

What is equity index universal life insurance? Equity index universal life (EIUL) is an insurance product in which most of its premium - usually between 80 percent and 90 percent – are invested in traditional fixed income securities. The rest of the premium is placed in call-option contracts, which are linked to a specific stock index. When the market rises, the option contracts are exercised, with a set percentage of the gains credited to the insurance policy. If the market falls, the options expire, worthless, and the insurance policy receives the minimum guaranteed rate.

Equity index universal life is appropriate for individuals who want to buy a variable life insurance policy, but do not want to take on the risk of the equities market. Equity index universal life offers both the potential for high returns associated with this market without imposing risk on the investment principal.