall Huber, Joseph W. MacDougall, Jr., John J. Danello and Sheila B. St. Hilaire, and each of them singly, our true and lawful attorneys, with full power to them and each of them, to sign for us, and in our names and in any and all capacities, any and all Registration Statements and all amendments thereto, including post-effective amendments, with respect to the Separate Accounts supporting variable life and variable annuity contracts issued by Allmerica Financial Life Insurance and Annuity Company, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and with any other regulatory agency or state authority that may so require, granting unto said attorneys and each of them, acting alone, full power and authority to do and perform each and every act and thing requisite or necessary to be done in the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys or any of them may lawfully do or cause to be done by virtue hereof. Witness our hands on the date set forth below.

<Table>

<Caption>

SIGNATURE	TITLE	DATE
-----	-----	-----
<S> /s/ Bruce C. Anderson ----- Bruce C. Anderson	<C> Director and Vice President	<C> 01/06/2003
/s/ J. Kendal Huber ----- J. Kendall Huber	Director, Vice President and General Counsel	01/06/2003
/s/ Mark A. Hug ----- Mark A. Hug	Director, President and Chief Executive Officer	01/06/2003
/s/ John P. Kavanaugh ----- John P. Kavanaugh	Director, Vice President and Chief Investment Officer	01/06/2003
/s/ Edward J. Parry, III ----- Edward J. Parry, III	Director, Vice President and Chief Financial Officer	01/06/2003
/s/ Robert P. Restrepo, Jr. ----- Robert P. Restrepo, Jr.	Director	01/06/2003
/s/ Gregory D. Tranter ----- Gregory D. Tranter	Director, Vice President and Chief Information Officer	01/06/2003

</Table>

February 3, 2003

Allmerica Financial Life Insurance and Annuity Company  
440 Lincoln Street  
Worcester MA 01653

RE: VEL (87) ACCOUNT OF ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY  
FILE NO.'S: 33-14672 AND 811-5183

Gentlemen:

In my capacity as Assistant Vice President and Counsel of Allmerica Financial Life Insurance and Annuity Company (the "Company"), I have participated in the preparation of this Post-Effective Amendment to the Registration Statement for the VEL Account on Form N-6 under the Securities Act of 1933 and the Investment Company Act of 1940, with respect to the Company's individual flexible premium variable life insurance policies.

I am of the following opinion:

1. The VEL Account is a separate account of the Company validly existing pursuant to the Delaware Insurance Code and the regulations issued thereunder.
2. The assets held in the VEL Account equal to the reserves and other Policy liabilities of the Policies which are supported by the VEL Account are not chargeable with liabilities arising out of any other business the Company may conduct.
3. The individual flexible premium variable life insurance policies, when issued in accordance with the Prospectus contained in the Post-Effective Amendment to the Registration Statement and upon compliance with applicable local law, will be legal and binding obligations of the Company in accordance with their terms and when sold will be legally issued, fully paid and non-assessable.

In arriving at the foregoing opinion, I have made such examination of law and examined such records and other documents as in my judgment are necessary or appropriate.

I hereby consent to the filing of this opinion as an exhibit to this Post-Effective Amendment to the Registration Statement of the VEL Account on Form N-6 filed under the Securities Act of 1933 and the Investment Company Act of 1940.

Very truly yours,

/s/ Sheila B. St. Hilaire

Sheila B. St. Hilaire  
Assistant Vice President and Counsel