

**FIRST INVESTORS LIFE LEVEL PREMIUM VARIABLE
LIFE INSURANCE SEPARATE ACCOUNT B**

LEVEL PREMIUM VARIABLE LIFE INSURANCE POLICIES

OFFERED BY

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Statement of Additional Information May 1, 2018

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 Level Premium Variable Life Insurance Separate Account B (“Separate Account B” or the “Separate Account”), which may be obtained at no cost by writing to Foresters Life Insurance and Annuity Company, Raritan Plaza 1, Edison, New Jersey 08837, by telephoning (800) 832-7783, or by visiting our website at www.foresters.com. Separate Account B currently funds three level premium variable life insurance policies called Insured Series Policy, with a prospectus dated May 1, 2018, ISP Choice-with four premium payment options (ISPC-10, ISPC-20, ISPC-65, ISP10 Express and ISPC-WL), with a prospectus dated May 1, 2018, and ISP Choice-with two premium payment options (ISPC-15 and ISPC-WL), with a prospectus dated May 1, 2018.

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

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GENERAL DESCRIPTION

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

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

Name	FLIAC Office	Principal Occupation for Last Five Years
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.
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 January 2018. Independent Director of FFHC and FLIAC effective February 2018. Chair of the Human Capital and Governance Committee, Independent Order of Foresters.
Craig D. Cloyed	Director	Director FLIAC and FFHC since 2012; President and Director Calvert Investment Distributors, Inc. from 1998 to March 2012.
William H. Drinkwater	Senior Vice President and Chief Actuary	Senior Vice President and Chief Actuary FLIAC since 2003.
Diane Fox	Vice President, Insurance Operations	Vice President, Insurance Operations of FLIAC as of 2017.
Francis X. Gannon	Chief Financial Officer and Treasurer	Chief Financial Officer, 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.
Steven Guterman	Director and Chairman	Chairman of the Board – FLIAC and FFHC since 2018. Director FLIAC and FFHC since 2012; Chief Executive Officer Instant Labs Medical Diagnostics Corp. since 2010.
Jason Helbraun	Assistant Vice President	Assistant Vice President FLIAC since 2006.
Mehul N. Kapadia	Chief Information Officer	Chief Information Officer since 2016, Vice President, Operational 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.
Clarice Ma	Assistant Vice President, Assistant Comptroller	Senior Compliance and Financial Analyst, Church Pension Group, New York, NY 10/2004 - 4/2015. Assistant Vice President and Assistant Comptroller, Foresters Life Insurance and Annuity Company since 2015.
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.
Loretta McCarthy	Director	Director FLIAC and FFHC since 2012; Managing Director Golden Seeds, LLC since 2005.
E. Blake Moore, Jr.	Director	President and Director FIMCO since February 2018; Director FFHC since February 2018; Director FLIAC since February 2018; Director FFS since February 2018; Director FIS since February 2018; Board Manager of FAS since February 2018. UBS Asset Management, New York, NY 2015-2017; MD, Head of Americas (through 2016) Mackenzie Investments, Toronto, ON, Canada 2011-2014.
Knut A. Olson	President and Director	President, North America Life and Annuity and FLIAC since January 2017; Senior Vice President Thrivent Financial – various positions including VP and SVP 2002-Nov 2016; District Representative/AGA Lutheran Brotherhood 1990-2002.

Paul D. Reaburn	Director	Director-FLIAC since 2017. Executive Vice President and Chief Financial Officer, The Independent Order of Foresters Aug 2012 - Present; Head of Life Practice, Dion, Durrell & Associates Jan 2011-Jul 2012; Chief Financial Officer/Chief Operating Officer, Aegon USA Oct 1997 – April 2009; Head of Actuarial (last position held), The Independent Order of Foresters Aug 1979 – Oct 1997.
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.
Michael Stramaglia	Interim President and CEO, NALIA	Interim President and CEO, NALIA 2017 through January 2018.

Separate Account Assets. First Investors Life Level Premium Variable Life Insurance Separate Account B (“Separate Account B”) was established on June 4, 1985 under the provisions of the New York Insurance Law. The assets of Separate Account B are segregated from the assets of FLIAC, and that portion of such 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 B is registered with the Securities and Exchange Commission (“SEC”) 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 SEC of the management or investment practices or policies of Separate Account B.

SERVICES

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

Independent Registered Public Accounting Firm. KPMG LLP, 345 Park Avenue, New York, NY 10154, is the independent registered public accounting firm for Separate Account B and Foresters Life Insurance and Annuity Company.

Underwriter. FLIAC and Separate Account B 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. FFS distributes the ISP CHOICE Policy in a continuous offering. FLIAC anticipates continuing to offer the ISP CHOICE Policy, but reserves the right to discontinue the offering. New Insured Series Policies are not currently being offered for sale; however, existing holders of Insured Series Policies may continue to make additional payments under their policies. For the fiscal years ended December 31, 2015, 2016 and 2017, FFS received

underwriting commissions of \$3,508,482, 3,442,996 and \$2,968,442 respectively, in connection with the distribution of the ISP CHOICE Policies. For the fiscal years ended December 31, 2015, 2016 and 2017, FFS received underwriting commissions of \$506,080, \$402,353 and \$293,850, respectively, in connection with the distribution of the Insured Series Policy. 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.

We pay FFS a commission on policies sold. Commissions we pay to FFS for ISP CHOICE-10, ISP CHOICE-20, ISP CHOICE-65, ISP 10 Express and, for ISP CHOICE-Whole Life issued before January 29, 2018, generally will not exceed 60% of the premiums you pay in your policy's first year, 16% in policy years two and three and 5% of all other premiums you pay in policy years four and later. Commissions we pay to FFS under the ISP CHOICE Policy for ISP CHOICE-15, and for ISP CHOICE-WL issued on or after January 29, 2018, generally will not exceed 60% of the premiums you pay in your policy's first year, 20% in year two, 12.5% in year three, and 7.5% of all other premiums you pay in policy years four and later. Commissions we pay to FFS under the Insured Series Policy generally will not exceed 31.25% of the first year premium payment and 5% of the premium payments for years two through twelve. 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 policies. FFS representatives and representatives of other broker-dealers who have selling agreements with FFS 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.

We offer the ISP CHOICE Policy for sale in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming. We do not sell new Insured Series Policies; however, existing holders of Insured Series Policies may continue to make additional payments under their policies.

OTHER INFORMATION

Reports. At least once each Policy year, we mail 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, (2) the cash value, (3) the policy debt on the anniversary, (4) any loan interest for the prior year and (5) other information as may be required by applicable law or regulation. The report also shows your allocation among the Subaccounts on that anniversary. We will not send a report if the Policy is continued as reduced paid-up or extended term insurance.

State Regulation. We are 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"). We file 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. We also are subject to regulation under the insurance laws of other jurisdictions in which we may operate.

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

VALUATION INFORMATION

Value of a Unit. For each Subaccount of Separate Account B, the value of a unit initially was set arbitrarily at \$10.00. The value of a unit for any subsequent Valuation Period (the period starting on the day after any Business Day as defined in the prospectus and ending on the next such day) 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. 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) and subtracting (c) from the result, 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.
- (b) is the net asset value per share of the applicable Fund determined as of the end of the immediately preceding Valuation Period.
- (c) is a factor representing the charges deducted for mortality and expense risks. For Policies issued on or after January 29, 2018 under the ISP Choice-with two premium payment options (ISPC-15 and ISPC-WL): such factor on an annual basis is equal to 0.50% of the daily net asset value of the applicable Subaccount in the first 15 years for the 15-year payment period ISP CHOICE and 0.25% thereafter; and for the paid-to-age-100 ISP CHOICE, this factor is equal to 0.50% in the first 20 years and 0.25% thereafter. (ISPC-15 and ISPC-WL were issued after January 29, 2018 in states where approved). For Policies issued prior to January 29, 2018 under ISP Choice-with four premium payment options (ISPC-10, ISPC-20, ISPC-65, and ISPC-WL) such factor on an annual basis is equal to 0.50% (1.50% for ISP 10 Express) of the daily net asset value of the applicable Subaccount.¹ This percentage represents the mortality and expense risk assumed.

¹ ISP Choice with four premium payment options may still be issued in New York on or after January 29, 2018 pending state approval of the two-premium option.

The Net Investment Factor may be greater or less than one, and therefore, the unit value of any Subaccount may increase or decrease.

RELEVANCE OF FINANCIAL STATEMENTS

The values of the interests of Policyowners under the Policies will be affected solely by the investment results of the Subaccounts. 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 Policies, and they should not be considered as bearing on the investment performance of the Subaccounts.

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

Financial Statements

December 31, 2017

(With Report of Independent Registered Public Accounting Firm Thereon)

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of Foresters Life Insurance and Annuity Company and Contract Owners of First Investors Life Level Premium Variable Life Insurance Separate Account B:

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 Level Premium Variable Life Insurance Separate Account B (the Separate Account) as of December 31, 2017, the related statements of operations for the year then ended and changes in net assets for the years or period 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 sub-account as of December 31, 2017, the results of its operations for the year then ended, changes in its net assets for the years or period 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, 2017, 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 18, 2018

Appendix

Statement of assets and liabilities as of December 31, 2017, 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
- Government
- Investment Grade
- Limited Duration High Quality Bond
- Opportunity
- Real Estate
- Total Return
- Balanced Income
- Equity Income

Statement of assets and liabilities as of December 31, 2017, the related statement of operations for the year then ended, and the statements of changes in net assets for the year ended December 31, 2017 and the period from May 2, 2016 (inception) to December 31, 2016.

Covered Call Strategy

FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B
Statement of Assets and Liabilities
December 31, 2017

	<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>
Assets:							
Investments at net asset value (note 3):							
Number of shares	1,786,720	6,731,853	6,510,068	4,190,757	3,711,285	1,791,359	694,611
Cost	\$ 1,785,322	\$ 46,541,569	\$ 208,786,212	\$ 111,250,140	\$ 66,929,484	\$ 17,606,977	\$ 6,984,388
First Investors Life Series Fund	\$ 1,786,720	\$ 43,394,127	\$ 321,952,812	\$ 167,969,161	\$ 98,622,141	\$ 28,431,815	\$ 6,621,483
Liabilities:							
Payable to Foresters Life Insurance and Annuity Company	11,187	360,468	2,100,372	1,094,122	627,037	219,753	79,360
Net assets	1,775,533	43,033,659	319,852,440	166,875,039	97,995,104	28,212,062	6,542,123
Net assets represented by contracts in accumulation period	\$ 1,775,533	\$ 43,033,659	\$ 319,852,440	\$ 166,875,039	\$ 97,995,104	\$ 28,212,062	\$ 6,542,123
Outstanding Units:							
ISP Choice	89,179	661,134	2,210,799	1,195,278	1,511,703	1,384,619	231,207
ISP 10 Express	1,815	65,929	179,781	106,929	78,689	43,427	9,462
Unit Value:							
ISP Choice	\$ 19.889	\$ 64.445	\$ 144.127	\$ 138.850	\$ 64.475	\$ 19.896	\$ 28.211
ISP 10 Express	\$ 9.261	\$ 11.890	\$ 17.368	\$ 17.853	\$ 13.668	\$ 19.664	\$ 9.465

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FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B
Statement of Assets and Liabilities
December 31, 2017

	<u>Investment Grade</u>	<u>Limited Duration High Quality Bond</u>	<u>Opportunity</u>	<u>Real Estate</u>	<u>Total Return</u>	<u>Balanced Income</u>	<u>Covered Call Strategy</u>	<u>Equity Income</u>
Assets:								
Investments at net asset value (note 3):								
Number of shares	1,386,799	42,101	535,750	64,637	284,978	47,859	105,908	2,190,850
Cost	\$ 14,952,974	\$ 407,833	\$ 7,937,894	\$ 664,615	\$ 3,430,892	\$ 497,625	\$ 1,124,120	\$ 33,146,101
First Investors Life Series Fund	\$ 14,984,332	\$ 404,567	\$ 10,048,049	\$ 674,608	\$ 3,942,556	\$ 537,773	\$ 1,233,696	\$ 51,785,397
Liabilities:								
Payable to Foresters Life Insurance and Annuity Company	143,472	2,554	62,861	4,286	24,666	3,383	7,755	429,495
Net assets	14,840,860	402,013	9,985,188	670,322	3,917,890	534,390	1,225,941	51,355,902
Net assets represented by contracts in accumulation period	\$ 14,840,860	\$ 402,013	\$ 9,985,188	\$ 670,322	\$ 3,917,890	\$ 534,390	\$ 1,225,941	\$ 51,355,902
Outstanding Units:								
ISP Choice	393,214	40,020	400,998	55,723	225,143	46,454	102,906	1,112,479
ISP 10 Express	30,633	1,715	145,228	6,929	56,704	855	3,479	36,886
Unit Value:								
ISP Choice	\$ 37.201	\$ 9.703	\$ 18.551	\$ 10.809	\$ 14.075	\$ 11.371	\$ 11.599	\$ 45.953
ISP 10 Express	\$ 10.695	\$ 9.365	\$ 17.628	\$ 10.521	\$ 13.375	\$ 11.124	\$ 11.405	\$ 16.924

See accompanying notes to financial statements

FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B
Statement of Operations
Year ended December 31, 2017

	Government Cash Management	Fund for Income	Growth & Income	Special Situations	International	Select Growth	Government
Investment income:							
Income:							
Dividends	\$ 4,718	\$ 2,159,169	\$ 4,546,030	\$ 1,407,971	\$ 961,769	\$ 123,446	\$ 127,789
Expenses:							
Mortality and expense risks (note 5)	9,361	221,482	1,526,298	795,952	460,651	131,157	33,916
Net investment income (loss)	<u>(4,643)</u>	<u>1,937,687</u>	<u>3,019,732</u>	<u>612,019</u>	<u>501,118</u>	<u>(7,711)</u>	<u>93,873</u>
Realized gain on investments:							
Realized gain distributions	—	—	11,249,765	1,841,443	—	2,335,639	—
Realized gain (loss) on investments	—	(168,896)	3,547,980	1,564,743	859,755	236,209	(21,361)
Realized gains (losses)	<u>—</u>	<u>(168,896)</u>	<u>14,797,745</u>	<u>3,406,186</u>	<u>859,755</u>	<u>2,571,848</u>	<u>(21,361)</u>
Change in unrealized appreciation (depreciation) on investments	<u>—</u>	<u>794,943</u>	<u>31,296,886</u>	<u>21,503,015</u>	<u>23,156,892</u>	<u>4,360,542</u>	<u>(1,129)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ (4,643)</u>	<u>\$ 2,563,734</u>	<u>\$ 49,114,363</u>	<u>\$ 25,521,220</u>	<u>\$ 24,517,765</u>	<u>\$ 6,924,679</u>	<u>\$ 71,383</u>

(Continued)

FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B
Statement of Operations
Year ended December 31, 2017

	<u>Investment Grade</u>	<u>Limited Duration High Quality Bond</u>	<u>Opportunity</u>	<u>Real Estate</u>	<u>Total Return</u>	<u>Balanced Income</u>	<u>Covered Call Strategy</u>	<u>Equity Income</u>
Investment income:								
Income:								
Dividends	\$ 558,864	\$ 5,401	\$ 48,413	\$ 7,621	\$ 51,345	\$ 4,041	\$ 3,173	\$ 903,512
Expenses:								
Mortality and expense risks (note 5)	75,768	1,870	41,907	3,280	17,163	2,249	4,974	247,453
Net investment income (loss)	<u>483,096</u>	<u>3,531</u>	<u>6,506</u>	<u>4,341</u>	<u>34,182</u>	<u>1,792</u>	<u>(1,801)</u>	<u>656,059</u>
Realized gain on investments:								
Realized gain distributions	—	—	—	11,652	—	3,845	—	1,080,920
Realized gain (loss) on investments	<u>(5,807)</u>	<u>(507)</u>	<u>15,006</u>	<u>344</u>	<u>14,543</u>	<u>445</u>	<u>2,434</u>	<u>452,973</u>
Realized gains (losses)	<u>(5,807)</u>	<u>(507)</u>	<u>15,006</u>	<u>11,996</u>	<u>14,543</u>	<u>4,290</u>	<u>2,434</u>	<u>1,533,893</u>
Change in unrealized appreciation (depreciation) on investments	<u>126,262</u>	<u>(1,008)</u>	<u>1,410,724</u>	<u>(9,492)</u>	<u>319,397</u>	<u>33,455</u>	<u>95,474</u>	<u>4,581,440</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 603,551</u>	<u>\$ 2,016</u>	<u>\$ 1,432,236</u>	<u>\$ 6,845</u>	<u>\$ 368,122</u>	<u>\$ 39,537</u>	<u>\$ 96,107</u>	<u>\$ 6,771,392</u>

See accompanying notes to financial statements

FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B
Statements of Changes in Net Assets
Years ended December 31, 2017 and 2016

	Government		Fund for Income		Growth & Income		Special Situations	
	Cash Management							
	2017	2016	2017	2016	2017	2016	2017	2016
Increase (decrease) in net assets:								
From operations:								
Net investment income (loss)	\$ (4,643)	\$ (9,323)	\$ 1,937,687	\$ 2,002,492	\$ 3,019,732	\$ 2,445,050	\$ 612,019	\$ 47,307
Realized gain distributions	—	—	—	—	11,249,765	12,939,145	1,841,443	8,874,826
Realized gain (loss) on investments	—	—	(168,896)	(236,356)	3,547,980	2,724,831	1,564,743	846,408
Change in unrealized appreciation (depreciation) on investments	—	—	794,943	2,324,530	31,296,886	6,211,204	21,503,015	10,111,048
Net increase (decrease) in net assets resulting from operations	(4,643)	(9,323)	2,563,734	4,090,666	49,114,363	24,320,230	25,521,220	19,879,589
From contract transactions:								
Net insurance premiums from contract owners	47,102	99	1,246,936	1,412,438	6,465,512	7,068,926	3,856,803	4,012,937
Cost of insurance (note 5)	(27,373)	(28,436)	(599,021)	(632,382)	(3,561,234)	(3,455,485)	(1,799,965)	(1,720,506)
Transfers between sub-accounts	69,751	254,670	250,402	(92,446)	(1,057,917)	(1,536,448)	(513,526)	(1,196,720)
Transfers for contract benefits and terminations	(204,032)	(98,469)	(1,971,094)	(1,670,171)	(12,256,046)	(11,507,635)	(6,332,102)	(5,902,755)
Increase (decrease) in net assets derived from contract transactions	(114,552)	127,864	(1,072,777)	(982,561)	(10,409,685)	(9,430,642)	(4,788,790)	(4,807,044)
Net increase (decrease) in net assets	(119,195)	118,541	1,490,957	3,108,105	38,704,678	14,889,588	20,732,430	15,072,545
Net assets:								
Beginning of year	1,894,728	1,776,187	41,542,702	38,434,597	281,147,762	266,258,174	146,142,609	131,070,064
End of year	\$ 1,775,533	\$ 1,894,728	\$ 43,033,659	\$ 41,542,702	\$ 319,852,440	\$ 281,147,762	\$ 166,875,039	\$ 146,142,609

(Continued)

FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B
Statements of Changes in Net Assets
Years ended December 31, 2017 and 2016

	<u>International</u>		<u>Select Growth</u>		<u>Government</u>		<u>Investment Grade</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Increase (decrease) in net assets:								
From operations:								
Net investment income (loss)	\$ 501,118	\$ 590,491	\$ (7,711)	\$ 20,906	\$ 93,873	\$ 104,260	\$ 483,096	\$ 491,879
Realized gain distributions	—	—	2,335,639	1,399,113	—	—	—	—
Realized gain (loss) on investments	859,755	430,864	236,209	164,463	(21,361)	(11,884)	(5,807)	(481)
Change in unrealized appreciation (depreciation) on investments	<u>23,156,892</u>	<u>(4,784,293)</u>	<u>4,360,542</u>	<u>(840,855)</u>	<u>(1,129)</u>	<u>(98,899)</u>	<u>126,262</u>	<u>61,207</u>
Net increase (decrease) in net assets resulting from operations	24,517,765	(3,762,938)	6,924,679	743,627	71,383	(6,523)	603,551	552,605
From contract transactions:								
Net insurance premiums from contract owners	3,142,330	3,304,169	1,662,579	1,630,190	348,489	404,167	777,015	826,199
Cost of insurance (note 5)	(1,150,016)	(1,007,423)	(371,983)	(308,342)	(105,663)	(111,998)	(221,150)	(229,954)
Transfers between sub-accounts	(723,394)	(496,726)	(109,395)	245,502	61,865	249,929	279,515	294,480
Transfers for contract benefits and terminations	<u>(3,961,583)</u>	<u>(3,580,181)</u>	<u>(1,202,429)</u>	<u>(948,969)</u>	<u>(360,443)</u>	<u>(393,931)</u>	<u>(629,295)</u>	<u>(583,600)</u>
Increase (decrease) in net assets derived from contract transactions	<u>(2,692,663)</u>	<u>(1,780,161)</u>	<u>(21,228)</u>	<u>618,381</u>	<u>(55,752)</u>	<u>148,167</u>	<u>206,085</u>	<u>307,125</u>
Net increase (decrease) in net assets	21,825,102	(5,543,099)	6,903,451	1,362,008	15,631	141,644	809,636	859,730
Net assets:								
Beginning of year	<u>76,170,002</u>	<u>81,713,101</u>	<u>21,308,611</u>	<u>19,946,603</u>	<u>6,526,492</u>	<u>6,384,848</u>	<u>14,031,224</u>	<u>13,171,494</u>
End of year	<u>\$ 97,995,104</u>	<u>\$ 76,170,002</u>	<u>\$ 28,212,062</u>	<u>\$ 21,308,611</u>	<u>\$ 6,542,123</u>	<u>\$ 6,526,492</u>	<u>\$ 14,840,860</u>	<u>\$ 14,031,224</u>

(Continued)

FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B
Statements of Changes in Net Assets
Years ended December 31, 2017 and 2016

	Limited Duration High Quality Bond		Opportunity		Real Estate		Total Return	
	2017	2016	2017	2016	2017	2016	2017	2016
Increase (decrease) in net assets:								
From operations:								
Net investment income (loss)	\$ 3,531	\$ 593	\$ 6,506	\$ (5,837)	\$ 4,341	\$ (408)	\$ 34,182	\$ 20,041
Realized gain distributions	—	—	—	—	11,652	1,241	—	—
Realized gain (loss) on investments	(507)	160	15,006	4,819	344	506	14,543	5,385
Change in unrealized appreciation (depreciation) on investments	(1,008)	(1,875)	1,410,724	487,585	(9,492)	15,179	319,397	129,021
Net increase (decrease) in net assets resulting from operations	2,016	(1,122)	1,432,236	486,567	6,845	16,518	368,122	154,447
From contract transactions:								
Net insurance premiums from contract owners	25,538	17,130	2,240,560	1,825,558	136,060	53,679	812,691	698,874
Cost of insurance (note 5)	(8,083)	(7,336)	(301,843)	(242,275)	(19,718)	(10,121)	(132,338)	(109,312)
Transfers between sub-accounts	38,244	279,212	510,716	682,278	87,895	343,310	152,561	307,023
Transfers for contract benefits and terminations	(19,347)	(1,442)	(529,657)	(309,185)	(51,224)	(15,545)	(238,814)	(137,666)
Increase (decrease) in net assets derived from contract transactions	36,352	287,564	1,919,776	1,956,376	153,013	371,323	594,100	758,919
Net increase (decrease) in net assets	38,368	286,442	3,352,012	2,442,943	159,858	387,841	962,222	913,366
Net assets:								
Beginning of year	363,645	77,203	6,633,176	4,190,233	510,464	122,623	2,955,668	2,042,302
End of year	\$ 402,013	\$ 363,645	\$ 9,985,188	\$ 6,633,176	\$ 670,322	\$ 510,464	\$ 3,917,890	\$ 2,955,668

(Continued)

FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B
Statements of Changes in Net Assets
Years ended December 31, 2017 and 2016

	Balanced Income		Covered Call Strategy		Equity Income	
	2017	2016	2017	2016*	2017	2016
Increase (decrease) in net assets:						
From operations:						
Net investment income (loss)	\$ 1,792	\$ (686)	\$ (1,801)	\$ (783)	\$ 656,059	\$ 615,301
Realized gain distributions	3,845	—	—	—	1,080,920	1,441,450
Realized gain (loss) on investments	445	52	2,434	19	452,973	398,529
Change in unrealized appreciation (depreciation) on investments	33,455	6,715	95,474	14,101	4,581,440	2,714,671
Net increase (decrease) in net assets resulting from operations	39,537	6,081	96,107	13,337	6,771,392	5,169,951
From contract transactions:						
Net insurance premiums from contract owners	22,040	7,342	90,896	17,419	1,652,715	1,779,795
Cost of insurance (note 5)	(9,011)	(3,520)	(19,565)	(6,102)	(594,137)	(586,471)
Transfers between sub-accounts	177,299	294,862	551,301	528,466	222,329	(146,385)
Transfers for contract benefits and terminations	(6,827)	315	(45,008)	(910)	(1,947,387)	(1,886,217)
Increase (decrease) in net assets derived from contract transactions	183,501	298,999	577,624	538,873	(666,480)	(839,278)
Net increase (decrease) in net assets	223,038	305,080	673,731	552,210	6,104,912	4,330,673
Net assets:						
Beginning of year	311,352	6,272	552,210	—	45,250,990	40,920,317
End of year	\$ 534,390	\$ 311,352	\$ 1,225,941	\$ 552,210	\$ 51,355,902	\$ 45,250,990

* For period from May 2, 2016 (commencement) to December 31, 2016.

See accompanying notes to financial statements

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

Notes to Financial Statements

December 31, 2017

(1) Organization

First Investors Life Level Premium Variable Life Insurance Separate Account B (Separate Account B), 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 the Separate Account B 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 contract holder directs the deposits into the sub-accounts that comprise Separate Account B and bears the investment risk if the sub-accounts do not meet their stated investment objectives. The sub-accounts invest in the following underlying mutual fund portfolios: Government Cash Management, Fund for Income, Growth & Income, Special Situations, International, Select Growth, Government, Investment Grade, Limited Duration High Quality Bond, Opportunity, Real Estate, Total Return, Balanced Income, Covered Call Strategy, and Equity Income.

The Covered Call Strategy sub-account was launched on May 2, 2016.

FLIAC offers a level premium variable life insurance policy through Separate Account B with either a fully underwritten option or a non-medically underwritten option. A fully underwritten policy offers five premium payment periods: a 12-year option (Insured Series Policy or ISP), a 10-year option (ISP Choice 10), a 20-year option (ISP Choice 20), an option to pay until age 65 (ISP Choice 65), and an option to pay until age 100 (ISP Choice Whole Life). ISP and ISP Choice 10 are no longer available for sale. A non-medically underwritten policy is only available in a 10-year premium payment option, referred to as ISP10 Express.

(2) Significant Accounting Policies

(a) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B

Notes to Financial Statements

December 31, 2017

(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 B 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 B'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.

(c) Subsequent Events

Management has evaluated events subsequent to the balance sheet date through April 18, 2018, the date that the financial statements were available for issuance.

(d) Investments

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

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

Notes to Financial Statements

December 31, 2017

(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 B 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 B 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 B.

(3) *Investments*

The fair value of investments in each of the sub-accounts of the Separate Account at December 31, 2017 was determined by management using quoted market prices which, is equal to the net asset value of the underlying investments in the Funds. Management determined that these investments are valued using Level 1 inputs since there is no restriction in the redemption of these investments and sufficient transaction volume exists. In addition, there were no transfers between the different Levels established in the FASB's fair value hierarchy during the year ended December 31, 2017.

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

Notes to Financial Statements

December 31, 2017

Investments consist of the following as of December 31, 2017:

	<u>Shares</u>	<u>Net asset value</u>	<u>Fair value</u>	<u>Cost</u>
First Investors Life Series Fund:				
Government Cash Management	1,786,720	\$ 1.00	\$ 1,786,720	\$ 1,785,322
Fund for Income	6,731,853	\$ 6.45	\$ 43,394,127	\$ 46,541,569
Growth & Income	6,510,068	\$ 49.45	\$ 321,952,812	\$ 208,786,212
Special Situations	4,190,757	\$ 40.08	\$ 167,969,161	\$ 111,250,140
International	3,711,285	\$ 26.57	\$ 98,622,141	\$ 66,929,484
Select Growth	1,791,359	\$ 15.87	\$ 28,431,815	\$ 17,606,977
Government	694,611	\$ 9.53	\$ 6,621,483	\$ 6,984,388
Investment Grade	1,386,799	\$ 10.80	\$ 14,984,332	\$ 14,952,974
Limited Duration High Quality Bond	42,101	\$ 9.61	\$ 404,567	\$ 407,833
Opportunity	535,750	\$ 18.76	\$ 10,048,049	\$ 7,937,894
Real Estate	64,637	\$ 10.44	\$ 674,608	\$ 664,615
Total Return	284,978	\$ 13.83	\$ 3,942,556	\$ 3,430,892
Balanced Income	47,859	\$ 11.24	\$ 537,773	\$ 497,625
Covered Call Strategy	105,908	\$ 11.65	\$ 1,233,696	\$ 1,124,120
Equity Income	2,190,850	\$ 23.64	\$ 51,785,397	\$ 33,146,101

The cost of purchases and proceeds from sales of investments for the year ended December 31, 2017 were as follows:

	<u>Purchases</u>	<u>Sales</u>
Government Cash Management	\$ 111,721	\$ 242,122
Fund for Income	\$ 3,695,094	\$ 2,793,444
Growth & Income	\$ 22,288,587	\$ 18,235,973
Special Situations	\$ 7,123,620	\$ 9,350,999
International	\$ 4,072,130	\$ 6,179,858
Select Growth	\$ 4,121,855	\$ 1,777,271
Government	\$ 558,187	\$ 501,637
Investment Grade	\$ 1,631,879	\$ 924,903
Limited Duration High Quality Bond	\$ 69,183	\$ 29,139
Opportunity	\$ 2,799,689	\$ 854,147
Real Estate	\$ 243,228	\$ 73,317
Total Return	\$ 1,016,597	\$ 383,075
Balanced Income	\$ 207,226	\$ 16,751
Covered Call Strategy	\$ 645,370	\$ 65,418
Equity Income	\$ 3,893,127	\$ 2,762,843

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

Notes to Financial Statements

December 31, 2017

(4) Changes in Units

(a) The changes in units outstanding for ISP and ISP Choice for the years ended December 31, 2017 and 2016 were as follows:

	2017			2016		
	Units issued	Units redeemed	Net increase (decrease)	Units issued	Units redeemed	Net increase (decrease)
Government Cash Management	12,373	(19,032)	(6,659)	18,617	(11,326)	7,291
Fund for Income Growth & Income	6,728	(26,704)	(19,976)	7,386	(27,700)	(20,314)
Special Situations	1,399	(84,940)	(83,541)	2,142	(91,491)	(89,349)
International	1,130	(42,113)	(40,983)	2,516	(51,973)	(49,457)
Select Growth	6,394	(54,712)	(48,318)	8,892	(50,394)	(41,502)
Government	32,910	(43,025)	(10,115)	64,973	(38,947)	26,026
Investment Grade	9,925	(12,120)	(2,195)	15,416	(11,671)	3,745
Limited Duration High Quality Bond	14,238	(10,669)	3,569	18,322	(12,204)	6,118
Opportunity	12,012	(9,174)	2,838	32,704	(3,361)	29,343
Real Estate	77,489	(7,737)	69,752	101,158	(8,539)	92,619
Total Return	19,872	(9,796)	10,076	35,176	(1,433)	33,743
Balanced Income	40,585	(14,812)	25,773	58,561	(11,574)	46,987
Covered Call Strategy	17,843	(1,133)	16,710	29,252	(127)	29,125
Equity Income	54,764	(4,067)	50,697	52,397	(188)	52,209
	12,598	(30,669)	(18,071)	14,107	(38,948)	(24,841)

(b) The changes in units outstanding for ISP10 Express for the years ended December 31, 2017 and 2016 were as follows:

	2017			2016		
	Units issued	Units redeemed	Net increase (decrease)	Units issued	Units redeemed	Net increase (decrease)
Government Cash Management	7,980	(7,222)	758	7,959	(8,545)	(586)
Fund for Income Growth & Income	20,442	(1,650)	18,792	16,899	(1,699)	15,200
Special Situations	50,650	(1,854)	48,796	51,107	(1,619)	49,488
International	32,119	(2,082)	30,037	30,849	(1,803)	29,046
Select Growth	19,132	(2,179)	16,953	25,901	(1,273)	24,628
Government	13,344	(1,250)	12,094	14,166	(590)	13,576
Investment Grade	3,536	(996)	2,540	2,600	(526)	2,074
Limited Duration High Quality Bond	10,061	(1,199)	8,862	8,319	(1,061)	7,258
Opportunity	971	(87)	884	606	(21)	585
Real Estate	49,217	(1,104)	48,113	46,364	(1,380)	44,984
Total Return	5,138	(547)	4,591	2,057	(77)	1,980
Balanced Income	21,574	(1,425)	20,149	17,181	(1,065)	16,116
Covered Call Strategy	753	(190)	563	354	(85)	269
Equity Income	2,932	(207)	2,725	761	(7)	754
	11,403	(580)	10,823	10,757	(1,214)	9,543

FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B

Notes to Financial Statements

December 31, 2017

(5) Mortality and Expense Risks and Deductions

Mortality and expense risk charges vary by product. In consideration for its assumption of the mortality and expense risks connected with the Variable Life Contracts, FLIAC deducts an amount equal on an annual basis to 0.50% of the daily net asset value of each sub-account for ISP and ISP Choice. For ISP10 Express, FLIAC deducts an amount equal on an annual basis to 1.50% of the daily net asset value of each sub-account. This deduction is assessed through a reduction of unit values.

A monthly charge is also made to Separate Account B 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.

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

Notes to Financial Statements

December 31, 2017

(6) Financial Highlights Table

(a) ISP and ISP Choice:

	Net assets			Investment income ratio (%) ²	Expense ratio (%) ³	Total return (%) ⁴
	Units ¹	Unit value (\$)	(\$000s)			
Government Cash						
Management:						
December 31:						
2017	89,179	19.889	1,759	0.26	0.50	(0.24)
2016	95,838	19.937	1,885	—	0.50	(0.50)
2015	88,546	20.037	1,760	—	0.50	(0.50)
2014	101,560	20.137	2,031	—	0.50	(0.50)
2013	111,849	20.238	2,248	—	0.50	(0.50)
Fund for Income:						
December 31:						
2017	661,134	64.445	42,250	5.03	0.50	6.29
2016	681,110	60.630	41,010	5.45	0.50	10.57
2015	701,424	54.835	38,105	5.46	0.50	(2.34)
2014	727,242	56.147	40,523	5.32	0.50	0.29
2013	748,467	55.985	41,597	6.00	0.50	6.35
Growth & Income:						
December 31:						
2017	2,210,799	144.127	316,730	1.51	0.50	17.69
2016	2,294,341	122.464	279,195	1.42	0.50	9.33
2015	2,383,690	112.011	265,136	1.17	0.50	(3.60)
2014	2,473,137	116.198	285,616	1.16	0.50	7.11
2013	2,552,920	108.485	275,427	1.55	0.50	37.37
Special Situations:						
December 31:						
2017	1,195,278	138.850	164,966	0.90	0.50	17.68
2016	1,236,262	117.993	144,965	0.54	0.50	15.52
2015	1,285,718	102.137	130,429	0.63	0.50	(1.02)
2014	1,330,888	103.188	136,486	0.47	0.50	5.77
2013	1,367,011	97.561	132,622	0.94	0.50	30.23
International:						
December 31:						
2017	1,511,703	64.475	96,919	1.05	0.50	32.30
2016	1,560,021	48.734	75,526	1.24	0.50	(4.68)
2015	1,601,523	51.127	81,303	1.09	0.50	2.98
2014	1,639,272	49.648	80,842	1.09	0.50	1.88
2013	1,673,054	48.733	81,044	1.32	0.50	6.24
Select Growth:						
December 31:						
2017	1,384,619	19.896	27,358	0.49	0.50	32.14
2016	1,394,735	15.057	20,838	0.62	0.50	3.52
2015	1,368,709	14.545	19,687	0.36	0.50	2.70
2014	1,351,055	14.163	18,965	0.34	0.50	12.96
2013	1,321,298	12.538	16,400	0.47	0.50	32.48
Government:						
December 31:						
2017	231,207	28.211	6,452	1.93	0.50	1.03
2016	233,402	27.924	6,460	2.08	0.50	(0.02)
2015	229,657	27.929	6,339	2.26	0.50	(0.45)
2014	231,465	28.057	6,431	2.58	0.50	2.63
2013	236,441	27.339	6,406	2.63	0.50	(2.96)

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

Notes to Financial Statements

December 31, 2017

	Net assets			Investment income ratio (%) ²	Expense ratio (%) ³	Total return (%) ⁴
	Units ¹	Unit value (\$)	(\$000s)			
Investment Grade:						
December 31:						
2017	393,214	37.201	14,513	3.83	0.50	4.20
2016	389,644	35.701	13,805	4.03	0.50	4.13
2015	383,526	34.285	13,025	4.17	0.50	(0.85)
2014	385,991	34.578	13,227	3.96	0.50	5.33
2013	382,916	32.829	12,467	3.96	0.50	(1.29)
Limited Duration High Quality Bond: ⁵						
December 31:						
2017	40,020	9.703	386	1.55	0.50	0.75
2016	37,182	9.631	355	0.74	0.50	0.14
2015	7,839	9.618	75	—	0.50	(1.01)
2014	1,169	9.716	12	—	0.50	(2.84)
Opportunity:						
December 31:						
2017	400,998	18.551	7,425	0.58	0.50	18.41
2016	331,245	15.667	5,172	0.39	0.50	7.72
2015	238,626	14.545	3,455	0.17	0.50	(1.30)
2014	158,032	14.737	2,320	—	0.50	5.21
2013	80,927	14.007	1,133	—	0.50	39.26
Real Estate: ⁵						
December 31:						
2017	55,723	10.809	597	1.36	0.50	0.76
2016	45,647	10.728	485	0.40	0.50	6.04
2015	11,904	10.116	119	—	0.50	1.16
Total Return:						
December 31:						
2017	225,143	14.075	3,160	1.51	0.50	11.19
2016	199,371	12.658	2,512	1.33	0.50	6.09
2015	152,384	11.932	1,805	0.91	0.50	(2.10)
2014	107,779	12.188	1,305	0.08	0.50	5.44
2013	59,347	11.560	681	—	0.50	16.44
Balanced Income: ⁵						
December 31:						
2017	46,454	11.371	524	0.91	0.50	9.03
2016	29,745	10.429	308	—	0.50	6.18
2015	620	9.822	6	—	0.50	(1.78)
Covered Call Strategy: ⁵						
December 31:						
2017	102,906	11.599	1,186	0.33	0.50	10.51
2016	52,209	10.495	544	—	0.50	4.95
Equity Income:						
December 31:						
2017	1,112,479	45.953	50,732	1.86	0.50	14.94
2016	1,130,550	39.979	44,863	1.95	0.50	12.71
2015	1,155,391	35.471	40,700	1.67	0.50	(1.52)
2014	1,167,132	36.018	41,783	1.64	0.50	7.72
2013	1,173,024	33.439	39,023	2.00	0.50	29.88

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

Notes to Financial Statements

December 31, 2017

(b) ISP10 Express:

	Net assets			Investment income ratio (%) ²	Expense ratio (%) ³	Total return (%) ⁴
	Units ¹	Unit value (\$)	(\$000s)			
Government Cash Management:						
December 31:						
2017	1,815	9.261	17	0.29	1.50	(1.24)
2016	1,056	9.378	10	—	1.50	(1.50)
2015	1,642	9.521	16	—	1.50	(1.50)
2014	2,117	9.666	20	—	1.50	(1.50)
2013	1,062	9.813	10	—	1.50	(1.50)
Fund for Income:						
December 31:						
2017	65,929	11.890	784	4.42	1.50	5.22
2016	47,137	11.300	533	4.64	1.50	9.45
2015	31,937	10.324	330	4.29	1.50	(3.32)
2014	17,172	10.679	183	3.58	1.50	(0.72)
2013	5,872	10.756	63	2.06	1.50	5.27
Growth & Income:						
December 31:						
2017	179,781	17.368	3,122	1.32	1.50	16.50
2016	130,985	14.907	1,953	1.16	1.50	8.23
2015	81,497	13.774	1,122	0.89	1.50	(4.58)
2014	40,542	14.434	585	0.78	1.50	6.03
2013	13,906	13.613	189	0.71	1.50	35.99
Special Situations:						
December 31:						
2017	106,929	17.853	1,909	0.78	1.50	16.49
2016	76,892	15.325	1,178	0.44	1.50	14.36
2015	47,846	13.401	641	0.49	1.50	(2.02)
2014	24,549	13.677	336	0.31	1.50	4.70
2013	8,776	13.063	115	0.40	1.50	28.92
International:						
December 31:						
2017	78,689	13.668	1,076	0.98	1.50	30.97
2016	61,736	10.436	644	1.01	1.50	(5.64)
2015	37,108	11.060	410	0.85	1.50	1.94
2014	19,613	10.849	213	0.72	1.50	0.85
2013	6,394	10.758	69	0.59	1.50	5.17
Select Growth:						
December 31:						
2017	43,427	19.664	854	0.43	1.50	30.81
2016	31,332	15.033	471	0.50	1.50	2.48
2015	17,756	14.670	260	0.29	1.50	1.66
2014	9,451	14.430	136	0.24	1.50	11.83
2013	3,521	12.904	45	0.23	1.50	31.15
Government:						
December 31:						
2017	9,462	9.465	90	1.70	1.50	0.01
2016	6,922	9.464	66	1.81	1.50	(1.03)
2015	4,849	9.563	46	1.93	1.50	(1.46)
2014	3,070	9.704	30	1.81	1.50	1.59
2013	1,252	9.552	12	1.17	1.50	(3.94)

**FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B**

Notes to Financial Statements

December 31, 2017

	Net assets			Investment income ratio (%) ²	Expense ratio (%) ³	Total return (%) ⁴
	Units ¹	Unit value (\$)	(\$000s)			
Investment Grade:						
December 31:						
2017	30,633	10.695	328	3.41	1.50	3.15
2016	21,770	10.368	226	3.47	1.50	3.08
2015	14,512	10.058	146	3.39	1.50	(1.85)
2014	8,451	10.247	87	2.89	1.50	4.27
2013	3,099	9.828	30	1.81	1.50	(2.29)
Limited Duration High Quality Bond: ⁵						
December 31:						
2017	1,715	9.365	16	1.23	1.50	(0.26)
2016	831	9.390	9	0.50	1.50	(0.87)
2015	246	9.473	2	—	1.50	(2.01)
2014	30	9.666	—	—	1.50	(3.34)
Opportunity:						
December 31:						
2017	145,228	17.628	2,560	0.54	1.50	17.22
2016	97,115	15.039	1,461	0.34	1.50	6.63
2015	52,130	14.104	735	0.14	1.50	(2.30)
2014	21,955	14.436	317	—	1.50	4.15
2013	5,280	13.861	73	—	1.50	37.86
Real Estate: ⁵						
December 31:						
2017	6,929	10.521	73	0.92	1.50	(0.25)
2016	2,338	10.548	25	0.27	1.50	4.97
2015	359	10.048	4	—	1.50	0.48
Total Return:						
December 31:						
2017	56,704	13.375	758	1.34	1.50	10.07
2016	36,555	12.151	444	1.11	1.50	5.01
2015	20,439	11.571	237	0.74	1.50	(3.09)
2014	8,719	11.940	104	0.06	1.50	4.37
2013	2,076	11.439	24	—	1.50	15.26
Balanced Income: ⁵						
December 31:						
2017	855	11.124	10	0.55	1.50	7.93
2016	292	10.307	3	—	1.50	5.11
2015	23	9.806	—	—	1.50	(1.94)
Covered Call Strategy: ⁵						
December 31:						
2017	3,479	11.405	40	0.20	1.50	9.40
2016	754	10.425	8	—	1.50	4.25
Equity Income:						
December 31:						
2017	36,886	16.924	624	1.62	1.50	13.79
2016	26,063	14.874	388	1.60	1.50	11.57
2015	16,520	13.331	220	1.31	1.50	(2.51)
2014	8,633	13.675	118	1.16	1.50	6.63
2013	3,264	12.825	42	1.07	1.50	28.57

FIRST INVESTORS LIFE
LEVEL PREMIUM VARIABLE LIFE INSURANCE SEPARATE ACCOUNT B

Notes to Financial Statements

December 31, 2017

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, net of management fees assessed by the fund manager, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense charges, that are assessed against contract owner accounts either through reductions in unit values or redemption of units. The recognition of investment income by the sub-account is affected by the timing of the declaration of dividends by the underlying fund in which the sub-account invests.
3. These amounts represent the annualized contract expenses of the separate account, consisting primarily of mortality and expense charges, for the period indicated. These ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through redemption of units and expenses of the underlying fund have been excluded.
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 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.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Statutory Financial Statements

December 31, 2017, 2016 and 2015

(With Independent Auditors' Report)

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

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Independent Auditors' Report

The Board of Directors
Foresters Life Insurance and Annuity Company:

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, 2017 and 2016, and the related statutory statements of income and changes in capital and surplus, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes to the 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 the 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, 2017 and 2016, or the results of its operations or its cash flows for each of the years in the three-year period ended December 31, 2017.

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, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in accordance with 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 Supplemental Schedule Summary of Investments - Other than Investments in Related Parties, Supplemental Insurance Information schedule, and Supplemental 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 18, 2018

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY
STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS
DECEMBER 31, 2017 AND 2016
(in US dollars)

	2017	2016
ASSETS		
Cash and invested assets		
Bonds, at amortized cost (fair value: 2017 - \$821,721,568; 2016 - \$689,123,846)	\$ 796,623,705	\$ 677,749,352
Cash, cash equivalents and short-term investments	48,890,262	40,822,681
Receivable for securities	20,195	17,828
Policy loans	102,543,550	97,977,219
	948,077,712	816,567,080
Total Cash and Invested Assets		
Deferred and uncollected premiums	5,084,208	4,590,736
Accrued investment income	12,554,222	11,380,338
Admitted deferred tax assets	2,734,000	4,564,000
Current income tax recoverable	1,945,490	2,076,793
Other assets	671,550	740,497
	971,067,182	839,919,444
TOTAL ASSETS EXCLUDING SEPARATE ACCOUNTS		
Separate account assets	1,492,359,315	1,302,277,133
	\$ 2,463,426,497	\$ 2,142,196,577
LIABILITIES AND CAPITAL AND SURPLUS		
LIABILITIES		
Life and accident and health reserves	\$ 314,094,196	\$ 295,776,716
Annuity reserves	599,025,981	486,001,410
Claims and other contract liabilities	14,758,715	12,452,003
Interest Maintenance Reserve	-	-
Asset Valuation Reserve	4,935,223	4,298,814
Accounts payable and accrued liabilities	4,469,523	4,032,619
Net transfers due from separate accounts	(29,658,212)	(22,762,371)
	907,625,426	779,799,191
TOTAL LIABILITIES EXCLUDING SEPARATE ACCOUNTS		
Separate account liabilities	1,492,359,315	1,302,277,133
	2,399,984,741	2,082,076,324
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	54,407,414	51,085,911
	63,441,756	60,120,253
TOTAL CAPITAL AND SURPLUS		
TOTAL LIABILITIES AND CAPITAL AND SURPLUS	\$ 2,463,426,497	\$ 2,142,196,577

See accompanying notes to statutory financial statements.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY
STATUTORY STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015
(in US dollars)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES			
Premiums and annuity considerations	\$ 209,266,846	\$ 217,667,362	\$ 203,651,518
Investment income	35,286,708	30,775,191	26,080,800
Amortization of interest maintenance reserve	719,667	766,483	896,253
Income from fees associated with investment management, administration & contract guarantees from separate accounts	12,878,224	11,377,482	11,246,893
Other income	<u>185,461</u>	<u>195,378</u>	<u>305,019</u>
TOTAL REVENUES	<u>258,336,906</u>	<u>260,781,896</u>	<u>242,180,483</u>
BENEFITS AND EXPENSES			
Policyholder benefits and changes in contract liabilities	103,533,633	97,270,717	90,814,340
Increase in life and annuity reserves	131,342,050	139,103,864	115,165,490
Net transfers (from) to separate accounts	(27,953,950)	(22,458,372)	(10,023,360)
Commissions and expense allowances	17,034,349	18,335,371	17,212,803
Operating expenses	<u>15,924,785</u>	<u>18,215,839</u>	<u>16,756,320</u>
TOTAL BENEFITS AND EXPENSES	<u>239,880,867</u>	<u>250,467,419</u>	<u>229,925,593</u>
Net gain from operations before dividends to policyholders and federal income taxes	18,456,039	10,314,477	12,254,890
Dividends to policyholders	<u>1,118,015</u>	<u>918,979</u>	<u>908,006</u>
Net gain from operations before federal income taxes	17,338,024	9,395,498	11,346,884
Federal income tax	<u>4,663,184</u>	<u>2,347,862</u>	<u>3,025,854</u>
NET GAIN FROM OPERATIONS	12,674,840	7,047,636	8,321,030
Net realized capital gains, net of transfers to IMR and net of taxes	<u>-</u>	<u>10</u>	<u>-</u>
NET INCOME	<u>\$12,674,840</u>	<u>\$ 7,047,646</u>	<u>\$ 8,321,030</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, 2017, 2016, AND 2015
(in US dollars)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
BALANCE AT BEGINNING OF YEAR	\$ 60,120,253	\$ 60,317,773	\$ 58,699,524
Net income	12,674,840	7,047,646	8,321,030
Change in Asset Valuation Reserve	(636,409)	(1,038,688)	(735,695)
Change in non-admitted assets	162,300	(2,086,204)	(2,066,268)
Change in net deferred income taxes	(3,779,228)	979,726	999,182
Dividends to stockholders	(5,100,000)	(5,100,000)	(4,900,000)
BALANCE AT END OF YEAR	<u>\$ 63,441,756</u>	<u>\$ 60,120,253</u>	<u>\$ 60,317,773</u>

See accompanying notes to statutory financial statements.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY
STATUTORY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017, 2016 and 2015
(in US dollars)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:			
Premiums and other insurance amounts received	\$ 208,085,369	\$ 216,448,478	\$ 203,010,632
Investment income received	39,836,865	34,957,449	29,781,905
Other receipts	13,063,685	11,572,860	11,551,912
Benefits and contract liabilities paid	(102,701,991)	(98,118,520)	(90,047,847)
Commissions and general expenses paid	(33,036,607)	(35,587,113)	(33,743,875)
Net transfers from separate accounts	21,058,109	19,487,267	7,542,621
Dividends paid to policyholders	(899,789)	(902,898)	(775,973)
Federal income taxes paid	(4,400,000)	(2,600,000)	(4,100,000)
Net cash provided by operating activities	<u>141,005,641</u>	<u>145,257,523</u>	<u>123,219,375</u>
Cash flows from investing activities:			
Proceeds from maturities and sale of investment securities	79,868,912	68,186,117	48,438,807
Purchase of investments securities	(203,552,299)	(183,984,526)	(171,538,216)
Purchase of furniture, equipment and other assets	-	(41,513)	(88,464)
Net increase in policy loans	(4,566,331)	(2,978,091)	(5,864,260)
Net cash used for investing activities	<u>(128,249,718)</u>	<u>(118,818,013)</u>	<u>(129,052,133)</u>
Cash flows from financing activities and miscellaneous sources:			
Net deposits on deposit-type contracts	1,015,594	99,810	408,415
Dividends paid	(5,100,000)	(5,100,000)	(4,900,000)
Other cash received (applied)	(603,936)	(1,294,268)	159,792
Net cash used for financing activities	<u>(4,688,342)</u>	<u>(6,294,458)</u>	<u>(4,331,793)</u>
Net (decrease) increase in cash, cash equivalents and short-term investments:	8,067,581	20,145,052	(10,164,551)
Cash, cash equivalents and short-term investments:			
Beginning of year	40,822,681	20,677,629	30,842,180
End of year	<u>\$ 48,890,262</u>	<u>\$ 40,822,681</u>	<u>\$ 20,677,629</u>

See accompanying notes to statutory financial statements.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2017, 2016 and 2015

(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. 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").

(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.

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 and agents' debit balances, 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, 2017, 2016 and 2015

(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) income tax effects of temporary differences are provided to the extent that the temporary differences will be realized within three years (admitted deferred tax assets) and are recognized in surplus;
- (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; and
- (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.

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

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

(3) Other Significant Accounting Practices

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

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

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2017, 2016 and 2015

(in US Dollars)

(b) Bonds

Bonds are 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.

The fair values for bonds presented in the Statements of Admitted Assets, Liabilities and Capital and Surplus 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 at fair value are classified and disclosed in one of the following three categories:

- Level 1: Fair value measurements using unadjusted quoted market prices in active markets for identical, unrestricted assets or liabilities.
- Level 2: Fair value measurements using correlation with (directly or indirectly) observable market based inputs, unobservable inputs that are corroborated by market data, or quoted prices in markets that are not active. These models are primarily standard models that consider various assumptions including time value, yield curve, and other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.
- Level 3: Fair value measurements using significant inputs that are not readily observable in the market and are based on internally developed models or methodologies utilizing significant inputs that are generally less readily observable.

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(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.

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

(e) Leasehold Improvements and Equipment

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

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

Depreciation of equipment of \$106,922, \$102,961, and \$89,679 was included in net income for 2017, 2016 and 2015, respectively. Depreciation of leasehold

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improvements of \$2,247, \$2,247, and \$1,872 was included in net income for 2017, 2016 and 2015, respectively.

(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 is included in other liabilities or if negative, is nonadmitted.

(h) Asset Valuation Reserve

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

(i) Recognition of Revenue and Related Expenses

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

(j) Annuities

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

(k) Policyholder Dividends

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

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(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 34% in both 2017 and 2016, of the Company's total premiums and annuity considerations received. The investment risk on this business is borne by the contract holder and is invested in the sub-account of the related separate account as directed by the contract holder.

(m) Separate Accounts

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

(n) Income Taxes

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

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting basis and tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled and the effect of a change in tax rates is recognized in the

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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.

(4) Investments

Investment income for the years indicated consists of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Interest on fixed maturities	\$ 30,309,245	\$ 26,008,677	\$ 21,498,422
Interest on short term investments	345,234	47,676	8,289
Interest on policy loans	<u>6,099,103</u>	<u>5,857,123</u>	<u>5,673,511</u>
Total investment income	36,753,582	31,913,476	27,180,222
Investment expense	<u>1,466,874</u>	<u>1,138,285</u>	<u>1,099,422</u>
Net investment income	<u>\$ 35,286,708</u>	<u>\$ 30,775,191</u>	<u>\$ 26,080,800</u>

No accrued investment income was excluded as non-admitted.

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The amortized cost and estimated fair value of bonds at December 31, 2017, and 2016 are as follows:

	<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>

	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Estimated fair value</u>
December 31, 2016:				
U.S. Treasury securities and obligations of U.S. Gov't corps and agencies	\$ 7,436,107	\$ 395,042	\$ 6,073	\$ 7,825,076
Debt securities issued by states of the U.S.	175,355,672	3,992,943	2,926,991	176,421,624
Corporate debt securities	<u>494,957,573</u>	<u>12,955,668</u>	<u>3,036,095</u>	<u>504,877,146</u>
	<u>\$ 677,749,352</u>	<u>\$ 17,343,653</u>	<u>\$ 5,969,159</u>	<u>\$ 689,123,846</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:

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Less than 12 months	\$ 63,025,802	\$ 238,674	\$ 157,713,750	\$ 5,008,306
12 months or more	<u>56,108,979</u>	<u>1,303,737</u>	<u>37,463,535</u>	<u>960,853</u>
	<u>\$ 119,134,781</u>	<u>\$ 1,542,411</u>	<u>\$ 195,177,285</u>	<u>\$ 5,969,159</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.

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The amortized cost and estimated fair value of bonds at December 31, 2017, 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
	<u> </u>	<u> </u>
Due in one year or less	\$ 38,597,814	\$ 38,978,867
Due after one year through five years	193,074,550	197,703,195
Due after five years through ten years	241,731,944	245,707,682
Due after ten years	315,235,896	331,109,824
Loan backed securities	7,983,501	8,222,000
	<u>\$ 796,623,705</u>	<u>\$ 821,721,568</u>

Proceeds from sales of investments in bonds were \$78,894,024, \$68,104,692, and \$48,439,000 in 2017, 2016 and 2015, respectively. 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. Gross gains of \$880,023 and gross losses of \$961,049 were realized on those sales in 2015. Realized gains (losses) transferred to the IMR were (\$256,005) in 2017, \$62,008 in 2016, and (\$53,604) in 2015.

(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, 2017					
Bonds	\$ -	\$ 821,721,568	\$ -	\$ 821,721,568	\$ 796,623,705
Cash, cash equivalents and short-term investments	48,890,262	-	-	48,890,262	48,890,262
Separate account assets	<u>1,492,359,315</u>	-	-	<u>1,492,359,315</u>	<u>1,492,359,315</u>
	<u>\$ 1,541,249,577</u>	<u>\$ 821,721,568</u>	<u>\$ -</u>	<u>\$ 2,362,971,145</u>	<u>\$ 2,337,873,282</u>
December 31, 2016					
Bonds	\$ -	\$ 689,123,846	\$ -	\$ 689,123,846	\$ 677,749,352
Cash, cash equivalents and short-term investments	40,822,681	-	-	40,822,681	40,822,681
Separate account assets	<u>1,302,277,133</u>	-	-	<u>1,302,277,133</u>	<u>1,302,277,133</u>
	<u>\$ 1,343,099,814</u>	<u>\$ 689,123,846</u>	<u>\$ -</u>	<u>\$ 2,032,223,660</u>	<u>\$ 2,020,849,166</u>

Separate account assets disclosed in the table above are the only assets carried at fair value. There were no transfers between levels during 2017 and 2016.

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(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, 2017, 2016 and 2015, the Company charged operations \$52,327, \$73,765, and \$98,177, 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, 2017, 2016 and 2015, contributions to this plan were \$21,225, \$19,612, and \$18,734, respectively.

(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:

	2017	2016	2015
Direct life insurance premiums	\$ 69,894,727	\$ 68,913,066	\$ 70,531,837
Life insurance premiums ceded	<u>6,800,567</u>	<u>6,211,032</u>	<u>6,657,593</u>
Net life insurance premiums	<u>\$ 63,094,160</u>	<u>\$ 62,702,034</u>	<u>\$ 63,874,244</u>
Life insurance reserves ceded	<u>\$ 19,383,574</u>	<u>\$ 19,566,561</u>	<u>\$ 19,512,024</u>
Direct accident and health premiums	\$ 1,834	\$ 2,208	\$ 2,921
Ceded accident and health premiums	<u>-</u>	<u>-</u>	<u>-</u>
Net accident and health premiums	<u>\$ 1,834</u>	<u>\$ 2,208</u>	<u>\$ 2,921</u>

The Company's maximum retention on any one life is \$250,000. The Company had reinsured 54.0% and 56.0% of its net life insurance in force at December 31, 2017

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and 2016, respectively. 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 2017, 2016 and 2015, 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 2017, 2016 and 2015.

(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, 2017, 2016 and 2015, the Company incurred approximately \$3,450,868, \$3,331,014, and \$3,006,520, respectively, for these services. The Company paid an affiliate \$17,886,446, \$20,612,341, and \$18,643,852 during 2017, 2016 and 2015, respectively for commissions relating to the sale of its products. In addition, the Company incurred \$525,000 annually for management fees paid to Foresters.

(10) Capital and Surplus

- (a) Participating business represented 1.1% and 1.2% of individual life insurance in force at December 31, 2017 and 2016.

The portion of earnings of participating policies that can inure to the benefit of shareholders 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.

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- (b) The maximum amount of dividends which can be paid by New York State insurance companies to shareholders is subject to restrictions relating to statutory unassigned surplus. 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 \$54,407,414 and \$51,085,911 at December 31, 2017 and 2016, 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 2017 and 2016 the Company paid ordinary dividends of \$5,100,000.

- (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, 2017 and 2016.
- (d) The portion of unassigned surplus represented or (reduced by) each item below is as follows:

	<u>2017</u>	<u>2016</u>
Nonadmitted assets	\$ (9,154,385)	\$ (9,316,685)
Asset valuation reserve	(4,935,223)	(4,298,814)
Deferred tax assets	6,610,905	10,390,133

(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 Department of Financial Services was included in the statutory financial statements.

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- (c) As of December 31, 2017 the Company has \$151,053,603 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.
- (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).

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(12) Analysis of Annuity Actuarial Reserves and Deposit Liabilities

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>

Withdrawal characteristics and annuity actuarial reserves and deposit fund liabilities at December 31, 2016 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	558,791,735	53.01%
At book value	387,934,088	36.80%
Not subject to discretionary withdrawal	<u>107,452,771</u>	<u>10.19%</u>
Total annuity and actuarial reserves and deposit fund liabilities (gross)	1,054,178,594	100.00%
Less reinsurance	<u>-</u>	<u>0.00%</u>
Total annuity and actuarial reserves and deposit fund liabilities (net)	<u>\$ 1,054,178,594</u>	<u>100.00%</u>

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(13) Premium and Annuity Consideration Deferred and Uncollected

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>

Deferred and uncollected life insurance premiums and annuity consideration at December 31, 2016 were:

	<u>Gross</u>		<u>Net</u>		<u>Loading</u>
Type:					
Ordinary new business	\$ 297,771	\$	232,600	\$	65,171
Ordinary renewal	<u>2,697,665</u>		<u>4,358,136</u>		<u>(1,660,471)</u>
Total	<u>\$ 2,995,436</u>	\$	<u>4,590,736</u>	\$	<u>(1,595,300)</u>

(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 \$630,000,000 and \$564,000,000 and was held in separate accounts at December 31, 2017 and 2016, respectively. The net amount at risk associated with these guarantees was approximately \$340,000 and \$487,000 at December 31, 2017 and 2016, respectively.

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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, 2017 and separate account reserves at December 31, 2017.

	<u>Variable life</u>	<u>Variable Annuities</u>	<u>Total</u>
Premiums and considerations	\$ 36,503,271	\$ 25,202,905	\$ 61,706,176
Reserves at December 31, 2017:			
With assets at market value	\$ 838,886,268	\$ 623,654,777	\$ 1,462,541,045
Subject to discretionary withdrawal at market value	\$ 838,886,268	\$ 623,654,777	\$ 1,462,541,045

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

	<u>2017</u>	<u>2016</u>
Transfers to separate accounts as contained in the annual statement of the separate accounts	\$ 61,706,176	\$ 62,620,810
Transfers from separate accounts as contained in the annual statement of the separate accounts	<u>102,650,176</u>	<u>96,437,413</u>
	(40,944,000)	(33,816,603)
Reconciling items:		
Other	<u>111,826</u>	<u>(19,251)</u>
	<u>\$ (40,832,174)</u>	<u>\$ (33,835,854)</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.

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(in US Dollars)

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 estimates an \$18.1 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. The transitional adjustment is a provisional estimate as the Company does not have the information available in appropriate detail to analyze and calculate the amount required under the change in methodology. The ultimate impact may differ from the provisional amount and the final amount will be determined within the measurement period.

The Company's Parent files consolidated federal and certain state income tax returns which include certain other wholly-owned subsidiaries of the Parent (listed in footnote 1). The provision for federal income taxes is determined on a separate company basis in accordance with a written tax sharing agreement between the Company and its parent. Under the Internal Revenue Code, revised by the Tax Cuts and Jobs Act, life insurance entities are not permitted to carryback ordinary losses. As such, admittance of ordinary deferred tax assets for life entities will be limited to paragraph 11.b. and 11.c. Tax years of 2014 through 2016 are subject to federal, state or local examination by taxing authorities.

The net deferred tax asset/(liability) at December 31, 2017 and 2016, and the change from the prior year are comprised of the following components:

	2017	2016	Change
	<u>Ordinary</u>	<u>Ordinary</u>	<u>Ordinary</u>
Total gross deferred tax assets	\$ 10,579,000	\$ 10,617,000	\$ (38,000)
Statutory Valuation Allowance	-	-	-
Adjusted gross deferred tax assets	<u>10,579,000</u>	<u>10,617,000</u>	<u>(38,000)</u>
Deferred tax assets nonadmitted	<u>(3,876,905)</u>	<u>(5,826,133)</u>	<u>1,949,228</u>
Subtotal net admitted deferred tax assets	6,702,095	4,790,867	1,911,228
Deferred tax liabilities	<u>(3,968,095)</u>	<u>(226,867)</u>	<u>(3,741,228)</u>
Net admitted deferred tax assets	<u>\$ 2,734,000</u>	<u>\$ 4,564,000</u>	<u>\$ (1,830,000)</u>

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2017, 2016 and 2015

(in US Dollars)

The amount of deferred tax assets admitted at December 31, 2017 and 2016 and changes thereon are as follows:

	<u>2017</u>	<u>2016</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.)	\$ -	\$ 4,564,000	\$ (4,564,000)
Admitted under paragraph (11.b.)	2,734,000	-	2,734,000
Adjusted gross DTAs offset by gross DTLs (11.c.)	<u>3,968,095</u>	<u>226,867</u>	<u>3,741,228</u>
Deferred tax assets admitted as the result of application of SSAP No. 101	<u>\$ 6,702,095</u>	<u>\$ 4,790,867</u>	<u>\$ 1,911,228</u>

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

	<u>2017</u>	<u>2016</u>
Ratio percentage used to determine recovery period and threshold limitation amount	788%	749%
Amount of adjusted capital and surplus used to determine recovery period threshold limitation	\$ 66,154,217	\$ 60,257,167

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, 2017, 2016 and 2015

(in US Dollars)

Deferred tax assets and deferred tax liabilities comprise the following:

	<u>2017</u>		<u>2016</u>		<u>Change</u>
Deferred tax assets:					
Policyholder dividend provision	\$ 215,000	\$	281,000	\$	(66,000)
Deferred acquisition costs	3,399,000		5,621,000		(2,222,000)
Reserves	6,853,000		4,428,000		2,425,000
Deferred compensation	63,000		148,000		(85,000)
Other	49,000		139,000		(90,000)
	<u>10,579,000</u>		<u>10,617,000</u>		<u>(38,000)</u>
Nonadmitted deferred tax assets	<u>(3,876,905)</u>		<u>(5,826,133)</u>		<u>1,949,228</u>
	6,702,095		4,790,867		1,911,228
Deferred tax liabilities:					
Depreciation	17,000		55,000		(38,000)
Bond discount	150,095		171,867		(21,772)
Reserves (transition rule)	3,801,000		-		3,801,000
Net admitted deferred taxes	\$ <u>2,734,000</u>	\$	\$ <u>4,564,000</u>	\$	\$ <u>(1,830,000)</u>

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

	<u>2017</u>		<u>2016</u>		<u>Change</u>
Total deferred tax assets	\$ 10,579,000	\$	10,617,000	\$	(38,000)
Total deferred tax liabilities	<u>(3,968,095)</u>		<u>(226,867)</u>		<u>(3,741,228)</u>
Net deferred tax assets (liabilities)	6,610,905		10,390,133		(3,779,228)
Tax-effect of unrealized gains and losses	-		-		-
Net tax effect without unrealized gains & losses	\$ <u>6,610,905</u>	\$	\$ <u>10,390,133</u>	\$	\$ <u>(3,779,228)</u>

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Notes to Statutory Financial Statements

December 31, 2017, 2016 and 2015

(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:

	2017			2016		
	Amount	Tax effect 35%	Tax Rate	Amount	Tax effect 35%	Tax Rate
Income before taxes	\$ 17,338,024	6,068,308	35 %	\$ 9,395,498	3,288,424	35 %
Dividends received deduction	(5,409,620)	(1,893,367)	(11)%	(4,549,277)	(1,592,247)	(17)%
Deferred tax rate change:						
Admitted assets	5,205,714	1,822,000	11 %	-	-	— %
Non-admitted assets	7,384,583	2,584,604	15 %	-	-	— %
Other	(397,521)	(139,133)	(1)%	(937,260)	(328,041)	(3)%
Total	\$ <u>24,121,180</u>	<u>8,442,412</u>	49 %	\$ <u>3,908,961</u>	<u>1,368,136</u>	15 %

	2015		
	Amount	Tax effect 35%	Tax Rate
Income before taxes	\$ 11,346,884	3,971,409	35 %
Dividends received deduction	(4,438,237)	(1,553,383)	(14)%
Other	(1,118,154)	(391,354)	(3)%
Total	\$ <u>5,790,493</u>	<u>2,026,672</u>	18 %

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current federal income taxes	\$ 4,663,184	\$ 2,347,862	\$ 3,025,854
Deferred taxes:			
Change from prior year	(627,376)	(979,726)	(999,182)
Rate change	4,406,604	-	-
Total tax provision	\$ <u>8,442,412</u>	\$ <u>1,368,136</u>	\$ <u>2,026,672</u>
Effective rate	49%	15%	18%

Total change in deferred taxes of \$3.8 million is included in surplus. There are no deposits at December 31, 2017 and 2016 admitted under Section 6603 of the Internal Revenue Code.

(16) Subsequent Events

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, April 18, 2018, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY

Supplementary Schedule

Summary of Investments – Other than Investments in Related Parties

December 31, 2017 and 2016

(in US Dollars)

	<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	102,543,550	102,543,550
Cash 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>

	<u>Amortized cost</u>	<u>Estimated fair value</u>	<u>Amount shown in Balance Sheet</u>
December 31, 2016:			
U.S. Treasury securities and obligations of U.S. Gov't corps and agencies	\$ 7,436,107	\$ 7,825,076	\$ 7,436,107
Debt securities issued by states of the U.S.	175,355,672	176,421,624	175,355,672
Corporate debt securities	<u>494,957,573</u>	<u>504,877,146</u>	<u>494,957,573</u>
	<u>677,749,352</u>	<u>689,123,846</u>	<u>677,749,352</u>
Policy loans	97,977,219	97,977,219	97,977,219
Cash and short-term investments	40,822,681	40,822,681	40,822,681
Receivable for securities	17,828	XXX	17,828
Total investments	\$ <u>816,567,080</u>		\$ <u>816,567,080</u>

See accompanying independent auditors' report.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY
Supplementary Insurance Information
For the years ended December 31, 2017, 2016 and 2015
(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
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	<u>\$ 913,120,177</u>	<u>\$ 14,758,715</u>	<u>\$ 209,266,846</u>	<u>\$ 35,286,708</u>	<u>\$ 103,533,633</u>	<u>\$ 15,924,785</u>
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	<u>\$ 781,778,126</u>	<u>\$ 12,452,003</u>	<u>\$ 217,667,362</u>	<u>\$ 30,775,191</u>	<u>\$ 97,270,717</u>	<u>\$ 18,215,839</u>
2015:						
Life	\$ 279,102,702	\$ 10,787,621	\$ 63,874,244	\$ 13,338,751	\$ 40,478,381	\$ 11,778,972
Annuity	363,530,255	1,661,716	139,774,353	12,736,681	50,321,675	4,976,769
Accident and Health	41,306	2,408	2,921	5,368	14,284	579
Total	<u>\$ 642,674,263</u>	<u>\$ 12,451,745</u>	<u>\$ 203,651,518</u>	<u>\$ 26,080,800</u>	<u>\$ 90,814,340</u>	<u>\$ 16,756,320</u>

See accompanying independent auditors' report.

FORESTERS LIFE INSURANCE AND ANNUITY COMPANY
Supplementary Schedule - Reinsurance
For the years ended December 31, 2017, 2016 and 2015
(in US Dollars)

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

	Gross Amount	Reinsurance Ceded	Net Amount
2017	\$ 12,083,402	\$ 6,541,538	\$ 5,541,864
2016	\$ 11,778,084	\$ 6,565,495	\$ 5,212,589
2015	\$ 11,467,614	\$ 6,337,355	\$ 5,130,259

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
2017			
Life insurance	\$ 69,894,727	\$ 6,800,567	\$ 63,094,160
Annuity	146,170,852	-	146,170,852
Supplementary contracts	-	-	-
Accident and health	1,834	-	1,834
	<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	2,208	-	2,208
	<u>\$ 223,878,394</u>	<u>\$ 6,211,032</u>	<u>\$ 217,667,362</u>
2015			
Life insurance	\$ 70,531,837	\$ 6,657,593	\$ 63,874,244
Annuity	139,774,353	-	139,774,353
Supplementary contracts	-	-	-
Accident and health	2,921	-	2,921
	<u>\$ 210,309,111</u>	<u>\$ 6,657,593</u>	<u>\$ 203,651,518</u>

See accompanying independent auditors' report.