FIRST INVESTORS LIFE VARIABLE ANNUITY FUND C

INDIVIDUAL VARIABLE ANNUITY CONTRACTS

OFFERED BY

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Statement of Additional Information dated May 1, 2019

This Statement of Additional Information ("SAI") is not a prospectus and should be read in conjunction with the prospectuses for the variable annuity contracts funded by First Investors Life Variable Annuity Fund C ("Separate Account C" or the "Separate Account"), which may be obtained at no cost by writing to Foresters Life Insurance and Annuity Company, Raritan Plaza 1, Edison, New Jersey 08837, or by telephoning (800) 832-7783 or by visiting our website at www.foresters.com. Separate Account C currently funds two variable annuity contracts: an individual variable annuity contract called the "Tax Tamer I" with prospectus dated May 1, 2019 and an individual variable annuity contract called the "First Choice" with prospectus dated May 1, 2019

Unless otherwise noted, the terms in this SAI have the same meaning as in the prospectuses.

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GENERAL DESCRIPTION

Foresters Life Insurance and Annuity Company. Foresters Life Insurance and Annuity Company, 40 Wall Street, New York, New York 10005 ("FLIAC"), a stock life insurance company incorporated under the laws of the State of New York in 1962, writes life insurance and annuities. Foresters Financial Holding Company, Inc. ("FFHC"), a holding company, owns all of the voting common stock of Foresters Investment Management Company, Inc. ("FIMCO" or "Adviser") and all of the outstanding stock of FLIAC, Foresters Financial Services, Inc. ("FFS" or "Underwriter") and Foresters Investor Services, Inc. ("FIS"), the transfer agent for First Investors Life Series Funds ("Life Series Funds"). The Independent Order of Foresters ("Foresters") controls FFHC and, therefore, the Adviser and FLIAC. Foresters is a Canadian fraternal benefit society with operations in Canada, the United States and the United Kingdom and its principal business address is 789 Don Mills Road, Toronto, Canada M3C 1T9.

The following chart provides information about the Officers and Directors of FLIAC.

Name	FLIAC Office	Principal Occupation for Last Five Years
Matt Berman	President	Matt was appointed President of FLIAC in 2019. Prior to his appointment, Matt has been the Chief Distribution Officer for the Foresters Life and Annuity sales across the United States and Canada since May 2018.
Sonia A. Baxendale	Director	Senior Executive Vice-President, CIBC Wealth Management, Executive Vice-President, Asset Management, Card Products and Collections, and Executive Vice-President of Global Private Banking and Investment Management Services 1992-2011. Board of Director of CI Financial and Laurentian Bank; Co-Interim President and CEO of FFHC 2017 through 2018. Independent Director of FFH C and FLIAC effective 2018. Chair of the Human Capital and Governance Committee, Independent Order of Foresters.
James R. Boyle	Director	James (Jim) Boyle was appointed CEO of the Independent Order of Foresters since 2018; Director and formerly President of FLIAC since 2018. President and CEO of John Hancock 2008 - 2012.
Carol Lerner Brown	Secretary	Assistant Secretary FFS since 1989; Secretary FLIAC and FIMCO since 1989; Assistant Secretary FFHC since 2011; Secretary FIS since 1989; and Secretary Foresters Advisory Services, LLC since 2012.
Francis X. Gannon	Chief Financial Officer and Treasurer	Chief Financial Officer and Treasurer, Foresters Asset Management, Inc. since 2016. Chief Financial Officer and Treasurer FLIAC, FFS, FIS and FFHC since 2013; Chief Financial Officer FIMCO since 2013; Chief Financial Officer Foresters Advisory Services, LLC since 2013; Principal FX Capital LLC 2009-2013; Corporate Comptroller AlliedBarton 2010-2011; and Director Jefferson Wells International 2008-2009.
Jason Helbraun	Assistant Vice	Assistant Vice President FLIAC since 2006.

	President	
Mehul N. Kapadia	Chief Information Officer	Chief Information Officer since 2016, Vice President, IT Business Transformation through 2016. Vice President – Systems & Operations, Individual Life Liberty Mutual Insurance, Dover, NH. 2013 – 2015; Business Program Manager – Life Works, Individual Life 2011– 2013.
Martha E. Marcon	Director	Director FLIAC and FFHC since 2011; Director Independent Order of Foresters since 2009; Director Mercury General Corp. 2008-present; and Director NIA Group 2006-present.
J. Steven McDonald	International Finance Officer	Vice President and International Financial Officer, The Independent Order of Foresters 1997 - present; Assistant Treasurer, The Independent Order of Foresters, 1995 - 1997; Senior Audit Manager at KPMG 1985-1995.
E. Blake Moore, Jr.	Director	President and Director FIMCO since 2018; President and Director FFHC since 2018; Director FLIAC since 2018; Director FFS since 2018; Chairman and President FFS since 2018; Director FIS since 2018, Chairman since 2018; Board Manager of FAS since 2018, President since 2018. UBS Asset Management, New York, NY 2015-2017; MD, Head of Americas (through 2016) Mackenzie Investments, Toronto, ON, Canada 2011-2014.
Jeremy W. Ragsdale	Vice President, Product Development and Pricing	Vice President, Product Development and Pricing of FLIAC as of 2017.
David Schimmel	Vice President	Vice President since 2011 and Assistant Vice President 2006-2011 of FLIAC.
John Shey	Assistant Vice President	Assistant Vice President FLIAC since 2006.
Sonal Vyas	Assistant Vice President, US Statutory Reporting	2018-Present Assistant Vice President US Statutory Reporting. The Independent Order of Foresters; 2017-2014 Assistant Vice President Wealth and Asset Management Transformation– Manulife Financial.
Greg Walter	Senior Vice President, Insurance Operations	Senior Vice President, Insurance Operations of FLIAC since 2019; Senior Vice President, Foresters Investor Services, Inc. (FIS), Transfer Agency Operations since 2013. Consultant to FIS (2012). Prior to joining Foresters, Mr. Walter spent twenty-five years with AllianceBernstein L.P. as Senior Vice President, Head of Non-U.S. Transfer Agent Operations and preceded by

		Vice President, Director of U.S. Transfer Agency Operations.
Wendy Watson	Director	Director FLIAC since 2019; Director EMPath - Economical Mobility Pathways since 2018; Director MD Private Trust since 2014; Director Community Service Committee Children's Hospital Boston since 2011; Director Citizens Financial Group since 2010.
René Zanin	Director	Global Chief Legal Officer, Chief Compliance Officer and Corporate Secretary (2018) of the Independent Order of Foresters 2015 to present; served as General Counsel for Toshiba of Canada Limited 2008 – 2014.

On April 9, 2019, Foresters announced that it has entered into the two definitive purchase agreements described below that, once completed, will result in the sale of its U.S. asset management businesses.

First, FIMCO has entered into an Asset Purchase Agreement with Macquarie Management Holdings, Inc. ("Macquarie") whereby Macquarie, a global investment management firm headquartered in Philadelphia, Pennsylvania, will purchase FIMCO's assets related to the mutual fund management business, including the Funds (the "FIMCO Transaction"). The FIMCO Transaction is not expected to result in any material changes to the Funds' investment objectives or principal investment strategies. However, upon the completion of the FIMCO Transaction, Macquarie expects that each Fund will be reorganized into a substantially similar fund that is managed by Delaware Management Company, a subsidiary of Macquarie (the "Reorganizations"). The FIMCO Transaction is expected to be completed during the fourth calendar quarter of 2019, pending the satisfaction of certain closing conditions and approvals, including approvals of the Reorganizations by the Funds' Board of Trustees and Fund shareholders at a special shareholder meeting.

Second, FFS and Foresters Advisory Services, LLC ("FAS"), an investment advisory affiliate of FIMCO, FFS and FIS, have entered into an Asset Purchase Agreement with Cetera Financial Group, Inc. ("Cetera"), a U.S.-based wealth management firm headquartered in Denver, Colorado, whereby Cetera will purchase FFS' retail brokerage business and FAS' retail advisory business (the "FFS Transaction"). The FFS Transaction is expected to be completed in the second calendar quarter of 2019.

FLIAC will continue to administer and provide all contractual benefits of your Contract. The terms, benefits and features of your Contract will not change as a result of the FIMCO Transaction or the FFS Transaction.

Separate Account Assets. Separate Account C was established on December 21, 1989 under the provisions of the New York Insurance Law. Separate Account C's assets are segregated from the assets of FLIAC, and that portion of Separate Account C's assets having a value equal to, or approximately equal to, the reserves and contract liabilities under the Contracts are not chargeable with liabilities arising out of any other business of FLIAC. Separate Account C is registered with the Securities and Exchange Commission ("Commission") as a unit investment trust under the Investment Company Act of 1940, as amended (the "1940 Act"), but such registration does not involve any supervision by the Commission of the management or investment practices or policies of the Separate Account.

SERVICES

Custodian. FLIAC, subject to applicable laws and regulations, is the custodian of the securities of the Subaccounts of Separate Account C. FLIAC maintains the records and accounts of Separate Account C.

Independent Registered Public Accounting Firm. KPMG LLP, 345 Park Avenue, New York, NY 10154, is the independent registered public accounting firm for Separate Account C and FLIAC.

Underwriter. FLIAC and Separate Account C have entered into an Underwriting Agreement with FFS. FFS, an affiliate of FLIAC and of the Adviser, has its principal business address at 40 Wall Street, New York, New York 10005. For the fiscal years ended December 31, 2016, 2017 and 2018 FFS received underwriting commissions with respect to Separate Account C of $1,115,094, $1,230,809 and $1,822,414 respectively, in connection with the distribution of Separate Account C contracts in a continuous offering.

FLIAC anticipates continuing to offer new First Choice contracts, but reserves the right to discontinue this offering. New Tax Tamer I contracts are not currently being offered for sale. Existing Tax Tamer I Contractowners may, however, continue to make additional premium payments to their existing contracts.

The Contracts are sold by insurance agents licensed to sell variable annuities, who are registered representatives of the Underwriter or by other broker-dealers who have selling agreements with the Underwriter. FFS is a registered broker-dealer under the Securities Exchange Act of 1934, and a member of the Financial Industry Regulatory Authority.

VALUATION

Value of an Accumulation Unit. For each Subaccount of Separate Account C, the value of an Accumulation Unit initially was set arbitrarily at $10.00. The value of an Accumulation Unit for any subsequent Valuation Period is determined by multiplying the value of an Accumulation Unit for the immediately preceding Valuation Period by the Net Investment Factor for the Valuation Period for which the Accumulation Unit Value is being calculated (see Appendix I, Example B). The investment performance of each Fund, and expenses and deductions of certain charges, affect the Accumulation Unit Value. The value of an Accumulation Unit for the Subaccounts may increase or decrease from Valuation Period to Valuation Period.

Net Investment Factor. The Net Investment Factor for each Subaccount for any Valuation Period is determined by dividing (a) by (b) and subtracting (c) from the result, where:

(a) is the net result of:

the net asset value per share of the applicable Fund determined at the end of the current Valuation Period, plus

the per share amount of any dividend or capital gains distributions made by the applicable Fund if the "ex-dividend" date occurs during the current Valuation Period,

(b) is the net asset value per share of the applicable Fund determined as of the end of the immediately preceding Valuation Period.

(c) is a factor representing the charges deducted for mortality and expense risks. For Separate Account C, such factor is equal on an annual basis to 1.00% of the daily net asset value of the applicable Subaccount.

The Net Investment Factor may be greater or less than one, and therefore, the value of an Accumulation Unit for any Subaccount may increase or decrease. (For an illustration of this calculation, see Appendix I, Example A.)

Value of Amounts Allocated to the Fixed Account. The First Choice Contract also allows Contractowners to allocate value to the Fixed Account. The Accumulation Value in a First Choice Contract thus consists of the Subaccount Accumulation Value in each Subaccount to which a Contractowner allocates value, which is based on the Accumulation Unit values described above, and the Fixed Account Accumulation Value. The Fixed Account Accumulation Value at any time is equal to the amount determined as described in the First Choice Contract's prospectus under the heading "THE CONTRACT IN DETAIL: THE ACCUMULATION PHASE – Fixed Account Accumulation Value."

Value of an Annuity Unit. For each Subaccount of Separate Account C, the value of an Annuity Unit initially was set arbitrarily at $10.00. The value of an Annuity Unit for any subsequent Valuation Period is determined by multiplying the Annuity Unit Value for the immediately preceding Valuation Period by the Net Investment Factor for the Valuation Period for which the Annuity Unit Value is being calculated, and multiplying the result by an interest factor to offset the effect of an investment earnings rate of 3.5% per annum (or 3.0% or a different rate chosen by a Contractowner for First Choice Contracts), which is assumed in the Annuity Tables contained in the Contracts. (For an illustration of this calculation, see Appendix III, Example A.)

Amount of Annuity Payments. When annuity payments are to commence, the Accumulated Value (or the Accumulation Value for First Choice Contracts) to be applied to a variable annuity option will be determined by multiplying the value of an Accumulation Unit for the Business Day (or the Valuation Date for First Choice Contracts) on or immediately preceding the seventh day before the Annuity Commencement Date (or the Maturity Date for First Choice Contracts) by the number of Accumulation Units owned. This seven-day period is used to permit calculation of amounts of annuity payments and mailing of checks in advance of the due date. At that time any applicable Premium taxes not previously deducted may be deducted from the Accumulated Value to determine the net Accumulated Value. For First Choice Contracts, the net amount to be applied to an Annuity Option, the Net Accumulation Value, consists of the amounts derived from the Accumulation Units, as described above, as well as the Fixed Account Accumulation Value. The resultant value is then applied to the Annuity Tables set forth in the Contract to determine the amount of the first monthly annuity payment. The Contract contains Annuity Tables setting forth the amount of the first monthly installment for each $1,000 of Accumulated Value applied. These Annuity Tables vary according to the Annuity Option selected by the Contractowner and according to the sex and adjusted age of the Annuitant and any Joint Annuitant at the Annuity Commencement Date. The Contracts contain a formula for determining the adjusted age. The Annuity Tables are determined from the Progressive Annuity Table with interest at 3.5% per year and assumes births prior to 1900, adjusted by a setback of four years of age for persons born 1900 and later and an additional setback of one year of age for each completed five years by which the year of birth is later than 1900, except for First Choice Contracts. For First Choice Contracts the Annuity Tables are determined from the A2000 Individual Annuitant Mortality Table Age Last Birthday and an Assumed Investment Return of 3.00% or a different rate chosen by the Contractowner and the adjusted age is the age of the annuitant minus one year for each completed 10-year period measured from the year 2000 to the date of Annuity Payment Option commencement. Annuity Tables used by other insurers may provide greater or less benefits to the Annuitant.

The dollar amount of the first monthly Variable Payment, based on the Subaccount determined as above, is divided by the value of an Annuity Unit for the Subaccount for the Business Day on or immediately preceding the seventh day before the Annuity Commencement Date to establish the number of Annuity Units representing each monthly payment under the Subaccount. This seven-day period is used to permit calculation of amounts of annuity payments and mailing of checks in advance of the due date. This number of Annuity Units remains fixed for all variable annuity payments. The dollar amount of the second and subsequent variable annuity payments is determined by multiplying the fixed number of Annuity Units for the Subaccount by the applicable value of an Annuity Unit Value for the Business Day on or immediately preceding the seventh day before the due date of the payment. The value of an Annuity Unit will vary with the investment performance of the corresponding Fund, and, therefore, the dollar amount of the second and subsequent variable annuity payments may change from month to month. (For an illustration of the calculation of the first and subsequent Variable Payments, see Appendix III, Examples B, C and D.)

A fixed annuity provides annuity payments which remain fixed as to dollar amount throughout the payment period and is based on an assumed interest rate of 3.5% (or 2.5% for the First Choice Contract) per year built into the Annuity Tables in the Contract.

OTHER INFORMATION

Time of Payments. All payments due under the Contracts will ordinarily be made within seven days of the payment due date or within seven days after the date of receipt of a request for partial surrender or termination. However, FLIAC reserves the right to suspend or postpone the date of any payment due under the Contracts (1) for any period during which the New York Stock Exchange ("NYSE") is closed (other than customary weekend and holiday closings) or during which trading on the NYSE, as determined by the Commission, is restricted; (2) for any period during which an emergency, as determined by the Commission, exists as a result of which disposal of securities held by the Fund is not reasonably practical or it is not reasonably practical to determine the value of the Fund's net assets; or (3) for such other periods as the Commission may by order permit for the protection of security holders or as may be permitted under the 1940 Act.

In addition, for the First Choice Contract, FLIAC may defer for up to six months the payment of any full or partial surrender of amounts allocated to the Fixed Account.

Reports to Contractowners. FLIAC will mail to each Contractowner, at the last known address of record at least annually, a report containing such information as may be required by any applicable law or regulation and a statement of the Accumulation Units credited to the Contract for each Subaccount and the Accumulation Unit Values. In addition, latest available reports of the Life Series Funds will be mailed to each Contractowner.

Assignment. Any amounts payable under the Contracts may not be commuted, alienated, assigned or otherwise encumbered before they are due. To the extent permitted by law, no such payments shall be subject in any way to any legal process to subject them to payment of any claims against any Annuitant, Joint Annuitant or Beneficiary. The Contracts may be assigned. No assignment of a Contract shall be binding on FLIAC unless such assignment is in writing and is filed with FLIAC at its home office.

RELEVANCE OF FINANCIAL STATEMENTS

The values of the interests of Contractowners under the variable portion of the Contracts will be affected solely by the investment results of each Separate Account's Subaccounts. The financial statements of FLIAC as contained herein should be considered only as bearing upon FLIAC's ability to meet its obligations to Contractowners under the Contracts, and they should not be considered as bearing on the investment performance of the Subaccounts.

APPENDICES

APPENDIX I

EXAMPLE A
Formula and Illustration for Determining the Net Investment Factor of a Subaccount of Separate Account C

Net Investment Factor = $\dfrac{A + B}{C} - D$

Where:

A = The Net Asset Value of a Fund share as of the end of the current Valuation Period. Assume	=	$8.51000000
B = The per share amount of any dividend or capital gains distribution since the end of the immediately preceding Valuation Period. Assume	=	0
C = The Net Asset Value of a Fund share as of the end of the immediately preceding Valuation Period. Assume	=	$8.39000000
D = The daily deduction for mortality and expense risks, which totals 1.0% on an annual basis. On a daily basis	=	.00002740

Then, the Net Investment Factor = $\dfrac{8.51000000 + 0}{8.39000000} - .00002740$ .... = 1.01427534

EXAMPLE B
Formula and Illustration for Determining Accumulation Unit Value of a Subaccount of Separate Account C

Accumulation Unit Value = A x B
Where:

A = The Accumulation Unit Value for the immediately preceding Valuation Period. Assume	=	$1.46328760
B = The Net Investment Factor for the current Valuation Period. Assume	=	1.01427534

Then, the Accumulation Unit Value = $1.46328760 x 1.01427534 .... = 1.48417653

APPENDIX II

EXAMPLE A
Formula and Illustration for Determining
Death Benefit Payable Under
Annuity Option 4-Unit Refund Life Annuity
For Separate Account C (Tax Tamer I only)

Upon the death of the Annuitant, the designated Beneficiary under this option will receive under a Separate Account a lump sum death benefit of the then dollar value of a number of Annuity Units computed using the following formula:

Annuity Units Payable = $\frac{A}{B}$ - (CxD), if $\frac{A}{B}$ is greater than CxD

Where:

A = The Net Accumulated Value applied on the Annuity Commencement Date to purchase the Variable Annuity.
Assume .... = $20,000.00

B = The Annuity Unit Value at the Annuity Commencement Date.
Assume .... = $1.08353012

C = The number of Annuity Units represented by each payment made.
Assume .... = 116.61488844

D = The total number of monthly Variable Annuity Payments made prior to the Annuitant's death.
Assume .... = 30

Then the number of Annuity Units Payable:

$$\frac{\$20{,}000.00}{\$1.08353012} - (116.61488844 \times 30)$$

$$= 18{,}458.18554633 - 3{,}498.44665320$$

$$= 14{,}959.73889313$$

If the value of an Annuity Unit on the date of receipt of notification of death was $1.12173107 then the amount of the death benefit under the Separate Account would be:

14,959.73889313 x $1.12173107 = $16,780.80

APPENDIX III

EXAMPLE A

Formula and Illustration for Determining Annuity Unit Value of Separate Account C

Annuity Unit Value = A x B x C

Where:

A = Annuity Unit Value of the immediately preceding Valuation Period.
Assume .... = $1.10071211

B = Net Investment Factor for the Valuation Period for which the Annuity Unit is being calculated.
Assume .... = 1.00083530

C = A factor to neutralize the assumed interest rate of 3½% built into the Annuity Tables used.
Daily factor equals .... = 0.99990575

Then, the Annuity Value is:

$1.10071211 x 1.00083530 x 0.99990575 = $1.10152771

EXAMPLE B

Formula and Illustration for Determining Amount of First Monthly Variable Annuity Payment from Separate Account C

First Monthly Variable Annuity Payment = $\frac{A}{\$1{,}000} \times B$

Where:

A = The Net Accumulated Value allocated to Separate Account C for the Business Day on or immediately preceding the seventh day before the Annuity Commencement Date.
Assume .... = $20,000.00

B = The Annuity purchase rate per $1,000 based upon the option selected, the sex and adjusted age of the Annuitant according to the Annuity Tables contained in the Contract.
Assume .... = $6.40

Then, the first Monthly Variable Payment = $\frac{\$20{,}000}{\$1{,}000} \times \$6.40 = \$128.00$

EXAMPLE C

Formula and Illustration for Determining the Number of Annuity Units for Separate Account C Represented by Each Monthly Variable Annuity Payment

Number of Annuity Units = $\frac{A}{B}$

Where:
A = The dollar amount of the first monthly Variable Annuity Payment.
Assume.. = $128.00

B = The Annuity Unit Value for the Business Day on or immediately preceding the seventh day before the Annuity Commencement Date.
Assume.. = $1.09763000

Then, the number of Annuity Units = $\frac{\$128.00}{\$1.09763000}$ = 116.61488844

EXAMPLE D

Formula and Illustration for Determining the Amount of Second and Subsequent Monthly Variable Annuity Payments From Separate Account C

Second Monthly Variable Annuity Payment = A x B

Where:

A = The Number of Annuity Units represented by each monthly Variable Annuity Payment.
Assume.. = 116.61488844

B = The Annuity Unit Value for the Business Day on or immediately preceding the seventh day before the date on which the second (or subsequent) Variable Annuity Payment is due.
Assume.. = $1.11834234

Then, the second monthly Variable Annuity Payment = 116.61488844 x $1.11834234 = $130.42

The above example was based upon the assumption of an increase in the Annuity Unit Value since the initial Variable Annuity Payment due to favorable investment results of the Separate Account and the Fund. If the investment results were less favorable, a decrease in the Annuity Unit Value and in the second monthly Variable Annuity Payment could result. Assume B above was $1.08103230.

Then, the second monthly Variable Annuity Payment = 116.61488844 x $1.08103230 = $126.06

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C

Financial Statements

December 31, 2018

(With Report of Independent Registered Public Accounting Firm Thereon)

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of Foresters Life Insurance and Annuity Company and Contract Owners of First Investors Life Variable Annuity Fund C:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of the sub-accounts listed in the Appendix that comprise the First Investors Life Variable Annuity Fund C (the Separate Account) as of December 31, 2018, the related statements of operations for the year or period listed in the Appendix and changes in net assets for the years or periods listed in the Appendix, and the related notes including the financial highlights in Note 6 (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of each subaccount as of December 31, 2018, the results of its operations for the year or period listed in the Appendix, changes in its net assets for the years or periods listed in the Appendix, and the financial highlights for each of the years or periods indicated in Note 6, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Separate Account's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Separate Account in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Such procedures also included confirmation of securities owned as of December 31, 2018, by correspondence with the transfer agent of the underlying mutual funds. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the auditor of one or more of Foresters Life Insurance and Annuity Company's separate accounts since 2011.

New York, New York
April 22, 2019

Appendix

Statement of assets and liabilities as of December 31, 2018, the related statement of operations for the year then ended, and the statements of changes in net assets for each of the years in the two-year period then ended.

Government Cash Management
Fund for Income
Growth & Income
Special Situations
International
Select Growth
Investment Grade
Limited Duration High Quality Bond
Opportunity
Total Return
Covered Call Strategy
Equity Income

Statements of operations for the period from January 1, 2018 to December 14, 2018 (closure) and changes in net assets for the period from January 1, 2018 to December 14, 2018 (closure) and the year ended December 31, 2017.

Government
Balanced Income

Statements of operations for the period from January 1, 2018 to August 17, 2018 (closure) and changes in net assets for the period from January 1, 2018 to August 17, 2018 (closure) and the year ended December 31, 2017.

Real Estate

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C
Statement of Assets and Liabilities
December 31, 2018

	Government Cash Management	Fund for Income	Growth & Income	Special Situations	International	Select Growth
Assets:						
Investments at net asset value (note 3):						
Number of shares	4,751,695	4,263,216	2,309,577	1,445,864	1,337,347	1,428,758
Cost	$ 4,751,695	$ 28,113,790	$ 78,165,723	$ 42,022,761	$ 26,274,015	$ 17,650,032
First Investors Life Series Fund	$ 4,751,695	$ 25,408,766	$ 96,632,693	$ 41,727,638	$ 29,528,612	$ 20,202,642
Liabilities:						
Payable to Foresters Life Insurance and Annuity Company	3,816	21,528	85,100	37,056	25,346	17,466
Net assets	4,747,879	25,387,238	96,547,593	41,690,582	29,503,266	20,185,176
Net assets represented by contracts in accumulation period	$ 4,747,879	$ 25,387,238	$ 96,547,593	$ 41,690,582	$ 29,503,266	$ 20,185,176
Outstanding Units:	318,932	486,526	1,024,507	453,764	606,091	1,168,069
Unit Value:	$ 14.769	$ 52.176	$ 94.195	$ 91.837	$ 48.658	$ 17.285

(Continued)

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C
Statement of Assets and Liabilities
December 31, 2018

	Investment Grade	Limited Duration High Quality Bond	Opportunity	Total Return	Covered Call Strategy	Equity Income
Assets:						
Investments at net asset value (note 3):						
Number of shares	2,301,072	1,388,909	932,448	1,186,768	816,633	1,485,655
Cost	$ 24,783,425	$ 12,974,862	$ 14,140,073	$ 14,428,304	$ 9,033,747	$ 24,727,501
First Investors Life Series Fund	$ 23,424,911	$ 12,972,412	$ 14,527,534	$ 14,834,594	$ 8,468,486	$ 30,619,355
Liabilities:						
Payable to Foresters Life Insurance and Annuity Company	19,604	6,940	12,684	11,742	7,270	26,916
Net assets	23,405,307	12,965,472	14,514,850	14,822,852	8,461,216	30,592,439
Net assets represented by contracts in accumulation period	$ 23,405,307	$ 12,965,472	$ 14,514,850	$ 14,822,852	$ 8,461,216	$ 30,592,439
Outstanding Units:	738,599	1,368,796	957,843	1,177,981	827,949	828,227
Unit Value:	$ 31.677	$ 9.419	$ 15.154	$ 12.548	$ 10.250	$ 36.920

See accompanying notes to financial statements

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C
Statement of Operations
Year ended December 31, 2018

	Government Cash Management	Fund for Income	Growth & Income	Special Situations	International	Select Growth	Government**
Investment income:							
Income:							
Dividends	$ 49,405	$ 1,381,380	$ 1,603,151	$ 230,132	$ 251,493	$ 64,130	$ 373,907
Expenses:							
Mortality and expense risks (note 5)	39,984	267,503	1,123,152	496,047	320,535	204,308	99,139
Administrative charges (note 5)	260	4,802	10,697	5,873	3,862	4,371	1,578
Total expenses	40,244	272,305	1,133,849	501,920	324,397	208,679	100,717
Net investment income (loss)	9,161	1,109,075	469,302	(271,788)	(72,904)	(144,549)	273,190
Realized gain on investments:							
Realized gain distributions	—	—	5,112,995	6,407,029	1,445,179	1,320,570	—
Realized gain (loss) on investments	—	(182,324)	3,502,416	677,625	374,164	372,989	(1,138,627)
Realized gains (losses)	—	(182,324)	8,615,411	7,084,654	1,819,343	1,693,559	(1,138,627)
Change in unrealized appreciation (depreciation) on investments	—	(1,864,424)	(21,192,841)	(15,602,484)	(6,145,739)	(2,734,048)	624,984
Net increase (decrease) in net assets resulting from operations	$ 9,161	$ (937,673)	$ (12,108,128)	$ (8,789,618)	$ (4,399,300)	$ (1,185,038)	$ (240,453)

(Continued)

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C
Statement of Operations
Year ended December 31, 2018

	Investment Grade	Limited Duration High Quality Bond	Opportunity	Real Estate*	Total Return	Balanced Income**	Covered Call Strategy	Equity Income
Investment income:								
Income:								
Dividends	$ 942,196	$ 82,312	$ 78,461	$ 57,885	$ 212,475	$ 103,665	$ 61,709	$ 638,721
Expenses:								
Mortality and expense risks (note 5)	244,330	37,439	154,303	19,588	133,138	23,217	71,080	346,118
Administrative charges (note 5)	4,005	657	4,587	424	3,847	363	1,500	4,758
Total expenses	248,335	38,096	158,890	20,012	136,985	23,580	72,580	350,876
Net investment income (loss)	693,861	44,216	(80,429)	37,873	75,490	80,085	(10,871)	287,845
Realized gain on investments:								
Realized gain distributions	—	—	196,518	—	63,772	69,980	—	1,039,506
Realized gain (loss) on investments	(174,652)	(17,779)	194,945	83,293	100,164	(40,132)	26,913	973,033
Realized gains (losses)	(174,652)	(17,779)	391,463	83,293	163,936	29,848	26,913	2,012,539
Change in unrealized appreciation (depreciation) on investments	(1,298,658)	32,243	(3,036,972)	(68,041)	(1,414,482)	(221,950)	(984,355)	(5,481,730)
Net increase (decrease) in net assets resulting from operations	$ (779,449)	$ 58,680	$ (2,725,938)	$ 53,125	$ (1,175,056)	$ (112,017)	$ (968,313)	$ (3,181,346)

* For period January 1, 2018 to August 17, 2018.
** For period January 1, 2018 to December 14, 2018.

See accompanying notes to financial statements

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C
Statements of Changes in Net Assets
Years ended December 31, 2018 and 2017

	Government Cash Management		Fund for Income		Growth & Income		Special Situations	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Increase (decrease) in net assets:								
From operations:								
Net investment income (loss)	$ 9,161	$ (26,417)	$ 1,109,075	$ 1,050,483	$ 469,302	$ 595,078	$ (271,788)	$ (52,881)
Realized gain distributions	—	—	—	—	5,112,995	4,309,839	6,407,029	558,537
Realized gain (loss) on investments	—	—	(182,324)	(89,391)	3,502,416	3,322,001	677,625	915,289
Change in unrealized appreciation (depreciation) on investments	—	—	(1,864,424)	489,865	(21,192,841)	9,709,618	(15,602,484)	6,097,747
Net increase (decrease) in net assets resulting from operations	9,161	(26,417)	(937,673)	1,450,957	(12,108,128)	17,936,536	(8,789,618)	7,518,692
From contract transactions:								
Net insurance premiums from contract owners	299,123	(606,521)	1,311,006	1,123,285	2,030,819	2,277,056	3,364,244	1,967,745
Transfers upon closing of sub-accounts	2,036,798	—	—	—	—	—	—	—
Transfers between sub-accounts	456,932	250,767	(423,169)	606,831	(1,928,517)	(2,566,079)	122,667	(1,118,348)
Transfers for contract benefits and terminations	(1,220,189)	(427,323)	(1,598,899)	(1,639,575)	(9,984,838)	(9,338,595)	(3,608,137)	(2,711,500)
Increase (decrease) in net assets derived from contract transactions	1,572,664	(783,077)	(711,062)	90,541	(9,882,536)	(9,627,618)	(121,226)	(1,862,103)
Net increase (decrease) in net assets	1,581,825	(809,494)	(1,648,735)	1,541,498	(21,990,664)	8,308,918	(8,910,844)	5,656,589
Net assets:								
Beginning of year	3,166,054	3,975,548	27,035,973	25,494,475	118,538,257	110,229,339	50,601,426	44,944,837
End of year	$ 4,747,879	$ 3,166,054	$ 25,387,238	$ 27,035,973	$ 96,547,593	$ 118,538,257	$ 41,690,582	$ 50,601,426

(Continued)

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C
Statements of Changes in Net Assets
Years ended December 31, 2018 and 2017

	International		Select Growth		Government		Investment Grade	
	2018	**2017**	**2018**	**2017**	**2018****	**2017**	**2018**	**2017**
Increase (decrease) in net assets:								
From operations:								
Net investment income (loss)	$ (72,904)	$ 16,268	$ (144,549)	$ (84,526)	$ 273,190	$ 106,853	$ 693,861	$ 705,890
Realized gain distributions	1,445,179	—	1,320,570	1,466,282	—	—	—	—
Realized gain (loss) on investments	374,164	488,511	372,989	213,166	(1,138,627)	(74,932)	(174,652)	(32,404)
Change in unrealized appreciation (depreciation) on investments	(6,145,739)	7,287,385	(2,734,048)	2,731,027	624,984	34,640	(1,298,658)	239,787
Net increase (decrease) in net assets resulting from operations	(4,399,300)	7,792,164	(1,185,038)	4,325,949	(240,453)	66,561	(779,449)	913,273
From contract transactions:								
Net insurance premiums from contract owners	2,957,851	1,311,430	3,488,618	1,380,818	328,482	167,969	1,147,363	1,042,018
Transfers upon closing of sub-accounts	—	—	—	—	(9,334,887)	—	—	—
Transfers between sub-accounts	916,087	(442,380)	230,218	(323,677)	(489,275)	25,639	(73,893)	375,269
Transfers for contract benefits and terminations	(1,937,649)	(1,601,277)	(729,062)	(483,940)	(1,175,405)	(973,698)	(2,135,582)	(1,720,981)
Increase (decrease) in net assets derived from contract transactions	1,936,289	(732,227)	2,989,774	573,201	(10,671,085)	(780,090)	(1,062,112)	(303,694)
Net increase (decrease) in net assets	(2,463,011)	7,059,937	1,804,736	4,899,150	(10,911,538)	(713,529)	(1,841,561)	609,579
Net assets:								
Beginning of year	31,966,277	24,906,340	18,380,440	13,481,290	10,911,538	11,625,067	25,246,868	24,637,289
End of year	$ 29,503,266	$ 31,966,277	$ 20,185,176	$ 18,380,440	$ —	$ 10,911,538	$ 23,405,307	$ 25,246,868

(Continued)

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C
Statements of Changes in Net Assets
Years ended December 31, 2018 and 2017

	Limited Duration High Quality Bond		Opportunity		Real Estate		Total Return	
	2018	2017	2018	2017	2018*	2017	2018	2017
Increase (decrease) in net assets:								
From operations:								
Net investment income (loss)	$ 44,216	$ 26,343	$ (80,429)	$ (56,580)	$ 37,873	$ 5,623	$ 75,490	$ 58,066
Realized gain distributions	—	—	196,518	—	—	51,657	63,772	—
Realized gain (loss) on investments	(17,779)	(11,059)	194,945	102,749	83,293	1,362	100,164	61,656
Change in unrealized appreciation (depreciation) on investments	32,243	(8,447)	(3,036,972)	2,104,676	(68,041)	(35,911)	(1,414,482)	1,089,963
Net increase (decrease) in net assets resulting from operations	58,680	6,837	(2,725,938)	2,150,845	53,125	22,731	(1,175,056)	1,209,685
From contract transactions:								
Net insurance premiums from contract owners	372,541	464,607	2,579,537	2,111,287	835,706	841,135	1,346,613	1,360,434
Transfers upon closing of sub-accounts	9,334,887	—	—	—	(2,036,798)	—	2,167,241	—
Transfers between sub-accounts	175,880	182,281	345,784	306,877	(1,836,431)	205,291	13,434	442,690
Transfers for contract benefits and terminations	(253,493)	(394,255)	(700,515)	(416,611)	(238,976)	(133,849)	(668,155)	(454,232)
Increase (decrease) in net assets derived from contract transactions	9,629,815	252,633	2,224,806	2,001,553	(3,276,499)	912,577	2,859,133	1,348,892
Net increase (decrease) in net assets	9,688,495	259,470	(501,132)	4,152,398	(3,223,374)	935,308	1,684,077	2,558,577
Net assets:								
Beginning of year	3,276,977	3,017,507	15,015,982	10,863,584	3,223,374	2,288,066	13,138,775	10,580,198
End of year	$ 12,965,472	$ 3,276,977	$ 14,514,850	$ 15,015,982	$ —	$ 3,223,374	$ 14,822,852	$ 13,138,775

(Continued)

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C
Statements of Changes in Net Assets
Years ended December 31, 2018 and 2017

	Balanced Income		Covered Call Strategy		Equity Income	
	2018**	2017	2018	2017	2018	2017
Increase (decrease) in net assets:						
From operations:						
Net investment income (loss)	$ 80,085	$ 1,222	$ (10,871)	$ (27,735)	$ 287,845	$ 291,534
Realized gain distributions	69,980	22,796	—	—	1,039,506	758,243
Realized gain (loss) on investments	(40,132)	18,985	26,913	8,864	973,033	866,245
Change in unrealized appreciation (depreciation) on investments	(221,950)	147,323	(984,355)	375,557	(5,481,730)	2,623,894
Net increase (decrease) in net assets resulting from operations	(112,017)	190,326	(968,313)	356,686	(3,181,346)	4,539,916
From contract transactions:						
Net insurance premiums from contract owners	374,444	358,956	2,780,892	1,545,542	1,526,979	1,497,696
Transfers upon closing of sub-accounts	(2,167,241)	—	—	—	—	—
Transfers between sub-accounts	(258,753)	494,598	1,700,247	1,506,938	(248,391)	(365,567)
Transfers for contract benefits and terminations	(560,355)	(298,448)	(369,069)	(151,114)	(2,994,994)	(2,605,549)
Increase (decrease) in net assets derived from contract transactions	(2,611,905)	555,106	4,112,070	2,901,366	(1,716,406)	(1,473,420)
Net increase (decrease) in net assets	(2,723,922)	745,432	3,143,757	3,258,052	(4,897,752)	3,066,496
Net assets:						
Beginning of year	2,723,922	1,978,490	5,317,459	2,059,407	35,490,191	32,423,695
End of year	$ —	$ 2,723,922	$ 8,461,216	$ 5,317,459	$ 30,592,439	$ 35,490,191

* For period January 1, 2018 to August 17, 2018.

** For period January 1, 2018 to December 14, 2018.

See accompanying notes to financial statements

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C

Notes to Financial Statements

December 31, 2018

(1) Organization

First Investors Life Variable Annuity Fund C (Separate Account C), a unit investment trust registered under the Investment Company Act of 1940 (the 1940 Act), is a segregated investment account established by Foresters Life Insurance and Annuity Company (FLIAC), formerly First Investors Life Insurance Company, and exists in accordance with the regulations of the New York State Department of Financial Services. Assets of Separate Account C have been used to purchase shares of First Investors Life Series Funds (the Funds), an open-end diversified management investment company registered under the 1940 Act. The Funds are managed by Foresters Investment Management Company (FIMCO), an affiliate of FLIAC. On April 6, 2019, FLIAC's parent entered into an agreement to sell the mutual fund management business of FIMCO and the transaction is expected to be completed during the fourth calendar quarter of 2019.

FLIAC offers two variable annuity contracts through Separate Account C, referred to as Tax Tamer I and First Choice Variable Deferred Annuity. New policies of Tax Tamer I are no longer available for sale. Policyholders may continue to make additional payments under their respective Policy.

The contract holder directs the deposits into the sub-accounts that comprise Separate Account C and bears the investment risk if the sub-accounts do not meet their stated investment objectives. The sub-accounts invest in the following underlying Fund portfolios: Government Cash Management, Fund for Income, Growth & Income, Special Situations, International, Select Growth, Investment Grade, Limited Duration High Quality Bond, Opportunity, Total Return, Covered Call Strategy, and Equity Income.

The Real Estate sub-account was closed on August 17, 2018. The Government and Balanced Income sub-accounts were closed on December 14, 2018. Shares of the Government and Balanced Income sub-accounts were exchanged for shares of the Limited Duration High Quality Bond and Total Return sub-accounts, respectively, with the same aggregate net asset value on the closing date.

(2) Significant Accounting Practices

(a) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Fair Value Measurements

Investments are valued using Level 1 inputs, as defined within the fair value hierarchy established by the Financial Accounting Standards Board (FASB).

Management determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management utilizes valuation techniques that maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3) within the fair value hierarchy established by the FASB. The three levels of inputs are described below:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that Separate Account C has the ability to access.

Level 2 – observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – unobservable inputs for the asset and liability, to the extent relevant inputs are not available, representing Separate Account C's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement, which amends ASC 820 to add, remove, and modify fair value measurement disclosure requirements. The guidance is effective for all entities for fiscal years beginning after December 15, 2019. The Company will adopt the provisions of this guidance for its fiscal year beginning January 1, 2020 and management is currently evaluating the impact that ASU 2018-13 will have on its related disclosures.

(c) Subsequent Events

Management has evaluated events subsequent to the balance sheet date through April 22, 2019, the date that the financial statements were available for issuance.

(d) Investments

Shares of the Funds held by each of the sub-accounts of Separate Account C are valued at net asset value per share of such Funds, which value its investment securities at fair value on a daily basis. All distributions received from the Funds are reinvested to purchase additional shares of the Funds at net asset value. Investment transactions are accounted for on a trade date basis and average cost is the basis followed in determining the cost of investments sold for financial statement purposes.

(e) Investment Income

Investment income consists of dividends declared by the Funds and is recognized on the ex-dividend date. Realized gains and losses are recorded on a trade date basis. Reinvested realized gain distributions are recorded when received. Average cost is used as the basis of investments held and sold. The change in the value of the Funds is recorded as unrealized appreciation or depreciation and is included in the accompanying statement of operations.

(f) Federal Income Taxes

Separate Account C is not taxed separately because its operations are part of the total operations of FLIAC, which is taxed as a life insurance company under the Internal Revenue Code. Separate Account C is not taxed as a regulated investment company under Subchapter M of the Code. Under existing Federal income tax law, no taxes are payable on the investment income or on the capital gains of Separate Account C.

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C

Notes to Financial Statements

December 31, 2018

(3) Investments

At December 31, 2018, investments in Funds in which the sub-accounts of the Separate Account invest in were presented at fair value determined by management using the net asset value of the Funds. Management determined that the investments in Funds are fair valued using Level 1 inputs since there is a readily determinable market, there are no restrictions on the Funds' redemption and sufficient transaction volume exists. There were no transfers between the Levels in fair value hierarchy during the year ended December 31, 2018.

Investments consist of the following at December 31, 2018:

	Shares	Net asset value	Fair value	Cost
First Investors Life Series Fund:				
Government Cash Management	4,751,695	$ 1.00	$ 4,751,695	$ 4,751,695
Fund for Income	4,263,216	$ 5.96	$ 25,408,766	$ 28,113,790
Growth & Income	2,309,577	$ 41.84	$ 96,632,693	$ 78,165,723
Special Situations	1,445,864	$ 28.86	$ 41,727,638	$ 42,022,761
International	1,337,347	$ 22.08	$ 29,528,612	$ 26,274,015
Select Growth	1,428,758	$ 14.14	$ 20,202,642	$ 17,650,032
Investment Grade	2,301,072	$ 10.18	$ 23,424,911	$ 24,783,425
Limited Duration High Quality Bond	1,388,909	$ 9.34	$ 12,972,412	$ 12,974,862
Opportunity	932,448	$ 15.58	$ 14,527,534	$ 14,140,073
Total Return	1,186,768	$ 12.50	$ 14,834,594	$ 14,428,304
Covered Call Strategy	816,633	$ 10.37	$ 8,468,486	$ 9,033,747
Equity Income	1,485,655	$ 20.61	$ 30,619,355	$ 24,727,501

The cost of purchases and proceeds from sale of investments for the year ended December 31, 2018 were as follows:

	Purchases	Sales
Government Cash Management	$ 2,842,259	$ 1,259,218
Fund for Income	$ 2,742,736	$ 2,345,755
Growth & Income	$ 8,040,483	$ 12,354,371
Special Situations	$ 9,799,702	$ 3,791,064
International	$ 5,094,601	$ 1,787,113
Select Growth	$ 5,576,402	$ 1,408,400
Government	$ 949,979	$ 11,357,043
Investment Grade	$ 2,496,188	$ 2,865,878
Limited Duration High Quality Bond	$ 10,353,333	$ 674,854
Opportunity	$ 3,330,229	$ 989,166
Real Estate	$ 499,237	$ 3,740,531
Total Return	$ 4,060,677	$ 1,061,401
Balanced Income	$ 730,511	$ 3,194,619
Covered Call Strategy	$ 4,480,798	$ 376,642
Equity Income	$ 3,239,287	$ 3,631,010

(4) Changes in Units

The changes in units outstanding for the years ended December 31, 2018 and 2017 were as follows:

	2018			2017		
	Units issued	Units redeemed	Net increase (decrease)	Units issued	Units redeemed	Net increase (decrease)
Government Cash Management	1,159,685	(1,054,982)	104,703	803,790	(856,748)	(52,958)
Fund for Income	26,808	(40,299)	(13,491)	30,845	(29,085)	1,760
Growth & Income	13,252	(107,345)	(94,093)	11,293	(110,995)	(99,702)
Special Situations	30,280	(31,222)	(942)	14,609	(32,807)	(18,198)
International	64,445	(29,326)	35,119	22,435	(37,229)	(14,794)
Select Growth	225,640	(70,587)	155,053	91,375	(55,439)	35,936
Government	24,472	(464,880)	(440,408)	13,537	(45,125)	(31,588)
Investment Grade	50,154	(83,993)	(33,839)	43,984	(53,463)	(9,479)
Limited Duration High Quality Bond	1,094,402	(69,286)	1,025,116	102,093	(75,712)	26,381
Opportunity	179,098	(51,549)	127,549	152,106	(29,386)	122,720
Real Estate	45,385	(347,691)	(302,306)	104,003	(16,787)	87,216
Total Return	292,466	(71,637)	220,829	152,273	(47,932)	104,341
Balanced Income	51,212	(293,427)	(242,215)	85,837	(34,407)	51,430
Covered Call Strategy	396,795	(31,187)	365,608	282,643	(17,250)	265,393
Equity Income	40,556	(83,616)	(43,060)	35,928	(74,938)	(39,010)

(5) Mortality and Expense Risks and Deductions

In consideration for its assumption of the mortality and expense risks connected with the Variable Annuity Contracts, FLIAC deducts an amount equal on an annual basis to 1.00% of the daily net asset value of Separate Account C. This deduction is assessed through a reduction of unit values. An additional administrative charge of $7.50 may be deducted annually by FLIAC from the Accumulated Value of Deferred Annuity Contracts, which have an Accumulated Value of less than $1,500 due to partial surrenders and would be assessed through a redemption of units. There was no deduction under this provision during 2018 and 2017.

An annual contract maintenance charge of $35 is deducted from the accumulated value of the contract on the last business day of the contract year or on the date of surrender of the contract, if earlier and is assessed through the redemption of units.

The Variable Annuity Contracts are sold without an initial sales charge, but at the time of a full or partial surrender of the Contract, they may be subject to a contingent deferred sales charge (CDSC) of 0% to 8% of the value of the Accumulation Units surrendered.

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C

Notes to Financial Statements

December 31, 2018

(6) Financial Highlights

	Net assets					
	Units	Unit value ($)	($000s)	Investment income ratio (%) [1]	Expense ratio (%) [2]	Total return (%) [3]
Government Cash Management:						
December 31:						
2018	318,932	14.769	4,748	1.22	1.00	0.23
2017	214,230	14.734	3,166	0.25	1.00	(0.74)
2016	267,188	14.844	3,976	—	1.00	(1.00)
2015	278,409	14.993	4,183	—	1.00	(1.00)
2014	279,108	15.144	4,236	—	1.00	(1.00)
Fund for Income:						
December 31:						
2018	486,526	52.176	25,387	5.18	1.00	(3.55)
2017	500,017	54.097	27,036	4.95	1.00	5.76
2016	498,258	51.150	25,494	5.43	1.00	10.01
2015	508,544	46.494	23,627	5.38	1.00	(2.82)
2014	507,831	47.846	24,304	5.25	1.00	(0.21)
Growth & Income:						
December 31:						
2018	1,024,507	94.195	96,548	1.44	1.00	(11.06)
2017	1,118,600	105.910	118,538	1.53	1.00	17.10
2016	1,218,302	90.443	110,229	1.43	1.00	8.78
2015	1,317,869	83.140	109,610	1.18	1.00	(4.09)
2014	1,407,133	86.682	122,020	1.18	1.00	6.57
Special Situations:						
December 31:						
2018	453,764	91.837	41,691	0.47	1.00	(17.43)
2017	454,705	111.217	50,601	0.90	1.00	17.09
2016	472,903	94.986	44,945	0.55	1.00	14.95
2015	504,826	82.635	41,736	0.63	1.00	(1.51)
2014	514,865	83.905	43,220	0.47	1.00	5.24
International:						
December 31:						
2018	606,091	48.658	29,503	0.79	1.00	(13.03)
2017	570,972	55.950	31,966	1.06	1.00	31.64
2016	585,767	42.502	24,906	1.25	1.00	(5.16)
2015	614,555	44.814	27,549	1.09	1.00	2.46
2014	623,702	43.736	27,283	1.10	1.00	1.37
Select Growth:						
December 31:						
2018	1,168,069	17.285	20,185	0.31	1.00	(4.75)
2017	1,013,017	18.147	18,380	0.48	1.00	31.48
2016	977,081	13.802	13,481	0.61	1.00	3.00
2015	943,759	13.400	12,651	0.35	1.00	2.18
2014	827,821	13.114	10,861	0.33	1.00	12.40
Government: [4]						
December 31:						
2018	—	—	—	3.62	1.00	(2.13)
2017	440,409	24.765	10,912	1.96	1.00	0.52
2016	471,996	24.636	11,625	2.14	1.00	(0.52)
2015	486,770	24.765	12,056	2.32	1.00	(0.95)
2014	518,715	25.003	12,966	2.60	1.00	2.11

FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C

Notes to Financial Statements

December 31, 2018

	Net assets			Investment income ratio (%)[1]	Expense ratio (%)[2]	Total return (%)[3]
	Units	Unit value ($)	($000s)			
Investment Grade:						
December 31:						
2018	738,599	31.677	23,405	3.86	1.00	(3.00)
2017	772,439	32.657	25,247	3.82	1.00	3.68
2016	781,918	31.497	24,637	4.03	1.00	3.61
2015	787,518	30.401	23,940	4.20	1.00	(1.34)
2014	810,417	30.815	24,981	4.05	1.00	4.80
Limited Duration High Quality Bond: [4]						
December 31:						
2018	1,368,796	9.419	12,965	2.00	1.00	(1.21)
2017	343,681	9.535	3,277	1.80	1.00	0.25
2016	317,300	9.511	3,018	0.83	1.00	(0.36)
2015	232,255	9.546	2,217	—	1.00	(1.50)
2014	81,973	9.691	794	—	1.00	(3.09)
Opportunity:						
December 31:						
2018	957,843	15.154	14,515	0.51	1.00	(16.22)
2017	830,295	18.088	15,016	0.59	1.00	17.82
2016	707,575	15.353	10,864	0.41	1.00	7.18
2015	610,181	14.325	8,744	0.18	1.00	(1.80)
2014	449,804	14.587	6,561	—	1.00	4.68
Real Estate: [4]						
December 31:						
2018	—	—	—	1.85	1.00	0.92
2017	302,306	10.665	3,223	1.21	1.00	0.26
2016	215,090	10.638	2,288	0.50	1.00	5.51
2015	112,825	10.082	1,138	—	1.00	0.82
Total Return:						
December 31:						
2018	1,177,981	12.548	14,823	1.59	1.00	(8.57)
2017	957,153	13.724	13,139	1.51	1.00	10.64
2016	852,812	12.405	10,580	1.39	1.00	5.55
2015	823,730	11.752	9,679	0.89	1.00	(2.59)
2014	572,065	12.065	6,897	0.08	1.00	4.91
Balanced Income: [4]						
December 31:						
2018	—	—	—	4.30	1.00	(4.92)
2017	242,216	11.248	2,724	1.05	1.00	8.48
2016	190,786	10.369	1,978	—	1.00	5.65
2015	58,006	9.814	570	—	1.00	(1.86)
Covered Call Strategy: [4]						
December 31:						
2018	827,949	10.250	8,461	0.85	1.00	(10.88)
2017	462,342	11.502	5,317	0.25	1.00	9.96
2016	196,949	10.460	2,059	—	1.00	4.60
Equity Income:						
December 31:						
2018	828,227	36.920	30,592	1.86	1.00	(9.33)
2017	871,287	40.718	35,490	1.87	1.00	14.37
2016	910,297	35.603	32,424	1.95	1.00	12.15
2015	950,367	31.747	30,184	1.68	1.00	(2.01)
2014	969,259	32.399	31,411	1.64	1.00	7.18
Target Maturity 2015: [4]						
December 31:						
2015	—	—	—	10.64	1.00	(1.36)
2014	274,106	21.742	5,967	4.79	1.00	(0.97)

1. These amounts represent the dividends, excluding distributions of capital gains, received by the sub-account from the underlying mutual fund, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense charges, that are assessed against contract owner accounts either through reductions in unit values or redemption of units. The recognition of investment income by the sub-account is affected by the timing of the declaration of dividends by the underlying fund in which the sub-account invests.

2. These amounts represent the annualized contract expenses of the separate account, consisting primarily of mortality and expense charges, for the periods indicated. These ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through redemption of units and expenses of the underlying fund have been excluded.

3. These amounts represent the total return for the periods indicated, including changes in value of the underlying fund, and expenses assessed through the reduction of unit values. These ratios do not include any expenses assessed through the redemption of units.

4. The Limited Duration High Quality Bond sub-account was launched on July 1, 2014. The total return for the Limited Duration High Quality Bond sub-account for 2014 was calculated for the period July 1, 2014 to December 31, 2014. The Real Estate and the Balanced Income sub-accounts were launched on May 1, 2015 and November 2, 2015, respectively. The total return for the Real Estate and the Balanced Income sub-accounts for 2015 were calculated for the period May 1, 2015 to December 31, 2015 and November 2, 2015 to December 31, 2015, respectively. The Target Maturity 2015 sub-account was closed on December 15, 2015. The total return for the Target Maturity 2015 sub-account for 2015 was calculated for the period January 1, 2015 to December 14, 2015. The Covered Call Strategy sub-account was launched on May 2, 2016. The total return for the Covered Call Strategy sub-account was calculated for the period May 2, 2016 to December 31, 2016. The Real Estate sub-account was closed on August 17, 2018. The total return for the Real Estate sub-account was calculated for the period January 1, 2018 to August 17, 2018. The Government and Balanced Income sub-accounts were closed on December 14, 2018. The total return for the Government and Balanced Income sub-accounts were calculated for the period January 1, 2018 to December 14, 2018.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Statutory Financial Statements

December 31, 2018, 2017 and 2016

(With Independent Auditors' Report Thereon)

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

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Independent Auditors' Report

The Board of Directors
Foresters Life Insurance and Annuity Company:

Report on the Financial Statements

We have audited the accompanying financial statements of Foresters Life Insurance and Annuity Company, which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2018 and 2017, and the related statutory statements of income, changes in capital and surplus, and cash flow for each of the years in the three-year period ended December 31, 2018, and the related notes to statutory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to statutory financial statements, the financial statements are prepared by Foresters Life Insurance and Annuity Company using statutory accounting practices prescribed or permitted by the New York State Department of Financial Services, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles.

The effects on the financial statements of the variances between the statutory accounting practices described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the variances between statutory accounting practices and U.S. generally accepted accounting principles discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of Foresters Life Insurance and Annuity Company as of December 31, 2018 and 2017 or the results of its operations or its cash flows for each of the years in the three-year period ended December 31, 2018.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of Foresters Life Insurance and Annuity Company as of December 31, 2018 and 2017 and the results of its operations and its cash flow for each of the years in the three-year period ended December 31, 2018, in accordance with the statutory accounting practices prescribed or permitted by the New York State Department of Financial Services described in Note 2.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the financial statement schedules Supplemental Schedule Summary of Investments – Other than Investments in Related Parties, Supplementary Insurance Information, and Supplementary Schedule Reinsurance, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by Regulation S-X Rule 7-05 of the Securities and Exchange Commission. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ KPMG LLP

New York, New York
April 22, 2019

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS

DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and invested assets		
Bonds, at amortized cost (fair value: 2018 - $949,747,334; 2017 - $821,721,568)	$ 964,479,113	$ 796,623,705
Cash, cash equivalents and short-term investments	55,329,534	48,890,262
Receivable for securities	-	20,195
Policy loans	105,567,441	102,543,550
Total Cash and Invested Assets	1,125,376,088	948,077,712
Deferred and uncollected premiums	5,109,817	5,084,208
Accrued investment income	14,046,195	12,554,222
Admitted deferred tax assets	2,738,000	2,734,000
Current income tax recoverable	4,064,820	1,945,490
Other assets	126,999	671,550
TOTAL ASSETS EXCLUDING SEPARATE ACCOUNTS	1,151,461,919	971,067,182
Separate account assets	1,316,692,839	1,492,359,315
TOTAL ADMITTED ASSETS	**$ 2,468,154,758**	**$ 2,463,426,497**
LIABILITIES AND CAPITAL AND SURPLUS		
LIABILITIES		
Life and accident and health reserves	$ 330,363,553	$ 314,094,196
Annuity reserves	757,753,320	599,025,981
Claims and other contract liabilities	16,206,705	14,758,715
Interest Maintenance Reserve	-	-
Asset Valuation Reserve	4,950,400	4,935,223
Accounts payable and accrued liabilities	3,126,258	4,469,523
Net transfers due from separate accounts	(28,758,382)	(29,658,212)
TOTAL LIABILITIES EXCLUDING SEPARATE ACCOUNTS	1,083,641,854	907,625,426
Separate account liabilities	1,316,692,840	1,492,359,315
TOTAL LIABILITIES	2,400,334,694	2,399,984,741
CAPITAL AND SURPLUS		
Common Stock, par value $4.75; authorized, issued and outstanding 534,350 shares	2,538,162	2,538,162
Additional paid in capital	6,496,180	6,496,180
Unassigned surplus	58,785,722	54,407,414
TOTAL CAPITAL AND SURPLUS	67,820,064	63,441,756
TOTAL LIABILITIES AND CAPITAL AND SURPLUS	**$ 2,468,154,758**	**$ 2,463,426,497**

See accompanying notes to statutory financial statements.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

STATUTORY STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
REVENUES			
Premiums and annuity considerations	$ 278,009,630	$ 209,266,846	$ 217,667,362
Investment income	42,008,777	35,286,708	30,775,191
Amortization of interest maintenance reserve	(32,571)	719,667	766,483
Income from fees associated with investment management, administration & contract guarantees from separate accounts	13,648,416	12,878,224	11,377,482
Other income	182,975	185,461	195,378
TOTAL REVENUES	**333,817,227**	**258,336,906**	**260,781,896**
BENEFITS AND EXPENSES			
Policyholder benefits and changes in contract liabilities	125,358,524	103,533,633	97,270,717
Increase in life and annuity reserves	174,996,696	131,342,050	139,103,864
Net transfers (from) to separate accounts	(15,744,129)	(27,953,950)	(22,458,372)
Commissions and expense allowances	19,799,236	17,034,349	18,335,371
Operating expenses	15,788,106	15,924,785	18,215,839
TOTAL BENEFITS AND EXPENSES	**320,198,433**	**239,880,867**	**250,467,419**
Net gain from operations before dividends to policyholders and federal income taxes	13,618,794	18,456,039	10,314,477
Dividends to policyholders	986,673	1,118,015	918,979
Net gain from operations before federal income taxes	12,632,121	17,338,024	9,395,498
Federal income tax	2,978,912	4,663,184	2,347,862
NET GAIN FROM OPERATIONS	9,653,209	12,674,840	7,047,636
Net realized capital gains, net of transfers to IMR and net of taxes	-	-	10
NET INCOME	**$ 9,653,209**	**$ 12,674,840**	**$ 7,047,646**

See accompanying notes to statutory financial statements.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

STATUTORY STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS

YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

	2018	2017	2016
BALANCE AT BEGINNING OF YEAR	**$ 63,441,756**	**$ 60,120,253**	**$ 60,317,773**
Correction of an error	(2,037,410)	-	-
Net income	9,653,209	12,674,840	7,047,646
Change in Asset Valuation Reserve	(15,176)	(636,409)	(1,038,688)
Change in non-admitted assets	124,309	162,300	(2,086,204)
Change in net deferred income taxes	1,653,376	(3,779,228)	979,726
Dividends to stockholders	(5,000,000)	(5,100,000)	(5,100,000)
BALANCE AT END OF YEAR	**$ 67,820,064**	**$ 63,441,756**	**$ 60,120,253**

See accompanying notes to statutory financial statements.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

STATUTORY STATEMENTS OF CASH FLOW

YEARS ENDED DECEMBER 31, 2018, 2017 and 2016

	2018	2017	2016
Cash flows from operating activities:			
Premiums and other insurance amounts received	$ 281,280,384	$ 208,085,369	$ 216,448,478
Investment income received	45,633,641	39,836,865	34,957,449
Other receipts	13,831,391	13,063,685	11,572,860
Benefits and contract liabilities paid	(124,695,664)	(102,701,991)	(98,118,520)
Commissions and general expenses paid	(38,868,967)	(33,036,607)	(35,587,113)
Net transfers from separate accounts	16,643,959	21,058,109	19,487,267
Dividends paid to policyholders	(972,174)	(899,789)	(902,898)
Federal income taxes paid	(4,400,000)	(4,400,000)	(2,600,000)
Net cash provided by operating activities	188,452,570	141,005,641	145,257,523
Cash flows from investing activities:			
Proceeds from maturities, repayments, and sale of investment securities	102,904,655	79,868,912	68,186,117
Purchase of investments securities	(275,997,815)	(203,552,299)	(183,984,526)
Purchase of furniture, equipment and other assets	(35,918)	-	(41,513)
Net increase in policy loans	(3,023,891)	(4,566,331)	(2,978,091)
Net cash used for investing activities	(176,152,969)	(128,249,718)	(118,818,013)
Cash flows from financing activities and miscellaneous sources:			
Net deposits on deposit-type contracts	208,364	1,015,594	99,810
Dividends paid	(5,000,000)	(5,100,000)	(5,100,000)
Other cash received (applied)	(1,068,693)	(603,936)	(1,294,268)
Net cash used for financing activities	(5,860,329)	(4,688,342)	(6,294,458)
Net (decrease) increase in cash, cash equivalents and short-term investments:	**6,439,272**	**8,067,581**	**20,145,052**
Cash, cash equivalents and short-term investments:			
Beginning of year	48,890,262	40,822,681	20,677,629
End of year	$ **55,329,534**	$ **48,890,262**	$ **40,822,681**

See accompanying notes to statutory financial statements.

(1) Nature of Operations

Foresters Life Insurance and Annuity Company (the "Company") is a wholly-owned subsidiary of Foresters Financial Holding Company, Inc. ("FFHC"). The Company predominately writes variable and fixed annuity and variable life insurance products along with traditional life insurance and other accident and health insurance. In addition, the Company sponsors segregated investment trusts registered under the Investment Company Act of 1940, which support the Company's variable life and annuity business. The principal affiliates of the Company are: Foresters Financial Services, Inc. ("Broker-Dealer"), Foresters Investment Management Company, Inc. ("Mutual Fund Management Company"), Foresters Investor Services, Inc. ("Transfer Agent"), and Foresters Advisory Services, LLC. FFHC is a wholly-owned subsidiary of The Independent Order of Foresters ("Foresters"), Canada.

(2) Basis of Presentation

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the New York State Department of Financial Services ("NYDFS"). The NYDFS recognizes only statutory accounting practices prescribed or permitted by the state of New York for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the New York Insurance Law. The State of New York has adopted the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual.

Certain amounts in prior year financial statements have been reclassified to conform with the current year presentation.

This basis of presentation differs from U.S. generally accepted accounting principles ("GAAP") in that:

(a) Life insurance policy reserves are computed on the statutory valuation basis using the 1958, 1980 or 2001 CSO Mortality Table with interest rates from 2.50% to 5.25% rather than according to the Company's estimates of mortality, investment yields, withdrawals and other benefits and expenses. The fixed deferred annuity is valued using CARVM at 3.50% – 5% and variable annuities are valued using VACARVM at 3.75% to 5.25%. On both a statutory and GAAP basis, the reserve held for old deferred annuities is equal to the funds accumulated at a current rate of 4% per annum;

(b) certain expenditures, principally for furniture and equipment, agents' debit balances, and deferred tax assets, are not admissible and are therefore charged to surplus rather than recognized as assets;

(c) commissions and other costs of acquiring new business are expensed as incurred rather than recognized as deferred acquisition costs and amortized over the premium paying period of policies and contracts;

(d) under GAAP, current federal income taxes are recognized for the estimated taxes payable or refundable on tax returns for the current year. Deferred federal income taxes arise from the recognition of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Both current and deferred income taxes are recognized in the statement of income. In accordance with NAIC SAP statutory net deferred tax assets are credited to surplus and are limited based on an admissibility test. Under GAAP, state taxes are included in the computation of deferred income taxes, while for NAIC SAP, state taxes are not taken into consideration;

(e) the statutory asset valuation and interest maintenance reserves are recognized as liabilities;

(f) On investment type contracts, the entire amount received from contract holders is recognized as revenue rather than just the portion of the payment deemed to be assessments against policyholder account balances;

(g) investments in fixed maturities that are deemed to be available-for-sale for GAAP are recorded at amortized cost rather than estimated fair value;

(h) The statutory statements of cash flows do not classify cash flows in a manner which is consistent with GAAP. A reconciliation of net income to net cash provided by operating activities is not provided. There is no statement of comprehensive income prepared for statutory reporting purposes; and

(i) The reserve for unpaid losses and loss expenses is reported net of reinsurance recoverable on losses and loss expenses and unearned premiums are reported net of ceded unearned premiums (prepaid reinsurance premiums). Under GAAP, these accounts are presented gross of the effects of reinsurance ceded in the balance sheet.

The effects of these variances on the accompanying statutory financial statements has not been determined, but are presumed to be material.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(3) Other Significant Accounting Practices

(a) Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents include investments with original maturities of three months or less and money market mutual funds. The carrying amounts for cash and cash equivalents approximate their fair values. Short-term investments include investments with original maturities of one year or less and are carried at amortized cost.

(b) Bonds

Bonds are, other than NAIC class 6, reported at amortized cost. Amortization of premiums and accretion of discounts on bonds are recognized using the scientific method that approximates level yield. Gains and losses on sales of investments are determined using the specific identification method. NAIC class 6 bonds are carried at lower of cost or fair value, with the change reflected in surplus.

The fair values for bonds is based on quoted market prices, where available, or is estimated using values from independent pricing services.

(c) Fair Value Measurements

Management determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management utilizes valuation techniques that maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3) within the fair value hierarchy established by the Financial Accounting Standards Board (“FASB”). Financial assets and liabilities carried and disclosed at fair value are classified in one of the following three categories:

- Level 1: Fair value measurements using unadjusted quoted market prices in active markets for identical, unrestricted assets or liabilities.
- Level 2: Fair value measurements using correlation with (directly or indirectly) observable market based inputs, unobservable inputs that are corroborated by market data, or quoted prices in markets that are not active. These models are primarily standard models that consider various assumptions including time value, yield curve, and other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

- Level 3: Fair value measurements using significant inputs that are not readily observable in the market and are based on internally developed models or methodologies utilizing significant inputs that are generally less readily observable.

(d) Impairment of Invested Assets

Management regularly reviews fixed maturity securities to evaluate unrealized losses for other-than-temporary declines in the fair value of these securities. Management considers various factors in assessing impairments, including but not limited to, the financial condition and near term prospects of the issuer, specific adverse conditions affecting an industry or region, a significant and prolonged decline in fair value below the amortized cost of the asset, bankruptcy or default of the issuer, and delinquency in payments of interest or principal.

Management considers the following factors in the evaluation of whether a noninterest related decline in value is other than temporary: (a) the Company's near-term intent to sell; (b) the Company's contractual and regulatory obligations; and (c) the Company's ability and intent not to sell the investment until anticipated recovery of the cost of the investment. In addition, management considers other qualitative and quantitative factors in determining the existence of possible other than temporary impairments including, but not limited to, unrealized loss trend analysis and significant short-term changes in value. For structured securities, if the present value of the cash-flows expected to be collected is less than the amortized cost basis, an other-than-temporary impairment shall be considered to have occurred for the difference due to a non-interest related decline. For structured securities, the Company analyzes discounted cash flows on a quarterly basis to determine if additional other-than-temporary impairment write downs are necessary.

The day to day management of the investment portfolio is performed by investment managers, who may, at a given point in time, believe that the preferred course of action is to hold securities with unrealized losses that are considered temporary until such losses are recovered, the dynamic nature of portfolio management may result in a subsequent decision to sell the security and realize the loss based upon a change in the market and other factors described above. Investment managers maintain a watchlist that identifies rating agency downgrades of securities as well as any potential investment valuation issues at the end of each quarter.

(e) Leasehold Improvements and Equipment

Leasehold improvements and equipment are recorded as cost. These assets are treated as non-admitted assets with changes in the balance of these assets going through the change in nonadmitted assets, a component of capital and surplus.

Depreciation is recorded in net income on the statement of statutory income and is calculated on a straight-line basis over the estimated useful life of the asset, not to exceed 5 years, or the remaining term of the lease.

Depreciation of equipment of $96,722, $106,922, and $102,961 was included in net income for 2018, 2017 and 2016, respectively. Depreciation of leasehold improvements of $2,247 was included in net income for 2018, 2017 and 2016.

(f) Policy loans

Policy loans are stated at the unpaid balance due, which approximates fair value, since loans on policies have no defined maturity and reduce amounts payable at death or surrender. The excess of the unpaid balance of the policy loan that exceeds the cash surrender value is nonadmitted.

(g) Interest Maintenance Reserve

The Company maintains an interest maintenance reserve (“IMR”) to stabilize net income against fluctuations in interest rates. After-tax realized capital gains (losses), which result from changes in the overall level of interest rates for all types of fixed-income investments and interest-related hedging activities, are deferred into the IMR and amortized into revenue using the grouped amortization method. The IMR at December 31, 2018 and December 31, 2017 are an asset of $1,610,468 and $1,057,097, respectively, which is non-admitted.

(h) Asset Valuation Reserve

The Company establishes an Asset Valuation Reserve (“AVR”) to offset potential credit-related investment losses. Investments are assigned a NAIC rating which is used in the AVR computation.

(i) Recognition of Revenue and Related Expenses

Premiums are reported as earned when due. Commissions, benefits and expenses are recognized when incurred rather than amortized over the life of the contracts.

(j) Annuities

Annuity considerations are recognized as revenue when received. The carrying value of fixed annuities reserves are equal to the policyholder account balances, which represent net premiums, received plus accumulated interest.

(k) Policyholder Dividends

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year, and judgment as to the appropriate level of statutory capital and surplus to be retained by the Company.

(l) Business Risks and Uncertainties

The Company's investments are primarily comprised of both short term and long term fixed maturity securities. Significant changes in prevailing interest rates and geographic conditions may adversely affect the timing and amount of cash flows on such investments and their related values. A significant decline in the fair values of these investments could have an adverse effect on the Company's ability to meet obligations including policyholder benefits.

Premiums and annuity considerations received from the Company's variable annuity and variable life products comprise approximately 33% and 34% in 2018 and 2017, respectively, of the Company's total premiums and annuity considerations received. The investment risk on this business is borne by the contract holder and is invested in the sub-account of the related separate account as directed by the contract holder.

(m) Separate Accounts

Separate account assets and the related liabilities represent segregated variable annuity and variable life contracts maintained in accounts to meet the specific investment objectives of Contractholders who bear the investment risk. The assets are carried at fair value and are reported as summary total separate account assets with an equivalent summary total reported for liabilities. All investment income (including realized and unrealized gains and losses on investments held in these accounts) accrues directly to the Contractholders and therefore does not affect the net income of the Company.

(n) Income Taxes

The Company is included in the consolidated federal returns and certain state returns of the Parent, along with other wholly-owned subsidiaries of the Parent. The Parent calculates and allocates the applicable federal taxes (benefits) and related income tax payments and refunds to each subsidiary separately for financial reporting purposes. The provision for federal income taxes is determined on a separate company basis in accordance with a written tax sharing agreement between the Company and its parent.

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting basis and tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled and the effect of a change in tax rates is recognized in the period. A valuation allowance is recorded against deferred tax assets if management determines it is more likely than not, that such assets will not be realized. The tax effects of temporary differences that reverse within three years are treated as admitted assets, subject to a maximum of 15% of surplus.

Tax benefits from uncertain tax positions are recognized in the financial statements if management determines it is “more-likely-than-not” that the positions are sustainable, based on their technical merits. The term “more-likely-than-not” contemplates a likelihood of more than 50 percent and the determination of whether or not a tax position has met this recognition threshold depends on the facts, circumstances, and information available at the reporting date. If management cannot conclude this recognition threshold is met, none of the tax benefit provided by the position is recognized in the financial statements. Income tax liabilities for tax uncertainties are carried by the Company until such time that the statute of limitations or period under audit for the jurisdiction is settled.

(o) Correction of Errors

The Company records corrections of errors, net of tax, as an adjustment to capital and surplus in the period the errors are detected in accordance with Statements of Statutory Accounting Practices (SSAP) No. 3. The corrections are included in the statements of changes in capital and surplus.

During 2018, Management identified errors in the Company’s commission reporting system, whereby advanced commissions continued to accumulate but advances were not subsequently recorded as a commission expense when the premiums were collected. The amount of the correction that related to periods prior to 2018 was $2,037,410, net of income taxes of $542,485.

(in US Dollars)

(4) Investments

Investment income for the years indicated consists of the following:

	2018	2017	2016
Interest on fixed maturities	$ 35,868,158	$ 30,309,245	$ 26,008,677
Interest on short term investments	527,871	345,234	47,676
Interest on policy loans	6,299,686	6,099,103	5,857,123
Total investment income	42,695,715	36,753,582	31,913,476
Investment expense	686,938	1,466,874	1,138,285
Net investment income	$ 42,008,777	$ 35,286,708	$ 30,775,191

No accrued investment income was excluded as non-admitted.

(in US Dollars)

The amortized cost and estimated fair value of bonds at December 31, 2018, and 2017 are as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
December 31, 2018:				
U.S. Treasury securities and obligations of U.S. Gov't corps and agencies	$ 42,063,479	$ 409,955	$ 13,277	$ 42,460,157
Debt securities issued by states of the U.S.	254,691,974	5,179,279	2,380,430	257,490,823
Corporate debt securities	667,723,660	2,827,460	20,754,766	649,796,354
	$ 964,479,113	$ 8,416,694	$ 23,148,473	$ 949,747,334

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
December 31, 2017:				
U.S. Treasury securities and obligations of U.S. Gov't corps and agencies	$ 6,009,610	$ 185,633	$ 9,349	$ 6,185,894
Debt securities issued by states of the U.S.	226,499,717	8,180,247	944,107	233,735,857
Corporate debt securities	564,114,378	18,274,394	588,955	581,799,817
	$ 796,623,705	$ 26,640,274	$ 1,542,411	$ 821,721,568

Securities in unrealized loss positions (fair value is less than amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss are:

	December 31, 2018		December 31, 2017	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Less than 12 months	$ 457,620,025	$ 17,528,431	$ 63,025,802	$ 238,674
12 months or more	110,937,333	5,620,042	56,108,979	1,303,737
	$ 568,557,358	$ 23,148,473	$ 119,134,781	$ 1,542,411

Management considers the decline in fair values of the above securities to be interest related. Management intends to hold these securities until recovery or contractual maturity and therefore, no other-than-temporary impairment has been recognized.

(in US Dollars)

The amortized cost and estimated fair value of bonds at December 31, 2018, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized cost	Estimated fair value
Due in one year or less	$ 15,904,570	$ 15,943,728
Due after one year through five years	224,687,803	223,643,681
Due after five years through ten years	275,546,386	269,041,623
Due after ten years	407,838,611	400,275,279
Loan backed securities	40,501,743	40,843,023
	$ 964,479,113	$ 949,747,334

Proceeds from sales of investments in bonds were $14,547,030, $28,139,681, and $25,229,066 in 2018, 2017, and 2016, respectively. Proceeds from disposals of investments in bonds were $102,331,335, $78,894,024, and $68,104,692 in 2018, 2017 and 2016, respectively. Gross gains of $215,658 and gross losses of $957,357 were realized on those sales in 2018. Gross gains of $614,811 and gross losses of $1,002,697 were realized on those sales in 2017. Gross gains of $895,224 and gross losses of $801,262 were realized on those sales in 2016. Realized gains (losses) transferred to the IMR were ($585,942) on 2018, ($256,005) in 2017, and $62,008 in 2016.

As of December 31, 2018, bonds with a fair value of $3,240,690 were on deposit with regulatory authorities.

(in US Dollars)

(5) Fair Value of Financial Instruments

The following table presents the fair value of all financial assets, classified by the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value	Total carrying value
December 31, 2018					
Bonds	$ -	$ 949,747,334	$ -	$ 949,747,334	$ 964,479,113
Short-term investments	44,974,839	-	-	44,974,839	44,974,839
Separate account assets	1,316,692,839	-	-	1,316,692,839	1,316,692,839
	$ 1,361,667,678	$ 949,747,334	$ -	$ 2,311,415,012	$ 2,326,146,791
December 31, 2017					
Bonds	$ -	$ 821,721,568	$ -	$ 821,721,568	$ 796,623,705
Short-term investments	41,179,113	-	-	41,179,113	41,179,113
Separate account assets	1,492,359,315	-	-	1,492,359,315	1,492,359,315
	$ 1,533,538,428	$ 821,721,568	$ -	$ 2,355,259,996	$ 2,330,162,133

Separate account assets disclosed in the table above are the only assets carried at fair value. There were no transfers between levels during 2018 and 2017.

(6) Retirement Plans

The Company participates in a qualified, noncontributory profit sharing plan sponsored by FFHC, for the benefit of its employees and those of other wholly-owned subsidiaries of its parent. The Company has no legal obligation for benefits under this plan. Foresters Financial Holding Company, Inc. allocates amounts to the Company based on salary ratios. The Plan provides for retirement benefits based upon earnings. Vesting of benefits is based upon years of service. For the years ended December 31, 2018, 2017 and 2016, the Company charged operations $34,390, $52,327, and $73,765, respectively, for its portion of the contribution.

In addition, the Company participates in a 401(K) savings plan covering all of its eligible employees and those of other wholly-owned subsidiaries of its parent whereby employees may voluntarily contribute a percentage of their compensation with the Company matching a portion of the contributions of certain employees. For the years ended December 31, 2018, 2017 and 2016, contributions to this plan were $16,886, $21,225, and $19,612, respectively.

(in US Dollars)

(7) Reinsurance

The Company reinsures a portion of its risk with other insurance companies and reserves are reduced by the amount of reserves for such reinsured risks. The Company is liable for any obligations, which any reinsurance company may be unable to meet. Information with respect to reinsurance ceded by the Company is as follows:

	2018	2017	2016
Direct life insurance premiums	$ 69,095,194	$ 69,894,727	$ 68,913,066
Life insurance premiums ceded	7,540,845	6,800,567	6,211,032
Net life insurance premiums	$ 61,554,349	$ 63,094,160	$ 62,702,034
Life insurance reserves ceded	$ 19,024,236	$ 19,383,574	$ 19,566,561
Direct accident and health premiums	$ 2,193	$ 1,834	$ 2,208
Ceded accident and health premiums	-	-	-
Net accident and health premiums	$ 2,193	$ 1,834	$ 2,208

The Company's maximum retention on any one life is $250,000. The Company had reinsured 54.0% of its net life insurance in force in both December 31, 2018 and 2017. The Company does not (1) have any reinsurance agreements in effect which can be canceled unilaterally for reasons other than for nonpayment of premiums; (2) transact with reinsurers controlled directly or indirectly by the Company or affiliated persons or chartered in a country other than the United States; or (3) have any reinsurance agreements where the amount of losses may result in a payment to the reinsurer which exceeds the total direct premiums collected under such insurance policies. During 2018, 2017 and 2016, the Company did not write off any amounts receivable from reinsurers and no reinsurance contracts were commuted. None of the credit ratings of the Company's reinsurers were downgraded during 2018, 2017 and 2016.

(8) Contingent Liabilities

The Company is subject to certain claims and lawsuits arising in the ordinary course of business. In the opinion of management, all such claims currently pending will not have a material adverse effect on the financial position of the Company or its results of operations.

(9) Related Party Transactions

The Company and certain affiliates, under various cost sharing allocation agreements, share office space, data processing and other facilities and management personnel. Charges for these services are based upon the Company's proportionate share of: space occupied, usage of data processing and other facilities and time allocated to management. During the years ended December 31, 2018, 2017 and 2016, the Company incurred approximately $4,217,131, $3,450,868, and $3,331,014, respectively, for these services. The Company paid an affiliate $20,845,800, $17,886,446, and $20,612,341 during 2018, 2017 and 2016, respectively for commissions relating to the sale of its products. In addition, the Company incurred $525,000 annually during 2018 and 2017 for management fees paid to Foresters.

(10) Capital and Surplus

(a) Participating business represented 1.1% of individual life insurance in force in both December 31, 2018 and 2017.

The portion of earnings of participating policies that can inure to the benefit of policyholders is limited to the larger of 10% of such earnings or $0.50 per thousand dollars of participating insurance in force. Earnings in excess of that limit must be excluded from capital and surplus by a charge against operations. No such charge has been made, since participating business has operated at a loss to date on a statutory basis.

(b) The maximum dividend to stockholder which can be made without prior approval from the Superintendent, which combined with all dividends declared or distributed during the next preceding twelve months, is limited to the lesser of (a) 10% of the Company's surplus to policyholders as shown by its statement on file with the Superintendent or (b) net gains from operations, exclusive of realized capital gains. New York State Insurance Law prohibits the payment of dividends to stockholders from any source other than the statutory unassigned surplus. The amount of said surplus was $58,785,722 and

(in US Dollars)

$54,407,414 at December 31, 2018 and 2017, respectively, and was earned partly by the participating account and partly by the nonparticipating account. Distributions are limited to prescribed percentages of policyholders' surplus as of the beginning of the current year and, in some instances, require pre-approval by the NYDFS.

During 2018 and 2017 the Company paid ordinary dividends of $5,000,000 and $5,100,000, respectively.

(c) The NAIC has developed risk based capital formulas to be applied to all insurance companies. These formulas calculate a minimum required statutory net worth, based on the perceived degree of certain risks, such as asset, credit, interest rate, underwriting and other business risks inherent in an individual company's operations. Any insurance company that does not meet threshold risk based capital levels ultimately will be subject to regulatory proceedings. The Company was in excess of the minimum risk based capital as of December 31, 2018 and 2017.

(d) The portion of unassigned surplus represented or (reduced by) each item below is as follows:

	2018	2017
Nonadmitted assets	$ (9,030,076)	$ (9,154,385)
Asset valuation reserve	(4,950,400)	(4,935,223)
Deferred tax assets	8,264,281	6,610,905

(11) Life and Annuities Reserves

(a) The Company waives the deduction of the deferred fractional premiums upon the death of the insured and returns a pro-rata portion of premiums for any period beyond the end of the policy month in which the death occurred. Surrender values are not promised in excess of the legally computed reserves.

(b) For policies issued subject to an extra premium, a reserve based on special tables prepared by the New York State Department of Financial Services was included in the statutory financial statements.

(c) As of December 31, 2018 the Company has $151,529,434 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of New York.

(in US Dollars)

(d) Tabular less Actual Reserves Released, and Tabular Cost has been determined by formula.

(e) The Tabular interest on funds not involving life contingencies has been determined by formula. Tabular interest is equal to the mean reserves at year end plus payments incurred during the year less mean reserves at the prior year end, income earned during the year and other increases.

(f) The Company holds additional reserves for substandard policies on behalf of those policyholders assigned lower underwriting classifications, such as those deemed to be more serious mortality risks.

(g) There are no significant other increases (net).

(12) Analysis of Annuity Actuarial Reserves and Deposit Liabilities

Withdrawal characteristics and annuity actuarial reserves and deposit fund liabilities at December 31, 2018 are shown in the following table.

		Amount	Percentage of total
Subject to discretionary withdrawal at book value less surrender charge	$	-	0.00%
Subject to discretionary withdrawal without adjustment:			
At market value		555,244,774	41.95%
At book value		589,903,208	44.57%
Not subject to discretionary withdrawal		178,470,114	13.48%
Total annuity and actuarial reserves and deposit fund liabilities (gross)		1,323,618,096	100.00%
Less reinsurance		-	0.00%
Total annuity and actuarial reserves and deposit fund liabilities (net)	$	1,323,618,096	100.00%

(in US Dollars)

Withdrawal characteristics and annuity actuarial reserves and deposit fund liabilities at December 31, 2017 are shown in the following table.

	Amount	Percentage of total
Subject to discretionary withdrawal at book value less surrender charge	$ -	0.00%
Subject to discretionary withdrawal without adjustment:		
At market value	623,654,776	50.58%
At book value	475,490,259	38.56%
Not subject to discretionary withdrawal	133,942,493	10.86%
Total annuity and actuarial reserves and deposit fund liabilities (gross)	1,233,087,528	100.00%
Less reinsurance	-	0.00%
Total annuity and actuarial reserves and deposit fund liabilities (net)	$ 1,233,087,528	100.00%

(13) Premium and Annuity Consideration Deferred and Uncollected

Deferred and uncollected life insurance premiums and annuity consideration at December 31, 2018 were:

	Gross	Net	Loading
Type:			
Ordinary new business	$ 16,326	$ 14,015	$ 2,311
Ordinary renewal	2,847,994	5,095,802	(2,247,808)
Total	$ 2,864,320	$ 5,109,817	$ (2,245,497)

Deferred and uncollected life insurance premiums and annuity consideration at December 31, 2017 were:

	Gross	Net	Loading
Type:			
Ordinary new business	$ 98,269	$ 80,380	$ 17,889
Ordinary renewal	3,057,443	5,003,828	(1,946,385)
Total	$ 3,155,712	$ 5,084,208	$ (1,928,496)

(in US Dollars)

(14) Separate Accounts

General Nature and Characteristics

The Company has two separate accounts which fund limited pay variable life insurance policies, single premium variable life policies, and flexible premium variable life policies and three separate accounts which fund deferred variable annuity contracts. For all separate accounts, the net investment experience of the separate account is credited directly to the policyholder and can be positive or negative.

Two of the variable annuities provide an incidental death benefit of the greater of the account value or premiums paid. The third provides an incidental death benefit equal to the greater of the account value, the premiums paid or the account value on specified anniversaries. Insurance contract liabilities for incidental death benefits are established in the general account. The account balance of contracts with guarantees totaled approximately $560,000,000 and $630,000,000 and was held in separate accounts at December 31, 2018 and 2017, respectively. The net amount at risk associated with these guarantees was approximately $6,000,000 and $340,000 at December 31, 2018 and 2017, respectively.

The three variable life policies are a fixed premium product, a single premium product with a minimum guaranteed death benefit, and a flexible premium product.

The contracts have a policy loan provision. Loan funds are credited with a guaranteed interest rate of 4% and are held in the general account.

The following table presents separate account premiums and considerations for the year ended December 31, 2018 and separate account reserves at December 31, 2018.

		Variable life		Variable Annuities		Total
Premiums and considerations	$	37,524,848	$	41,924,405	$	79,449,253
Reserves at December 31, 2018:						
With assets at market value	$	732,735,882	$	555,244,775	$	1,287,980,657
Subject to discretionary withdrawal at market value	$	732,735,882	$	555,244,775	$	1,287,980,657

(in US Dollars)

Reconciliation of net transfers to (from) separate accounts and amounts recognized in the statutory statement of income are as follows:

		2018		2017
Transfers to separate accounts as contained in the annual statement of the separate accounts	$	79,449,253	$	61,706,176
Transfers from separate accounts as contained in the annual statement of the separate accounts		108,841,798		102,538,350
	$	(29,392,545)		(40,832,174)

(15) Federal Income Taxes

On December 22, 2017, the President signed the “Tax Cuts and Jobs Act” (H.R. 1) into law. This represents the first major overhaul of the federal income tax in more than 30 years. Among other effects, the bill lowers the corporate tax rate from 35% to 21% beginning in 2018. The change in the corporate tax rate is presumed to be permanent; as such we adjusted the value of our deferred tax items. The adjustment in the value of deferred tax items resulted in a decrease in surplus of approximately $4.4 million from this rate change in 2017.

The “Tax Cuts and Jobs Act” also impacted the computation of life insurance tax reserves. The Act limits life reserves for tax purposes to the greater of net surrender value or 92.81% of NAIC’s required reserves. Previously, for life and annuity contracts, the tax reserve was the greater of the contract’s net surrender value (if any) or federally prescribed reserve. Management determined a $22.1 million difference in the amount of the new tax basis reserve, which has been recognized as an additional tax asset with an offsetting deferred tax liability. The estimated transition adjustment amount is amortized on a straight-line basis over each of the eight taxable years from 2018-2025. As of December 31, 2018, $2.7 million has been amortized. The transition adjustment increased by $4.0 million from the amount estimated at December 31, 2017, which was a provisional estimate as the Company did not have the information available in appropriate detail to analyze and calculate the amount required under the change in methodology. As of December 31, 2018, there are no provisional amounts related to the impact of the Tax Cuts and Jobs Act remaining in the Company’s financial statements.

The Company’s Parent files consolidated federal and certain state income tax returns which include certain other wholly-owned subsidiaries of the Parent (listed in footnote 1). The provision for federal income taxes is determined on a separate company basis in accordance with a written tax sharing agreement between the Company and its parent. Under the Internal Revenue Code, revised by the Tax Cuts and Jobs Act, life insurance entities are not permitted to carryback ordinary losses. As such, admittance of ordinary deferred tax assets for life entities will be limited to paragraph 11.b. and 11.c. Tax years of 2015 through 2017 are subject to federal, state or local examination by taxing authorities.

(in US Dollars)

The net deferred tax asset/(liability) at December 31, 2018 and 2017, and the change from the prior year are comprised of the following components:

	2018 Ordinary	2017 Ordinary	Change Ordinary
Total gross deferred tax assets	$ 12,539,000	$ 10,579,000	$ 1,960,000
Statutory Valuation Allowance	-	-	-
Adjusted gross deferred tax assets	12,539,000	10,579,000	1,960,000
Deferred tax assets nonadmitted	(5,526,281)	(3,876,905)	(1,649,376)
Subtotal net admitted deferred tax assets	7,012,719	6,702,095	310,624
Deferred tax liabilities	(4,274,719)	(3,968,095)	(306,624)
Net admitted deferred tax assets	$ 2,738,000	$ 2,734,000	$ 4,000

(in US Dollars)

The amount of deferred tax assets admitted at December 31, 2018 and 2017 and changes thereon are as follows:

	2018 Ordinary	2017 Ordinary	Change Ordinary
Federal income taxes paid in prior years recoverable through loss carrybacks (11.a.)	$ -	$ -	$ -
Admitted under paragraph (11.b.)	2,738,000	2,734,000	4,000
Adjusted gross DTAs offset by gross DTLs (11.c.)	4,274,719	3,968,095	306,624
Deferred tax assets admitted as the result of application of SSAP No. 101	$ 7,012,719	$ 6,702,095	$ 310,624

The ratios used for the threshold limitation for 11.b. above are as follows:

	2018	2017
Ratio percentage used to determine recovery period and threshold limitation amount	724%	788%
Amount of adjusted capital and surplus used to determine recovery period threshold limitation	$ 70,544,026	$ 66,154,217

Tax planning strategies did not have an effect on the Company's net admitted deferred tax assets. In addition, there are no temporary differences for which deferred tax liabilities have not been recognized.

The Company did not have any deferred tax assets or liabilities that were classified as capital.

(in US Dollars)

Deferred tax assets and deferred tax liabilities comprise the following:

		2018		2017		Change
Deferred tax assets:						
Policyholder dividend provision	$	215,000	$	215,000	$	-
Deferred acquisition costs		3,672,000		3,399,000		273,000
Reserves		8,559,000		6,853,000		1,706,000
Deferred compensation		47,000		63,000		(16,000)
Other		46,000		49,000		(3,000)
		12,539,000		10,579,000		1,960,000
Nonadmitted deferred tax assets		(5,526,281)		(3,876,905)		(1,649,376)
		7,012,719		6,702,095		310,624
Deferred tax liabilities:						
Depreciation		11,000		17,000		(6,000)
Bond discount		199,719		150,095		49,624
Reserves (transition adjustment)		4,064,000		3,801,000		263,000
Net admitted deferred taxes	$	2,738,000	$	2,734,000	$	4,000

The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is comprised of the following:

		2018		2017		Change
Total deferred tax assets	$	12,539,000	$	10,579,000	$	1,960,000
Total deferred tax liabilities		(4,274,719)		(3,968,095)		(306,624)
Net deferred tax assets (liabilities)		8,264,281		6,610,905		1,653,376
Tax-effect of unrealized gains and losses		-		-		-
Net tax effect without unrealized gains & losses	$	8,264,281	$	6,610,905	$	1,653,376

(in US Dollars)

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

		2018				2017		
			Tax effect	Tax			Tax effect	Tax
		Amount	21%	Rate		Amount	35%	Rate
Income before taxes	$	12,632,121	2,652,745	21 %	$	17,338,024	6,068,308	35 %
Dividends received deduction		(6,388,604)	(1,341,607)	(11)%		(5,409,620)	(1,893,367)	(11)%
Deferred tax rate change:								
Admitted assets		-	-	— %		5,205,714	1,822,000	11 %
Non-admitted assets		-	-	— %		7,384,583	2,584,604	15 %
Other		68,559	14,397	— %		(397,521)	(139,133)	(1)%
Total	$	6,312,076	1,325,535	10 %	$	24,121,180	8,442,412	49 %

		2016		
			Tax effect	Tax
		Amount	35%	Rate
Income before taxes	$	9,395,498	3,288,424	35 %
Dividends received deduction		(4,549,277)	(1,592,247)	(17)%
Deferred tax rate change:				
Admitted assets	$	-	-	— %
Non-admitted assets		-	-	— %
Other		(937,260)	(328,041)	(3)%
Total		3,908,961	1,368,136	15 %

		2018		2017		2016
Current federal income taxes	$	2,978,912	$	4,663,184	$	2,347,862
Deferred taxes:						
Change from prior year		(1,653,376)		(627,376)		(979,726)
Rate change		-		4,406,604		-
Total tax provision	$	1,325,536	$	8,442,412	$	1,368,136
Effective rate		10%		49%		15%

There are no deposits at December 31, 2018 and 2017 admitted under Section 6603 of the Internal Revenue Code.

(in US Dollars)

(16) Reconciliation to Filed Annual Statement

The Company pays commissions to its distributor in advance of collection of the related premium. Advanced commissions are classified as a non-admitted asset. During 2018, Management identified errors in the Company's commission reporting system, whereby advanced commissions continued to accumulate but advances were not subsequently recorded as a commission expense when the premiums were collected. The amount of the correction that related to periods prior to 2018 was $2,037,410, net of income taxes of $542,485.

The following is a reconciliation of amounts as of and for the year ended December 31, 2018 reported in the annual statement filed by the Company, to amounts included in the accompanying audited statutory-basis financial statements:

	Annual Statement	Adjustment	Accompanying Financial Statements
Capital and surplus	$ 67,820,064	$ -	$ 67,820,064
Net Income	$ 7,615,799	$ 2,037,410	$ 9,653,209

There were no adjustments to the amounts reported in the annual statements for the years ended December 31, 2017 and 2016 filed by the Company.

(17) Subsequent Events

On April 6, 2019, Foresters entered into separate agreements to sell the distribution business of the Company's affiliate, Foresters Financial Services and affiliated asset management business of Foresters Investment Management Company. The transactions are expected to close in June and October 2019, respectively. One of the conditions of closing of the sale of the distribution business is the successor agrees to enter into a selling and distribution agreement with the Company for its products.

SUPPLEMENTAL INFORMATION

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Supplementary Schedule

Summary of Investments – Other than Investments in Related Parties

December 31, 2018 and 2017

(in US Dollars)

	Amortized cost	Estimated fair value	Amount shown in Balance Sheet
December 31, 2018:			
U.S. Treasury securities and obligations of U.S. Gov't corps and agencies	$ 42,063,479	$ 42,460,157	$ 42,063,479
Debt securities issued by states of the U.S.	254,691,974	257,490,823	254,691,974
Corporate debt securities	667,723,660	649,796,354	667,723,660
	964,479,113	949,747,334	964,479,113
Policy loans	105,567,441	XXX	105,567,441
Cash, cash equivalents and short-term investments	55,329,534	55,331,177	55,329,534
Receivable for securities	-	XXX	-
Total investments	$ 1,125,376,088		$ 1,125,376,088

	Amortized cost	Estimated fair value	Amount shown in Balance Sheet
December 31, 2017:			
U.S. Treasury securities and obligations of U.S. Gov't corps and agencies	$ 6,009,610	$ 6,185,894	$ 6,009,610
Debt securities issued by states of the U.S.	226,499,717	233,735,857	226,499,717
Corporate debt securities	564,114,378	581,799,817	564,114,378
	796,623,705	821,721,568	796,623,705
Policy loans	102,543,550	XXX	102,543,550
Cash, cash equivalents and short-term investments	48,890,262	48,890,262	48,890,262
Receivable for securities	20,195	XXX	20,195
Total investments	$ 948,077,712		$ 948,077,712

See accompanying independent auditors' report.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Supplementary Insurance Information

For the years ended December 31, 2018, 2017 and 2016

(in US Dollars)

	As of December 31,		For the years ended December 31,			
	Future policy benefits losses, claims and loss expenses	Other policy claims and benefits payable	Premium revenue and annuity, pension and other contract considerations	Net investment income	Benefits, claims, losses and settlement expenses	Other operating expenses
2018:						
Life	$ 330,332,141	$ 12,132,147	$ 61,554,348	$ 13,500,066	$ 49,361,978	$ 12,182,356
Annuity	757,753,320	4,072,363	216,453,089	28,505,092	75,986,139	3,605,126
Accident and Health	31,412	2,195	2,193	3,619	10,405	624
Total	$ 1,088,116,873	$ 16,206,705	$ 278,009,630	$ 42,008,777	$ 125,358,522	$ 15,788,106
2017:						
Life	$ 314,060,279	$ 12,204,834	$ 63,094,160	$ 12,455,343	$ 44,062,987	$ 11,434,394
Annuity	599,025,981	2,548,226	146,170,852	22,827,286	59,457,585	4,489,862
Accident and Health	33,917	5,655	1,834	4,079	13,061	529
Total	$ 913,120,177	$ 14,758,715	$ 209,266,846	$ 35,286,708	$ 103,533,633	$ 15,924,785
2016:						
Life	$ 295,736,757	$ 11,288,795	$ 62,702,034	$ 13,637,080	$ 43,503,314	$ 12,545,416
Annuity	486,001,410	1,159,640	154,963,120	17,133,067	53,756,576	5,669,797
Accident and Health	39,959	3,568	2,208	5,044	10,827	626
Total	$ 781,778,126	$ 12,452,003	$ 217,667,362	$ 30,775,191	$ 97,270,717	$ 18,215,839

See accompanying independent auditors' report.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Supplementary Schedule - Reinsurance

For the years ended December 31, 2018, 2017 and 2016

(in US Dollars)

The amount of life insurance in force (in $000's) as of December 31 is:

	Gross Amount	Reinsurance Ceded	Net Amount
2018	$ 11,890,647	$ 6,378,604	$ 5,512,043
2017	$ 12,083,402	$ 6,541,538	$ 5,541,864
2016	$ 11,778,084	$ 6,565,495	$ 5,212,589

The premiums and annuity considerations for life and accident and health contracts for the years ended December 31 are:

	Gross Amount	Reinsurance Ceded	Net Amount
2018			
Life insurance	$ 69,095,194	$ 7,540,845	$ 61,554,349
Annuity	216,453,088	-	216,453,088
Supplementary contracts	-	-	-
Accident and health	2,193	-	2,193
	$ 285,550,475	$ 7,540,845	$ 278,009,630
2017			
Life insurance	$ 69,894,727	$ 6,800,567	$ 63,094,160
Annuity	146,170,852	-	146,170,852
Supplementary contracts	-	-	-
Accident and health	1,834	-	1,834
	$ 216,067,413	$ 6,800,567	$ 209,266,846
2016			
Life insurance	$ 68,913,066	$ 6,211,032	$ 62,702,034
Annuity	154,963,120	-	154,963,120
Supplementary contracts	-	-	-
Accident and health	2,208	-	2,208
	$ 223,878,394	$ 6,211,032	$ 217,667,362

See accompanying independent auditors' report.