

FIRST INVESTORS LIFE SEPARATE ACCOUNT E
INDIVIDUAL VARIABLE LIFE INSURANCE POLICIES
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 individual variable life insurance policies offered by Foresters Life Insurance and Annuity Company through First Investors Life Separate Account E (“Separate Account E” or the “Separate Account”), which may be obtained at no cost by writing to Foresters Life Insurance and Annuity Company, Raritan Plaza 1, Edison, NJ 08837, by telephoning (800) 832-7783, or by visiting our website at www.foresters.com. Separate Account E currently funds two individual variable life insurance policies: Variable Universal Life, a flexible premium adjustable variable life insurance policy (“VUL”) with a prospectus dated May 1, 2019 and Single Premium Variable Life Insurance Policy, a modified single premium variable life insurance policy (“SPVL”) with a prospectus dated May 1, 2019.

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

TABLE OF CONTENTS

	<u>Page</u>
General Description	2
Services.....	5
Other Information.....	6
Valuation Information	6
Relevance of Financial Statements.....	7
Appendix.....	8
Financial Statements.....	9

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 FFHC 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 President	Assistant Vice President FLIAC since 2006.
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	Senior Vice President, Insurance Operations of FLIAC since 2019; Senior Vice President, Foresters Investor Services, Inc. (FIS), Transfer Agency Operations since

	Operations	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 Policy. The terms, benefits and features of your Policy will not change as a result of the FIMCO Transaction or the FFS Transaction.

Separate Account Assets. Separate Account E was established on September 30, 2004 under the provisions of the New York Insurance Law. Separate Account E's assets are segregated from the assets of FLIAC, and that portion of Separate Account E's assets having a value equal to, or approximately equal to, the reserves and contract liabilities under a Policy is not chargeable with liabilities arising out of any other business of FLIAC. Separate Account E 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 E. FLIAC maintains the records and accounts of Separate Account E.

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

Underwriter. FLIAC and Separate Account E 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 ending December 31, 2016, 2017 and 2018, FFS received underwriting commissions of \$327,897, \$394,667 and \$394,075 respectively, in connection with the distribution of SPVL in a continuous offering. Sale of VUL commenced in April 2014 and for the fiscal years ending December 31, 2016, 2017 and 2018, FFS received underwriting commissions of \$5,007,041, \$4,705,178 and \$3,310,872 respectively, in connection with the distribution of VUL in a continuous offering. FLIAC anticipates continuing to offer the Policies, but reserves the right to discontinue the offering. FFS is a registered broker-dealer under the Securities Exchange Act of 1934, and a member of the Financial Industry Regulatory Authority.

Distribution of Policy. The Policies are sold by insurance agents licensed to sell variable life insurance policies, who are registered representatives of FFS or by other broker-dealers who have selling agreements with FFS.

FLIAC pays FFS a commission on policies sold. In regards to VUL, in the first policy year, FLIAC pays FFS a commission of 99% of premiums paid up to the target premium and 6% of premiums paid in excess of the target premium. In policy years 2-10, FLIAC pays FFS a commission of 5% of premium payments. FLIAC pays FFS a commission of 3% of premium payments thereafter. In regards to SPVL, FLIAC pays a commission on policies sold of 7.175% of premium payments. Commissions paid on the Policies are not charged directly to Policyowners or the Separate Account. FFS is, in turn, responsible for paying FFS representatives all commissions and other compensation that may be due to them for selling the policy. FFS representatives may sell other variable life insurance and annuity products as to which they receive more or less compensation than they do for selling the Policies.

OTHER INFORMATION

Reports. At least once each Policy year, FLIAC mails a report to the Policyowner within 31 days after the Policy anniversary. We mail the report to the last address known to us. The report shows (1) the death benefit at the beginning and end of the policy year, (2) the Accumulation Value and surrender value at the beginning and end of the policy year, (3) policy loan activity (4) all transactions which have occurred during the policy year, and (5) other information as may be required by applicable law or regulation. The report also shows your allocation among the Subaccounts and/or the Fixed Account on that anniversary.

State Regulation. FLIAC is subject to the laws of the State of New York governing insurance companies and to regulations of the New York State Department of Financial Services (the "Department"). FLIAC files an annual statement in a prescribed form with the Department each year covering our operations for the preceding year and our financial condition as of the end of such year. Our books and accounts are subject to review by the Department at any time. The Department conducts a full examination of our operations periodically. The Department does not engage in any supervision of our management or investment practices or policies, except to determine compliance with the requirements of the New York Insurance Law. FLIAC also is subject to regulation under the insurance laws of other jurisdictions in which FLIAC may operate.

VALUATION INFORMATION

Value of a Unit. For each Subaccount of Separate Account E, the value of a Unit of interest of that Subaccount initially was set arbitrarily at \$10.00. The value of a Unit for any subsequent Valuation Period is determined by multiplying the value of a Unit for the immediately preceding Valuation Period by the Net Investment Factor for the Valuation Period for which the 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 Unit Value. The value of a 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) where:

- (a) is the net result of:
 - (1) the net asset value per share of the applicable Fund determined at the end of the current Valuation Period, plus
 - (2) 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, less
 - (3) the per share amount of any taxes charged by us.
- (b) is the net asset value per share of the applicable Fund determined as of the end of the immediately preceding Valuation Period.

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

RELEVANCE OF FINANCIAL STATEMENTS

The values of the interests of Policyowners under the Policies will be affected by the investment results of the Subaccounts and the returns on any amounts they allocate to the Fixed Account. The financial statements of FLIAC as contained herein should be considered only as bearing upon FLIAC's ability to meet its obligations to Policyowners under the, including, but not limited to, the minimum and any declared excess interest credited on accumulation values in the Fixed Account, and they should not be considered as bearing on the investment performance of the Subaccounts.

APPENDIX I

EXAMPLE A

**Formula and Illustration for Determining
the Net Investment Factor of a Subaccount
of Separate Account E**

$$\text{Net Investment Factor} = \frac{A + B}{C}$$

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, less the per share amount of any taxes charged by us.

Assume = \$0

C = The Net Asset Value of a Fund share as of the end of the immediately preceding Valuation Period.

Assume = \$8.39000000

$$\text{Then, the Net Investment Factor} = \frac{8.51000000 + 0}{8.39000000} \dots\dots\dots = \$1.01430274$$

EXAMPLE B

**Formula and Illustration for Determining
Unit Value of a Subaccount
of Separate Account E**

$$\text{Unit Value} = A \times B$$

Where:

A = The Unit Value for the immediately preceding Valuation Period.

Assume = \$1.46328760

B = The Net Investment Factor for the current Valuation Period.

Assume = \$1.01430274

$$\text{Then, the Unit Value} = \$1.46328760 \times 1.01430274 \dots\dots\dots = \$1.484216622$$

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**

Financial Statements

December 31, 2018

(With Report of Independent Registered Public Accounting Firm Thereon)

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**

Table of Contents

	Page
Report of Independent Registered Public Accounting Firm	1
Statement of Assets and Liabilities	3
Statement of Operations	5
Statements of Changes in Net Assets	7
Notes to Financial Statements	11

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 Separate Account E:

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 Separate Account E (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
SEPARATE ACCOUNT E**
Statement of Assets and Liabilities
December 31, 2018

	<u>Government Cash Management</u>	<u>Fund for Income</u>	<u>Growth & Income</u>	<u>Special Situations</u>	<u>International</u>	<u>Select Growth</u>
Assets:						
Investments at net asset value (note 3):						
Number of shares	1,233,617	1,410,810	522,378	402,181	362,475	696,797
Cost	<u>\$ 1,233,617</u>	<u>\$ 9,054,062</u>	<u>\$ 19,676,546</u>	<u>\$ 13,028,958</u>	<u>\$ 7,526,927</u>	<u>\$ 8,672,030</u>
First Investors Life Series Fund	\$ 1,233,617	\$ 8,408,430	\$ 21,856,316	\$ 11,606,947	\$ 8,003,439	\$ 9,852,711
Liabilities:						
Payable to Foresters Life Insurance and Annuity Company	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net assets	1,233,617	8,408,430	21,856,316	11,606,947	8,003,439	9,852,711
Net assets represented by contracts in accumulation period	<u>\$ 1,233,617</u>	<u>\$ 8,408,430</u>	<u>\$ 21,856,316</u>	<u>\$ 11,606,947</u>	<u>\$ 8,003,439</u>	<u>\$ 9,852,711</u>
Outstanding Units:	108,174	457,391	940,844	448,470	404,502	413,912
Unit Value:	\$ 11.433	\$ 18.398	\$ 23.207	\$ 25.856	\$ 19.796	\$ 23.797

(Continued)

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**
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	575,477	365,523	741,589	617,841	211,463	469,968
Cost	<u>\$ 6,202,124</u>	<u>\$ 3,411,677</u>	<u>\$ 11,454,239</u>	<u>\$ 7,546,194</u>	<u>\$ 2,347,306</u>	<u>\$ 8,603,448</u>
First Investors Life Series Fund	\$ 5,858,357	\$ 3,413,985	\$ 11,553,954	\$ 7,723,006	\$ 2,192,870	\$ 9,686,043
Liabilities:						
Payable to Foresters Life Insurance and Annuity Company	—	—	—	—	—	—
Net assets	<u>5,858,357</u>	<u>3,413,985</u>	<u>11,553,954</u>	<u>7,723,006</u>	<u>2,192,870</u>	<u>9,686,043</u>
Net assets represented by contracts in accumulation period	<u>\$ 5,858,357</u>	<u>\$ 3,413,985</u>	<u>\$ 11,553,954</u>	<u>\$ 7,723,006</u>	<u>\$ 2,192,870</u>	<u>\$ 9,686,043</u>
Outstanding Units:	345,939	345,280	717,880	579,390	208,307	430,277
Unit Value:	\$ 16,926	\$ 9,853	\$ 16,097	\$ 13,329	\$ 10,527	\$ 22,485

See accompanying notes to financial statements

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E
Statement of Operations
Year ended December 31, 2018**

	<u>Government Cash Management</u>	<u>Fund for Income</u>	<u>Growth & Income</u>	<u>Special Situations</u>	<u>International</u>	<u>Select Growth</u>	<u>Government**</u>
Investment income:							
Income:							
Dividends	\$ 10,931	\$ 438,141	\$ 331,460	\$ 56,122	\$ 62,180	\$ 31,212	\$ 100,116
Expenses:							
Mortality and expense risks (note 5)	13,221	135,054	364,582	178,334	119,294	139,175	42,427
Administrative charges (note 5)	20,885	31,739	158,011	137,036	63,709	101,573	7,465
Total expenses	34,106	166,793	522,593	315,370	183,003	240,748	49,892
Net investment income (loss)	(23,175)	271,348	(191,133)	(259,248)	(120,823)	(209,536)	50,224
Realized gain on investments:							
Realized gain distributions	—	—	1,057,139	1,562,461	357,312	642,733	—
Realized gain (loss) on investments	—	(18,094)	258,002	32,083	54,359	103,371	(281,820)
Realized gains (losses)	—	(18,094)	1,315,141	1,594,544	411,671	746,104	(281,820)
Change in unrealized appreciation (depreciation) on investments	—	(639,254)	(4,096,831)	(3,903,712)	(1,535,701)	(1,260,877)	147,678
Net increase (decrease) in net assets resulting from operations	\$ (23,175)	\$ (386,000)	\$ (2,972,823)	\$ (2,568,416)	\$ (1,244,853)	\$ (724,309)	\$ (83,918)

(Continued)

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**
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	\$ 223,608	\$ 14,036	\$ 60,472	\$ 21,647	\$ 119,121	\$ 32,074	\$ 16,585	\$ 186,675
Expenses:								
Mortality and expense risks (note 5)	92,745	10,659	141,566	7,912	105,749	11,031	22,401	160,529
Administrative charges (note 5)	25,847	5,772	213,742	14,329	53,834	6,328	38,077	49,720
Total expenses	118,592	16,431	355,308	22,241	159,583	17,359	60,478	210,249
Net investment income (loss)	105,016	(2,395)	(294,836)	(594)	(40,462)	14,715	(43,893)	(23,574)
Realized gain on investments:								
Realized gain distributions	—	—	151,460	—	35,753	21,355	—	303,810
Realized gain (loss) on investments	(27,082)	(1,312)	21,298	4,610	27,510	(25,940)	74	97,655
Realized gains (losses)	(27,082)	(1,312)	172,758	4,610	63,263	(4,585)	74	401,465
Change in unrealized appreciation (depreciation) on investments	(321,718)	7,879	(2,274,629)	672	(773,444)	(56,656)	(245,600)	(1,475,211)
Net increase (decrease) in net assets resulting from operations	\$ (243,784)	\$ 4,172	\$ (2,396,707)	\$ 4,688	\$ (750,643)	\$ (46,526)	\$ (289,419)	\$ (1,097,320)

* 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
SEPARATE ACCOUNT E**
Statements of Changes in Net Assets
Years ended December 31, 2018 and 2017

	Government		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)	\$ (23,175)	\$ (30,105)	\$ 271,348	\$ 229,705	\$ (191,133)	\$ (158,211)	\$ (259,248)	\$ (167,561)
Realized gain distributions	—	—	—	—	1,057,139	798,931	1,562,461	116,916
Realized gain (loss) on investments	—	—	(18,094)	(5,242)	258,002	122,480	32,083	28,543
Change in unrealized appreciation (depreciation) on investments	—	—	(639,254)	125,021	(4,096,831)	2,473,117	(3,903,712)	1,541,434
Net increase (decrease) in net assets resulting from operations	(23,175)	(30,105)	(386,000)	349,484	(2,972,823)	3,236,317	(2,568,416)	1,519,332
From contract transactions:								
Net insurance premiums from contract owners	(276,984)	296,650	734,589	685,082	2,349,349	2,234,768	2,362,154	1,757,174
Transfers upon closing of sub-accounts	851,727	—	—	—	—	—	—	—
Transfers between sub-accounts	(175,746)	4,579	44,480	277,855	(540,142)	(161,157)	504,191	(143,023)
Cost of insurance (note 5)	(25,243)	(20,929)	(123,599)	(106,296)	(389,612)	(341,196)	(216,035)	(168,419)
Transfers for contract benefits and terminations	(12,992)	(51)	(120,796)	(200,391)	(969,800)	(641,566)	(458,886)	(193,242)
Increase (decrease) in net assets derived from contract transactions	350,760	280,249	534,674	656,250	449,795	1,090,849	2,191,424	1,252,490
Net increase (decrease) in net assets	337,585	250,144	148,674	1,005,734	(2,523,028)	4,327,166	(376,992)	2,771,822
Net assets:								
Beginning of year	896,032	645,888	8,259,756	7,254,022	24,379,344	20,052,178	11,983,939	9,212,117
End of year	<u>\$ 1,233,617</u>	<u>\$ 896,032</u>	<u>\$ 8,408,430</u>	<u>\$ 8,259,756</u>	<u>\$ 21,856,316</u>	<u>\$ 24,379,344</u>	<u>\$ 11,606,947</u>	<u>\$ 11,983,939</u>

(Continued)

FIRST INVESTORS LIFE
SEPARATE ACCOUNT E
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)	\$ (120,823)	\$ (75,317)	\$ (209,536)	\$ (144,422)	\$ 50,224	\$ (488)	\$ 105,016	\$ 99,615
Realized gain distributions	357,312	—	642,733	697,344	—	—	—	—
Realized gain (loss) on investments	54,359	76,658	103,371	49,452	(281,820)	(9,615)	(27,082)	(3,197)
Change in unrealized appreciation (depreciation) on investments	(1,535,701)	1,762,195	(1,260,877)	1,353,230	1,47,678	864	(321,718)	52,296
Net increase (decrease) in net assets resulting from operations	(1,244,853)	1,763,536	(724,309)	1,955,604	(83,918)	(9,239)	(243,784)	148,714
From contract transactions:								
Net insurance premiums from contract owners	1,476,676	953,095	2,073,120	1,274,200	144,378	123,176	546,561	514,564
Transfers upon closing of sub-accounts					(2,652,376)		(107,650)	192,425
Transfers between sub-accounts	365,448	(300,406)	64,079	(279,022)	(48,062)	75,001	(94,822)	(84,650)
Cost of insurance (note 5)	(133,300)	(103,185)	(171,276)	(120,657)	(39,031)	(41,889)	(187,253)	(181,283)
Transfers for contract benefits and terminations	(297,606)	(212,041)	(265,806)	(256,622)	(78,351)	(77,315)		
Increase (decrease) in net assets derived from contract transactions	1,411,218	337,463	1,700,117	617,899	(2,673,442)	78,973	156,836	441,056
Net increase (decrease) in net assets	166,365	2,100,999	975,808	2,573,503	(2,757,360)	69,734	(86,948)	589,770
Net assets:								
Beginning of year	7,837,074	5,736,075	8,876,903	6,303,400	2,757,360	2,687,626	5,945,305	5,355,535
End of year	\$ 8,003,439	\$ 7,837,074	\$ 9,852,711	\$ 8,876,903	\$ —	\$ 2,757,360	\$ 5,858,357	\$ 5,945,305

(Continued)

FIRST INVESTORS LIFE
SEPARATE ACCOUNT E
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)	\$ (2,395)	\$ (3,300)	\$ (294,836)	\$ (238,085)	\$ (594)	\$ (20,610)	\$ (40,462)	\$ (47,476)
Realized gain distributions	—	—	151,460	—	—	15,958	35,753	—
Realized gain (loss) on investments	(1,312)	(259)	21,298	20,227	4,610	(220)	27,510	19,339
Change in unrealized appreciation (depreciation) on investments	7,879	(1,926)	(2,274,629)	1,598,363	672	(7,374)	(773,444)	612,332
Net increase (decrease) in net assets resulting from operations	4,172	(5,485)	(2,396,707)	1,380,505	4,688	(12,246)	(750,643)	584,195
From contract transactions:								
Net insurance premiums from contract owners	117,250	104,835	2,997,349	2,604,352	279,372	458,345	922,336	1,021,688
Transfers upon closing of sub-accounts	2,652,376	—	—	—	(851,727)	—	685,257	—
Transfers between sub-accounts	178,417	29,520	130,742	(23,483)	(521,186)	37,108	(21,289)	52,962
Cost of insurance (note 5)	(15,711)	(10,236)	(240,923)	(186,404)	(18,353)	(24,051)	(116,494)	(100,760)
Transfers for contract benefits and terminations	(45,006)	(2,270)	(362,136)	(219,782)	(17,063)	(6,450)	(287,224)	(94,154)
Increase (decrease) in net assets derived from contract transactions	2,887,326	121,849	2,525,032	2,174,683	(1,128,929)	464,952	1,182,586	879,736
Net increase (decrease) in net assets	2,891,498	116,364	128,325	3,555,188	(1,124,241)	452,706	431,943	1,463,931
Net assets:								
Beginning of year	522,487	406,123	11,425,629	7,870,441	1,124,241	671,535	7,291,063	5,827,132
End of year	\$ 3,413,985	\$ 522,487	\$ 11,553,954	\$ 11,425,629	\$ —	\$ 1,124,241	\$ 7,723,006	\$ 7,291,063

(Continued)

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**
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)	\$ 14,715	\$ (8,311)	\$ (43,893)	\$ (26,092)	\$ (23,574)	\$ (18,154)
Realized gain distributions	21,355	5,354	—	—	303,810	206,852
Realized gain (loss) on investments	(25,940)	351	74	443	97,655	63,755
Change in unrealized appreciation (depreciation) on investments	(56,656)	43,252	(245,600)	84,346	(1,475,211)	924,167
Net increase (decrease) in net assets resulting from operations	(46,526)	40,646	(289,419)	58,697	(1,097,320)	1,176,620
From contract transactions:						
Net insurance premiums from contract owners	155,079	267,338	1,075,857	680,909	1,046,772	999,830
Transfers upon closing of sub-accounts	(685,257)					
Transfers between sub-accounts	(167,070)	44,908	229,302	112,264	(151,495)	(4,537)
Cost of insurance (note 5)	(13,118)	(9,500)	(44,570)	(19,537)	(160,624)	(140,113)
Transfers for contract benefits and terminations	(11,125)	(919)	(28,587)	(971)	(332,604)	(306,829)
Increase (decrease) in net assets derived from contract transactions	(721,491)	301,827	1,232,002	772,665	402,049	548,351
Net increase (decrease) in net assets	(768,017)	342,473	942,583	831,362	(695,271)	1,724,971
Net assets:						
Beginning of year	768,017	425,544	1,250,287	418,925	10,381,314	8,656,343
End of year	—	768,017	2,192,870	1,250,287	9,686,043	10,381,314

* 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
SEPARATE ACCOUNT E**

Notes to Financial Statements

December 31, 2018

(1) Organization

First Investors Life Separate Account E (Separate Account E), 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 E 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 a modified single premium variable life product (SPVL) and a variable universal life product (VUL) through Separate Account E.

The contract holder directs the deposits into the sub-accounts that comprise Separate Account E 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.

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**

Notes to Financial Statements

December 31, 2018

(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 E 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 E'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.

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**

Notes to Financial Statements

December 31, 2018

(d) Investments

Shares of the Funds held by each of the sub-accounts of Separate Account E 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 E 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 E 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 E.

(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.

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**

Notes to Financial Statements

December 31, 2018

Investments consist of the following at December 31, 2018:

	<u>Shares</u>	<u>Net asset value</u>	<u>Fair value</u>	<u>Cost</u>
First Investors Life Series Fund:				
Government Cash Management	1,233,617	\$ 1.00	\$ 1,233,617	\$ 1,233,617
Fund for Income	1,410,810	\$ 5.96	\$ 8,408,430	\$ 9,054,062
Growth & Income	522,378	\$ 41.84	\$ 21,856,316	\$ 19,676,546
Special Situations	402,181	\$ 28.86	\$ 11,606,947	\$ 13,028,958
International	362,475	\$ 22.08	\$ 8,003,439	\$ 7,526,927
Select Growth	696,797	\$ 14.14	\$ 9,852,710	\$ 8,672,030
Investment Grade	575,477	\$ 10.18	\$ 5,858,357	\$ 6,202,124
Limited Duration High Quality Bond	365,523	\$ 9.34	\$ 3,413,985	\$ 3,411,677
Opportunity	741,589	\$ 15.58	\$ 11,553,954	\$ 11,454,239
Total Return	617,841	\$ 12.50	\$ 7,723,006	\$ 7,546,194
Covered Call Strategy	211,463	\$ 10.37	\$ 2,192,871	\$ 2,347,307
Equity Income	469,968	\$ 20.61	\$ 9,686,043	\$ 8,603,448

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

	<u>Purchases</u>	<u>Sales</u>
Government Cash Management	\$ 585,674	\$ 248,088
Fund for Income	\$ 1,139,144	\$ 333,122
Growth & Income	\$ 2,483,207	\$ 1,167,407
Special Situations	\$ 3,744,556	\$ 249,920
International	\$ 1,923,602	\$ 275,897
Select Growth	\$ 2,529,338	\$ 396,023
Government	\$ 269,018	\$ 2,892,236
Investment Grade	\$ 718,111	\$ 456,259
Limited Duration High Quality Bond	\$ 2,981,317	\$ 96,387
Opportunity	\$ 2,504,124	\$ 122,468
Real Estate	\$ 203,790	\$ 1,333,314
Total Return	\$ 1,495,761	\$ 317,883
Balanced Income	\$ 185,182	\$ 870,603
Covered Call Strategy	\$ 1,219,414	\$ 31,304
Equity Income	\$ 1,166,615	\$ 484,330

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**

Notes to Financial Statements

December 31, 2018

(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	349,312	(320,729)	28,583	325,799	(303,544)	22,255
Fund for Income	37,130	(17,735)	19,395	40,015	(12,605)	27,410
Growth & Income	42,096	(44,875)	(2,779)	51,608	(26,094)	25,514
Special Situations	69,847	(7,935)	61,912	42,337	(7,218)	35,119
International	68,905	(12,349)	56,556	32,087	(22,819)	9,268
Select Growth	70,080	(15,239)	54,841	32,112	(11,681)	20,431
Government	11,276	(203,984)	(192,708)	13,618	(11,764)	1,854
Investment Grade	28,459	(27,025)	1,434	30,741	(11,409)	19,332
Limited Duration High Quality Bond	302,170	(9,810)	292,360	13,275	(2,007)	11,268
Opportunity	123,660	(6,507)	117,153	115,980	(7,598)	108,382
Real Estate	17,720	(120,385)	(102,665)	41,149	(569)	40,580
Total Return	96,908	(22,486)	74,422	68,153	(14,214)	53,939
Balanced Income	11,604	(78,443)	(66,839)	27,504	(1,226)	26,278
Covered Call Strategy	104,161	(2,774)	101,387	68,214	(1,091)	67,123
Equity Income	27,162	(19,816)	7,346	30,554	(14,939)	15,615

(5) Separate Account Charge and Deductions

In consideration for its assumption of the mortality and expense risks connected with the SPVL and VUL contracts, FLIAC computes the charge at an effective annual rate of 1.75% and 0.50%, respectively, of the Subaccount Accumulation Value. This deduction is assessed through a reduction of units.

A monthly charge is made to Separate Account E for the cost of insurance protection. This amount varies with the age and sex of the insured and the net amount of insurance at risk and is assessed through the redemption of units on the anniversary date of the policy.

Optional insurance riders available under VUL contracts carry an additional charge. With the exception of the Children's Term Rider, this amount varies with the age and sex of the insured and is assessed through the redemption of units on each monthly deduction date following election of the rider. The Children's Term Rider is \$0.464 per \$1,000 of coverage.

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**

Notes to Financial Statements

December 31, 2018

A monthly policy charge of \$10 is deducted from the accumulation value of VUL contracts and is assessed through the redemption of units.

A face amount charge is also deducted monthly from the accumulation value of VUL contracts. This charge is calculated based upon each \$1,000 of face amount and may vary with the age and sex of the insured. It is assessed through the redemption of units.

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**
Notes to Financial Statements
December 31, 2018

(6) Financial Highlights

	Net assets			Investment income ratio (%) ²	Expense ratio (%) ³	Total return (%) ⁴
	Units ¹	Unit value (\$)	(\$000s)			
Government Cash Management:						
December 31:						
2018	108,174	11.433	1,234	1.34	—	1.24
2017	79,591	11.292	896	0.29	—	0.26
2016	57,336	11.263	646	—	—	—
2015	110,841	11.263	1,249	—	—	—
2014	98,287	11.263	1,107	—	—	—
Fund for Income:						
December 31:						
2018	457,391	18.398	8,408	5.09	—	(2.58)
2017	437,997	18.885	8,260	4.87	—	6.82
2016	410,587	17.679	7,254	5.37	—	11.12
2015	409,633	15.909	6,511	5.15	—	(1.85)
2014	358,004	16.209	5,803	4.75	—	0.79
Growth & Income:						
December 31:						
2018	940,844	23.207	21,856	1.38	—	(10.17)
2017	943,623	25.833	24,379	1.47	—	18.28
2016	918,109	21.841	20,052	1.38	—	9.88
2015	900,228	19.877	17,909	1.13	—	(3.12)
2014	829,638	20.518	17,035	1.09	—	7.65
Special Situations:						
December 31:						
2018	448,470	25.856	11,607	0.45	—	(16.59)
2017	386,558	31.001	11,984	0.85	—	18.26
2016	351,438	26.213	9,212	0.52	—	16.10
2015	332,472	22.577	7,512	0.60	—	(0.52)
2014	296,087	22.696	6,726	0.45	—	6.30
International:						
December 31:						
2018	404,502	19.796	8,003	0.76	—	(12.16)
2017	347,946	22.536	7,837	1.06	—	32.96
2016	338,678	16.949	5,736	1.19	—	(4.20)
2015	302,552	17.692	5,353	1.06	—	3.49
2014	281,315	17.095	4,810	1.04	—	2.39
Select Growth:						
December 31:						
2018	413,912	23.797	9,853	0.31	—	(3.79)
2017	359,071	24.735	8,877	0.48	—	32.80
2016	338,641	18.626	6,303	0.58	—	4.04
2015	283,456	17.903	5,075	0.35	—	3.21
2014	249,960	17.346	4,337	0.32	—	13.53
Government: ⁵						
December 31:						
2018	—	—	—	3.65	—	(1.19)
2017	192,708	14.319	2,757	1.91	—	1.53
2016	190,854	14.103	2,688	2.11	—	0.48
2015	192,610	14.035	2,700	2.23	—	0.04
2014	183,480	14.029	2,570	2.50	—	3.14

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**

Notes to Financial Statements

December 31, 2018

	Net assets			Investment income ratio (%) ²	Expense ratio (%) ³	Total return (%) ⁴
	Units ¹	Unit value (\$)	(\$000s)			
Investment Grade:						
December 31:						
2018	345,939	16.926	5,858	3.78	—	(2.03)
2017	344,505	17.276	5,945	3.76	—	4.72
2016	325,173	16.497	5,356	4.03	—	4.65
2015	323,644	15.764	5,097	4.05	—	(0.35)
2014	302,489	15.819	4,782	4.08	—	5.85
Limited Duration High Quality Bond: ⁵						
December 31:						
2018	345,280	9.853	3,414	1.62	—	(0.22)
2017	52,921	9.875	522	1.62	—	1.25
2016	41,653	9.752	406	0.79	—	0.64
2015	26,727	9.690	259	—	—	(0.51)
2014	6,045	9.740	59	—	—	(2.60)
Opportunity:						
December 31:						
2018	717,880	16.097	11,554	0.50	—	(15.38)
2017	600,726	19.023	11,426	0.58	—	19.00
2016	492,345	15.986	7,870	0.38	—	8.26
2015	354,078	14.767	5,230	0.17	—	(0.81)
2014	227,989	14.887	3,394	—	—	5.73
Real Estate: ⁵						
December 31:						
2018	—	—	—	1.90	—	1.56
2017	102,664	10.954	1,124	1.17	—	1.26
2016	62,083	10.817	672	0.30	—	6.57
2015	13,432	10.150	136	—	—	1.50
Total Return:						
December 31:						
2018	579,390	13.329	7,723	1.61	—	(7.65)
2017	504,968	14.434	7,291	1.51	—	11.75
2016	451,029	12.916	5,827	1.36	—	6.62
2015	399,992	12.114	4,846	0.87	—	(1.61)
2014	265,487	12.313	3,268	0.08	—	5.96
Balanced Income: ⁵						
December 31:						
2018	—	—	—	4.21	—	(4.01)
2017	66,839	11.494	768	0.95	—	9.57
2016	40,561	10.490	426	—	—	6.71
2015	9,287	9.830	91	—	—	(1.70)
Covered Call Strategy: ⁵						
December 31:						
2018	208,307	10.527	2,193	0.88	—	(9.99)
2017	106,920	11.695	1,250	0.27	—	11.07
2016	39,798	10.530	419	—	—	5.30
Equity Income:						
December 31:						
2018	430,277	22.485	9,686	1.79	—	(8.42)
2017	422,931	24.551	10,381	1.83	—	15.52
2016	407,316	21.253	8,656	1.93	—	13.28
2015	400,037	18.762	7,515	1.63	—	(1.03)
2014	374,951	18.957	7,118	1.58	—	8.25
Target Maturity 2015: ⁵						
December 31:						
2015	—	—	—	9.45	—	(0.41)
2014	35,132	14.576	512	4.76	—	0.02

**FIRST INVESTORS LIFE
SEPARATE ACCOUNT E**

Notes to Financial Statements

December 31, 2018

1. These units include units held for certain direct charges to contract owner accounts through the redemption of units.
2. 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 the separate account charge, 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.
3. These amounts represent the annualized contract expenses of the separate account for the periods indicated. There are no expenses that result in a direct reduction in unit value. Charges made directly to contract owner accounts through redemption of units and expenses of the underlying fund have been excluded.
4. 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.
5. 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

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2018 and 2017	3
Statutory Statements of Income for the years ended December 31, 2018, 2017 and 2016	4
Statutory Statements of Changes in Capital and Surplus for the years ended December 31, 2018, 2017 and 2016	5
Statutory Statements of Cash Flow for the years ended December 31, 2018, 2017 and 2016	6
Notes to Statutory Financial Statements	7
Supplemental Information	30

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
	1,125,376,088	948,077,712
Total Cash and Invested Assets		
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
	1,151,461,919	971,067,182
TOTAL ASSETS EXCLUDING SEPARATE ACCOUNTS		
Separate account assets	1,316,692,839	1,492,359,315
	\$ 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)
	1,083,641,854	907,625,426
TOTAL LIABILITIES EXCLUDING SEPARATE ACCOUNTS		
Separate account liabilities	1,316,692,840	1,492,359,315
	2,400,334,694	2,399,984,741
TOTAL LIABILITIES		
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
	67,820,064	63,441,756
TOTAL CAPITAL AND SURPLUS		
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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
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	<u>182,975</u>	<u>185,461</u>	<u>195,378</u>
TOTAL REVENUES	<u>333,817,227</u>	<u>258,336,906</u>	<u>260,781,896</u>
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	<u>15,788,106</u>	<u>15,924,785</u>	<u>18,215,839</u>
TOTAL BENEFITS AND EXPENSES	<u>320,198,433</u>	<u>239,880,867</u>	<u>250,467,419</u>
Net gain from operations before dividends to policyholders and federal income taxes	13,618,794	18,456,039	10,314,477
Dividends to policyholders	<u>986,673</u>	<u>1,118,015</u>	<u>918,979</u>
Net gain from operations before federal income taxes	12,632,121	17,338,024	9,395,498
Federal income tax	<u>2,978,912</u>	<u>4,663,184</u>	<u>2,347,862</u>
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	<u>-</u>	<u>-</u>	<u>10</u>
NET INCOME	<u>\$ 9,653,209</u>	<u>\$ 12,674,840</u>	<u>\$ 7,047,646</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
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	<u>\$ 67,820,064</u>	<u>\$ 63,441,756</u>	<u>\$ 60,120,253</u>

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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

(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;

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

- (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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

(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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

- 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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

(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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

(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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

(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

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY
Notes to Statutory Financial Statements
December 31, 2018, 2017 and 2016
(in US Dollars)

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.

(4) Investments

Investment income for the years indicated consists of the following:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
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	<u>6,299,686</u>	<u>6,099,103</u>	<u>5,857,123</u>
Total investment income	42,695,715	36,753,582	31,913,476
Investment expense	<u>686,938</u>	<u>1,466,874</u>	<u>1,138,285</u>
Net investment income	<u>\$ 42,008,777</u>	<u>\$ 35,286,708</u>	<u>\$ 30,775,191</u>

No accrued investment income was excluded as non-admitted.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

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

	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Estimated fair value</u>
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	<u>667,723,660</u>	<u>2,827,460</u>	<u>20,754,766</u>	<u>649,796,354</u>
	<u>\$ 964,479,113</u>	<u>\$ 8,416,694</u>	<u>\$ 23,148,473</u>	<u>\$ 949,747,334</u>
	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Estimated fair value</u>
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	<u>564,114,378</u>	<u>18,274,394</u>	<u>588,955</u>	<u>581,799,817</u>
	<u>\$ 796,623,705</u>	<u>\$ 26,640,274</u>	<u>\$ 1,542,411</u>	<u>\$ 821,721,568</u>

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	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
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
	<u>\$ 568,557,358</u>	<u>\$ 23,148,473</u>	<u>\$ 119,134,781</u>	<u>\$ 1,542,411</u>

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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY
Notes to Statutory Financial Statements
December 31, 2018, 2017 and 2016
(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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>	<u>Total carrying value</u>
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	<u>1,316,692,839</u>	<u>-</u>	<u>-</u>	<u>1,316,692,839</u>	<u>1,316,692,839</u>
	<u>\$ 1,361,667,678</u>	<u>\$ 949,747,334</u>	<u>\$ -</u>	<u>\$ 2,311,415,012</u>	<u>\$ 2,326,146,791</u>
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	<u>1,492,359,315</u>	<u>-</u>	<u>-</u>	<u>1,492,359,315</u>	<u>1,492,359,315</u>
	<u>\$ 1,533,538,428</u>	<u>\$ 821,721,568</u>	<u>\$ -</u>	<u>\$ 2,355,259,996</u>	<u>\$ 2,330,162,133</u>

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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(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	<u>7,540,845</u>	<u>6,800,567</u>	<u>6,211,032</u>
Net life insurance premiums	\$ <u>61,554,349</u>	\$ <u>63,094,160</u>	\$ <u>62,702,034</u>
Life insurance reserves ceded	\$ <u>19,024,236</u>	\$ <u>19,383,574</u>	\$ <u>19,566,561</u>
Direct accident and health premiums	\$ 2,193	\$ 1,834	\$ 2,208
Ceded accident and health premiums	<u>-</u>	<u>-</u>	<u>-</u>
Net accident and health premiums	\$ <u>2,193</u>	\$ <u>1,834</u>	\$ <u>2,208</u>

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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

(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

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(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:

	<u>2018</u>	<u>2017</u>
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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(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%

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

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

	<u>Amount</u>	<u>Percentage of total</u>
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	<u>133,942,493</u>	<u>10.86%</u>
Total annuity and actuarial reserves and deposit fund liabilities (gross)	1,233,087,528	100.00%
Less reinsurance	<u>-</u>	<u>0.00%</u>
Total annuity and actuarial reserves and deposit fund liabilities (net)	<u>\$ 1,233,087,528</u>	<u>100.00%</u>

(13) Premium and Annuity Consideration Deferred and Uncollected

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

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

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

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

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(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.

	<u>Variable life</u>	<u>Variable Annuities</u>	<u>Total</u>
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

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

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

	<u>2018</u>	<u>2017</u>
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	<u>108,841,798</u>	<u>102,538,350</u>
	<u>\$ (29,392,545)</u>	<u>(40,832,174)</u>

(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

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY
Notes to Statutory Financial Statements
December 31, 2018, 2017 and 2016
(in US Dollars)

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.

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

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>
	<u>Ordinary</u>	<u>Ordinary</u>	<u>Ordinary</u>
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.)	<u>4,274,719</u>	<u>3,968,095</u>	<u>306,624</u>
Deferred tax assets admitted as the result of application of SSAP No. 101	<u>\$ 7,012,719</u>	<u>\$ 6,702,095</u>	<u>\$ 310,624</u>

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

	<u>2018</u>	<u>2017</u>
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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(in US Dollars)

Deferred tax assets and deferred tax liabilities comprise the following:

	<u>2018</u>		<u>2017</u>		<u>Change</u>
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)
	<u>12,539,000</u>		<u>10,579,000</u>		<u>1,960,000</u>
Nonadmitted deferred tax assets	<u>(5,526,281)</u>		<u>(3,876,905)</u>		<u>(1,649,376)</u>
	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	<u>\$ 2,738,000</u>	\$	<u>2,734,000</u>	\$	<u>4,000</u>

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

	<u>2018</u>		<u>2017</u>		<u>Change</u>
Total deferred tax assets	\$ 12,539,000	\$	10,579,000	\$	1,960,000
Total deferred tax liabilities	<u>(4,274,719)</u>		<u>(3,968,095)</u>		<u>(306,624)</u>
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	<u>\$ 8,264,281</u>	\$	<u>6,610,905</u>	\$	<u>1,653,376</u>

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(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		
	Amount	Tax effect 21%	Tax Rate	Amount	Tax effect 35%	Tax 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		
	Amount	Tax effect 35%	Tax 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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2018, 2017 and 2016

(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:

	<u>Annual Statement</u>	<u>Adjustment</u>	<u>Accompanying Financial Statements</u>
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)

	<u>Amortized cost</u>	<u>Estimated fair value</u>	<u>Amount shown in Balance Sheet</u>
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	<u>667,723,660</u>	<u>649,796,354</u>	<u>667,723,660</u>
	<u>964,479,113</u>	<u>949,747,334</u>	<u>964,479,113</u>
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	\$ <u>1,125,376,088</u>		\$ <u>1,125,376,088</u>

	<u>Amortized cost</u>	<u>Estimated fair value</u>	<u>Amount shown in Balance Sheet</u>
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	<u>564,114,378</u>	<u>581,799,817</u>	<u>564,114,378</u>
	<u>796,623,705</u>	<u>821,721,568</u>	<u>796,623,705</u>
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	\$ <u>948,077,712</u>		\$ <u>948,077,712</u>

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	<u>2,193</u>	<u>-</u>	<u>2,193</u>
	<u>\$ 285,550,475</u>	<u>\$ 7,540,845</u>	<u>\$ 278,009,630</u>
2017			
Life insurance	\$ 69,894,727	\$ 6,800,567	\$ 63,094,160
Annuity	146,170,852	-	146,170,852
Supplementary contracts	-	-	-
Accident and health	<u>1,834</u>	<u>-</u>	<u>1,834</u>
	<u>\$ 216,067,413</u>	<u>\$ 6,800,567</u>	<u>\$ 209,266,846</u>
2016			
Life insurance	\$ 68,913,066	\$ 6,211,032	\$ 62,702,034
Annuity	154,963,120	-	154,963,120
Supplementary contracts	-	-	-
Accident and health	<u>2,208</u>	<u>-</u>	<u>2,208</u>
	<u>\$ 223,878,394</u>	<u>\$ 6,211,032</u>	<u>\$ 217,667,362</u>

See accompanying independent auditors' report.