

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

**OFFERED BY**

**FIRST INVESTORS LIFE INSURANCE COMPANY**

**Statement of Additional Information dated May 1, 2009**

This Statement of Additional Information (“SAI”) is not a Prospectus and should be read in conjunction with the ISP Choice Prospectus for First Investors Life Level Premium Variable Life Insurance Separate Account B, dated May 1, 2009, or for policies sold prior to June 30, 2008, the Insured Series Policy Prospectus for First Investors Life Level Premium Variable Life Insurance Separate Account B, dated May 1, 2009. Each Prospectus may be obtained at no cost by writing to First Investors Life Insurance Company, Raritan Plaza 1, Edison, New Jersey 08837, by telephoning (800) 832-7783, or by visiting our website at [www.firstinvestors.com](http://www.firstinvestors.com).

Terms used in this SAI have the same meanings as in each Prospectus.

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## GENERAL DESCRIPTION

**First Investors Life Insurance Company.** First Investors Life Insurance Company, 110 Wall Street, New York, New York 10005 (“FIL” or “First Investors Life”), a stock life insurance company incorporated under the laws of the State of New York in 1962, writes life insurance, annuities, and accident and health insurance. First Investors Consolidated Corporation (“FICC”), a holding company, owns all of the voting common stock of First Investors Management Company, Inc. (“FIMCO” or “Adviser”) and all of the outstanding stock of First Investors Life, First Investors Corporation (“FIC” or “Underwriter”) and Administrative Data Management Corp., the transfer agent for First Investors Life Series Funds (“Life Series Funds”). Kathryn Head and members of her family control FICC and, therefore, the Adviser and First Investors Life.

The following chart provides information about the Officers and Directors of First Investors Life.

<b>Name</b>	<b>FIL Office</b>	<b>Principal Occupation for Last Five Years</b>
Jay G. Baris	Director	Partner, Kramer Levin Naftalis & Frankel LLP, New York, Attorneys.
Carol Lerner Brown	Secretary	Assistant Secretary, FIC; Secretary, FIMCO and FICC.
Glenn T. Dallas	Director	Retired since April 1996.
William H. Drinkwater	Director, Senior Vice President and Chief Actuary	Senior Vice President and Chief Actuary, FIL since August 2003; President, FIL, January 2000 – August 2003; First Vice President and Chief Actuary, FIL, prior thereto.
Lawrence M. Falcon	Senior Vice President, Comptroller and Director	Senior Vice President and Comptroller, FIL.
Lawrence A. Fauci	Director	Consultant.
Robert M. Flanagan	Vice President and Director	Vice President, FIL, since June 2001; President, FIC; Senior Vice President, FIC, 2000-2001; Vice President, FICC since June 1997.
Richard H. Gaebler	Director	Retired since January 2000.
Glen Mueller	Vice President and Chief Underwriter	Vice President and Chief Underwriter, FIL; Vice President and Life Chief Underwriter, C.N.A., November 2002 – June 2004, Chief Underwriter, Fidelity and Guaranty Life prior thereto.
Kathryn S. Head	Chairman and Director	Chairman, President and Director, FICC, FIMCO and ADM; Chairman, CEO and Director, FIC; Chairman and Director, First Investors Federal Savings Bank.
Jason Helbraun	Assistant Vice President	Assistant Vice President, FIL since May 2006; Corporate Actuary, FIL, July 2005 – May 2006; Financial Actuary at Inviva, Inc., 2003 - 2005; Actuarial Associate at KPMG LLP prior thereto.
Scott Hodes	Director	Partner, Bryan Cave LLP, Chicago, Illinois since 2003; Partner, McGuire, Woods, Ross & Hardies prior thereto.

William M. Lipkus	Vice President, Chief Financial Officer, Treasurer and Director	Chief Financial Officer, FIC since December 1997, and; FICC since June 1997; Vice President, FIL since May 1996; Chief Financial Officer since May 1998; Chief Accounting Officer since June 1992.
Jackson Ream	Director	Retired since January 1999.
Nelson Schaenen Jr.	Director	Retired since January 2002.
David Schimmel	Assistant Vice President	Assistant Vice President, FIL since July 2006; Manager, FIL, January 2001 – July 2006.
John Shey	Assistant Vice President	Assistant Vice President, FIL since May 2006; Actuary, FIL, January 2002 – April 2006.
Carol E. Springsteen	President and Director	President and Director, FIL since August 2003; Vice President, Individual Policy Services, New York Life Insurance Company prior thereto.
Clark D. Wagner	Director	Director of Fixed Income, FIMCO; Vice President, First Investors Multi-State Insured Tax Free Fund, First Investors New York Insured Tax Free Fund, Inc., First Investors Government Fund, Inc., First Investors Series Fund, First Investors Insured Tax Exempt Fund, Inc., First Investors Insured Tax Exempt Fund II, and First Investors Insured Intermediate Tax Exempt Fund.

**Separate Account B.** 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 First Investors Life, 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 First Investors Life. 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.

The assets of Separate Account B are invested at net asset value in shares of the corresponding series (each a “Fund” and collectively “Funds”) of Life Series Funds. For example, the Blue Chip Subaccount invests in the Blue Chip Fund, the Government Subaccount invests in the Government Fund, and so on. The Life Series Funds Prospectus describes the risks attendant to an investment in each Fund of Life Series Funds. The 12 Funds of Life Series Funds are: Blue Chip Fund, Cash Management Fund, Discovery Fund, Government Fund, Growth & Income Fund, High Yield Fund, International Fund, Investment Grade Fund, Select Growth Fund, Target Maturity 2010 Fund, Target Maturity 2015 Fund and Value Fund.

Only ten of the Funds are available through Separate Account B’s Subaccounts. The two that are not available are: Target Maturity 2010 Fund and Target Maturity 2015 Fund.

**Custodian.** First Investors Life, 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.** Tait, Weller & Baker, LLP, 1818 Market Street, Philadelphia, PA 19103, independent registered public accounting firm, has been selected as the independent accountants for Separate Account B. First Investors Life pays Tait, Weller & Baker a fee for serving as the independent accountants for Separate Account B, which is set by the Audit Committee of the Board of Directors of First Investors Life. We include the financial statements in reliance upon the authority of said firm as experts in accounting and auditing.

**Underwriter.** First Investors Life and Separate Account B have entered into an Underwriting Agreement with FIC. FIC, an affiliate of First Investors Life and of the Adviser, has its principal business address at 110 Wall Street, New York, New York 10005. First Investors Life distributes the ISP Choice Policy in a continuous offering. First Investors Life 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 year ended December 31, 2008, FIC received fees of \$ 635,895 in connection with the distribution of the ISP Choice Policy that commenced on June 30, 2008. For the fiscal years ended December 31, 2006, 2007 and 2008, FIC received fees of \$4,421,124, \$4,422,135 and \$ 3,405,156, respectively, in connection with the distribution of the Insured Series Policy.

**Distribution of Policy.** We sell Policies solely through individuals who, in addition to being licensed insurance agents appointed to sell our products (*i.e.*, who are “First Investors representatives”), are registered representatives of FIC, which is one of our affiliates. FIC is a registered broker-dealer under the Securities Exchange Act of 1934, and a member of the National Association of Securities Dealers. FIC’s executive offices are located at 110 Wall Street, New York, NY 10005.

Commissions we pay to FIC under the ISP Choice Policy generally will not exceed 60% of the premiums you pay in your policy's first year, and 5% of all other premiums you pay in policy years two and later. Commissions we pay to FIC 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. First Investors representatives may sell other variable life insurance and annuity products as to which they receive more or less compensation than they do for selling the Policies.

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, 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 Insurance Department. We file an annual statement in a prescribed form with the Insurance 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 New York State Insurance 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, First Investors Life 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 are 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 was arbitrarily initially set 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. Such factor is equal on an annual basis to 0.50% of the daily net asset value of the applicable Subaccount. This percentage represents the mortality and expense risk assumed.

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 First Investors Life as contained herein should be considered only as bearing upon First Investors Life’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.

*TAIT, WELLER & BAKER LLP*  
*Certified Public Accountants*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**The Board of Directors**  
**First Investors Life Insurance Company**  
**New York, New York**

We have audited the accompanying statement of assets and liabilities of each of the individual sub-accounts disclosed in Note 1 which comprise First Investors Life Level Premium Variable Life Insurance (a separate account of First Investors Life Insurance Company, registered as a unit investment trust under the Investment Company Act of 1940) ("Separate Account B"), as of December 31, 2008, and the related statement of operations for the year then ended and the statements of changes in net assets for the years ended December 31, 2008 and 2007 for each of the individual sub-accounts which comprise the Separate Account B. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Separate Account B's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Separate Account B's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned at December 31, 2008 by correspondence with Separate Account B's custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position each of the individual sub-accounts which comprise Separate Account B as of December 31, 2008, and the results of their operations for the year then ended for each of the individual sub-accounts and the changes in their net assets for years ended December 31, 2008 and 2007, in conformity with accounting principles generally accepted in the United States of America.

  
**TAIT, WELLER & BAKER LLP**

**Philadelphia, Pennsylvania**  
**March 9, 2009**

## STATEMENT OF ASSETS AND LIABILITIES

December 31, 2008

	<u>Cash Management</u>	<u>High Yield</u>	<u>Growth &amp; Income</u>	<u>Discovery</u>
<b>ASSETS</b>				
Investments at net asset value (Note 3):				
First Investors Life Series Fund	\$2,114,079	\$ 25,095,959	\$ 76,258,708	\$ 61,788,185
<b>LIABILITIES</b>				
Payable to First Investors				
Life Insurance Company	<u>25,467</u>	<u>335,043</u>	<u>874,054</u>	<u>619,593</u>
<b>NET ASSETS</b>	<u>\$2,088,612</u>	<u>\$ 24,760,916</u>	<u>\$ 75,384,654</u>	<u>\$ 61,168,592</u>
Net assets represented by				
Contracts in accumulation period	<u>\$2,088,612</u>	<u>\$ 24,760,916</u>	<u>\$ 75,384,654</u>	<u>\$ 61,168,592</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENT OF ASSETS AND LIABILITIES  
(Continued)**

**December 31, 2008**

	<u>Blue Chip</u>	<u>International</u>	<u>Select Growth</u>	<u>Government</u>
<b>ASSETS</b>				
Investments at net asset value (Note 3):				
First Investors Life Series Fund	\$ 53,414,679	\$ 49,906,871	\$ 4,808,003	\$ 3,952,717
<b>LIABILITIES</b>				
Payable to First Investors				
Life Insurance Company	<u>585,525</u>	<u>555,055</u>	<u>91,804</u>	<u>64,345</u>
<b>NET ASSETS</b>	<u>\$ 52,829,154</u>	<u>\$ 49,351,816</u>	<u>\$ 4,716,199</u>	<u>\$ 3,888,372</u>
Net assets represented by				
Contracts in accumulation period	<u>\$ 52,829,154</u>	<u>\$ 49,351,816</u>	<u>\$ 4,716,199</u>	<u>\$ 3,888,372</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENT OF ASSETS AND LIABILITIES  
(Continued)**

**December 31, 2008**

	<u>Investment Grade</u>	<u>Value</u>
<b>ASSETS</b>		
Investments at net asset value (Note 3):		
First Investors Life Series Fund	\$6,417,789	\$ 18,101,105
<b>LIABILITIES</b>		
Payable to First Investors Life Insurance Company	<u>158,714</u>	<u>264,675</u>
<b>NET ASSETS</b>	<u>\$6,259,075</u>	<u>\$17,836,430</u>
Net assets represented by Contracts in accumulation period	<u>\$6,259,075</u>	<u>\$17,836,430</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENT OF OPERATIONS**

**Year ended December 31, 2008**

	<u>Cash Management</u>	<u>High Yield</u>	<u>Growth &amp; Income</u>	<u>Discovery</u>
INVESTMENT INCOME				
Income:				
Dividends	\$32,885	\$ 2,721,504	\$ 1,444,815	\$ 344,717
Expenses:				
Mortality and expense risks (Note 5)	<u>8,376</u>	<u>160,659</u>	<u>502,619</u>	<u>407,742</u>
NET INVESTMENT INCOME (LOSS)	<u>24,509</u>	<u>2,560,845</u>	<u>942,196</u>	<u>(63,025)</u>
REALIZED GAINS ON INVESTMENTS				
Realized gain distributions	<u>-</u>	<u>-</u>	<u>7,839,397</u>	<u>4,366,349</u>
UNREALIZED APPRECIATION				
(DEPRECIATION) ON INVESTMENTS				
Beginning of year	-	(10,049,482)	19,806,477	23,739,131
End of year	<u>-</u>	<u>(21,609,132)</u>	<u>(30,573,067)</u>	<u>(11,738,647)</u>
Change in unrealized appreciation (depreciation) on investments	<u>-</u>	<u>(11,559,650)</u>	<u>(50,379,544)</u>	<u>(35,477,778)</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$24,509</u>	<u>\$ (8,998,805)</u>	<u>\$(41,597,951)</u>	<u>\$(31,174,454)</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENT OF OPERATIONS  
(Continued)**

**Year ended December 31, 2008**

	<u>Blue Chip</u>	<u>International</u>	<u>Select Growth</u>	<u>Government</u>
INVESTMENT INCOME				
Income:				
Dividends	\$ 1,024,202	\$ 136,645	\$ 9,791	\$ 142,498
Expenses:				
Mortality and expense risks (Note 5)	<u>341,075</u>	<u>346,238</u>	<u>31,078</u>	<u>17,753</u>
NET INVESTMENT INCOME (LOSS)	<u>683,127</u>	<u>(209,593)</u>	<u>(21,287)</u>	<u>124,745</u>
REALIZED GAINS ON INVESTMENTS				
Realized gains distributions	<u>-</u>	<u>9,301,769</u>	<u>61,474</u>	<u>-</u>
UNREALIZED APPRECIATION				
(DEPRECIATION) ON INVESTMENTS				
Beginning of year	18,487,250	29,510,999	1,529,027	(39,114)
End of year	<u>(7,786,431)</u>	<u>(16,079,645)</u>	<u>(1,721,121)</u>	<u>62,184</u>
Change in unrealized appreciation (depreciation) on investments	<u>(26,273,681)</u>	<u>(45,590,644)</u>	<u>(3,250,148)</u>	<u>101,298</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$(25,590,554)</u></u>	<u><u>\$(36,498,468)</u></u>	<u><u>\$(3,209,961)</u></u>	<u><u>\$ 226,043</u></u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENT OF OPERATIONS  
(Continued)**

**Year ended December 31, 2008**

	<u>Investment Grade</u>	<u>Value</u>
INVESTMENT INCOME		
Income:		
Dividends	\$ 367,521	\$ 433,285
Expenses:		
Mortality and expense risks (Note 5)	<u>34,491</u>	<u>111,429</u>
NET INVESTMENT INCOME (LOSS)	<u>333,030</u>	<u>321,856</u>
 REALIZED GAINS ON INVESTMENTS		
Realized gain distributions	<u>-</u>	<u>-</u>
 UNREALIZED APPRECIATION		
(DEPRECIATION) ON INVESTMENTS		
Beginning of year	17,261	5,074,190
End of year	<u>(1,196,117)</u>	<u>(2,762,735)</u>
Change in unrealized appreciation (depreciation) on investments	<u>(1,213,378)</u>	<u>(7,836,925)</u>
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (880,348)</u>	<u>\$ (7,515,069)</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENTS OF CHANGES IN NET ASSETS**

**Years ended December 31,**

	<b>Cash</b>		<b>High Yield</b>	
	<b>Management</b>			
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 24,509	\$ 57,760	\$ 2,560,845	\$ 2,584,095
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	-	-	(11,559,650)	(2,370,274)
Net increase (decrease) in net assets resulting from operations	<u>24,509</u>	<u>57,760</u>	<u>(8,998,805)</u>	<u>213,821</u>
From Contract Transactions				
Net insurance premiums from contract owners	71,261	23,654	1,274,495	1,425,676
Cost of insurance (Note 5)	(31,629)	(17,515)	(524,593)	(415,895)
Transfers between sub-accounts	819,668	111,314	(333,763)	(257,376)
Transfers for contract benefits and terminations	(263,106)	(151,798)	(1,583,645)	(1,943,872)
Increase (decrease) in net assets derived from contract transactions	<u>596,194</u>	<u>(34,345)</u>	<u>(1,167,506)</u>	<u>(1,191,467)</u>
Net increase (decrease) in net assets	620,703	23,415	(10,166,311)	(977,646)
Net Assets				
Beginning of year	<u>1,467,909</u>	<u>1,444,494</u>	<u>34,927,227</u>	<u>35,904,873</u>
End of year	<u>\$2,088,612</u>	<u>\$1,467,909</u>	<u>\$ 24,760,916</u>	<u>\$ 34,927,227</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENTS OF CHANGES IN NET ASSETS  
(Continued)**

**Years ended December 31,**

	<u>Growth &amp; Income</u>		<u>Discovery</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 942,196	\$ (1,666)	\$ (63,025)	\$ (314,878)
Realized gain distributions	7,839,397	16,374,032	4,366,349	7,524,081
Change in unrealized appreciation (depreciation) on investments	<u>(50,379,544)</u>	<u>(14,662,678)</u>	<u>(35,477,778)</u>	<u>(1,759,288)</u>
Net increase (decrease) in net assets resulting from operations	<u>(41,597,951)</u>	<u>1,709,688</u>	<u>(31,174,454)</u>	<u>5,449,915</u>
From Contract Transactions				
Net insurance premiums from contract owners	9,855,740	10,688,847	6,646,517	7,182,242
Cost of insurance (Note 5)	(1,637,009)	(1,602,814)	(1,228,397)	(1,156,434)
Transfers between sub-accounts	(907,608)	(777,569)	(691,783)	(345,800)
Transfers for contract benefits and terminations	<u>(6,909,526)</u>	<u>(8,001,317)</u>	<u>(5,567,353)</u>	<u>(6,407,427)</u>
Increase (decrease) in net assets derived from contract transactions	<u>401,597</u>	<u>307,147</u>	<u>(841,016)</u>	<u>(727,419)</u>
Net increase (decrease) in net assets	(41,196,354)	2,016,835	(32,015,470)	4,722,496
Net Assets				
Beginning of year	<u>116,581,008</u>	<u>114,564,173</u>	<u>93,184,062</u>	<u>88,461,566</u>
End of year	<u>\$ 75,384,654</u>	<u>\$ 116,581,008</u>	<u>\$ 61,168,592</u>	<u>\$ 93,184,062</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENTS OF CHANGES IN NET ASSETS  
(Continued)**

**Years ended December 31,**

	<b>Blue Chip</b>		<b>International</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 683,127	\$ 460,371	\$ (209,593)	\$ 2,039,779
Realized gain distributions	-	-	9,301,769	9,913,449
Change in unrealized appreciation (depreciation) on investments	<u>(26,273,681)</u>	<u>2,490,043</u>	<u>(45,590,644)</u>	<u>2,827,852</u>
Net increase (decrease) in net assets resulting from operations	<u>(25,590,554)</u>	<u>2,950,414</u>	<u>(36,498,468)</u>	<u>14,781,080</u>
From Contract Transactions				
Net insurance premiums from contract owners	5,281,695	6,059,822	4,805,820	4,641,413
Cost of insurance (Note 5)	(1,056,698)	(980,247)	(974,739)	(986,303)
Transfers between sub-accounts	(822,081)	(994,243)	491,169	1,415,200
Transfers for contract benefits and terminations	<u>(4,402,270)</u>	<u>(5,856,736)</u>	<u>(4,763,081)</u>	<u>(5,257,988)</u>
Decrease in net assets derived from contract transactions	<u>(999,354)</u>	<u>(1,771,404)</u>	<u>(440,831)</u>	<u>(187,678)</u>
Net increase (decrease) in net assets	(26,589,908)	1,179,010	(36,939,299)	14,593,402
Net Assets				
Beginning of year	<u>79,419,062</u>	<u>78,240,052</u>	<u>86,291,115</u>	<u>71,697,713</u>
End of year	<u>\$ 52,829,154</u>	<u>\$ 79,419,062</u>	<u>\$ 49,351,816</u>	<u>\$ 86,291,115</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENTS OF CHANGES IN NET ASSETS  
(Continued)**

**Years ended December 31,**

	<b>Select Growth</b>		<b>Government</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ (21,287)	\$ 13,876	\$ 124,745	\$ 135,205
Realized gain distributions	61,474	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>(3,250,148)</u>	<u>659,503</u>	<u>101,298</u>	<u>43,773</u>
Net increase (decrease) in net assets resulting from operations	<u>(3,209,961)</u>	<u>673,379</u>	<u>226,043</u>	<u>178,978</u>
From Contract Transactions				
Net insurance premiums from contract owners	1,137,945	1,112,536	219,958	262,340
Cost of insurance (Note 5)	(105,018)	(121,824)	(71,929)	(43,122)
Transfers between sub-accounts	528,830	(73,264)	678,611	(10,860)
Transfers for contract benefits and terminations	<u>(646,612)</u>	<u>(718,109)</u>	<u>(289,932)</u>	<u>(187,066)</u>
Increase (decrease) in net assets derived from contract transactions	<u>915,145</u>	<u>199,339</u>	<u>536,708</u>	<u>21,292</u>
Net increase (decrease) in net assets	(2,294,816)	872,718	762,751	200,270
Net Assets				
Beginning of year	<u>7,011,015</u>	<u>6,138,297</u>	<u>3,125,621</u>	<u>2,925,351</u>
End of year	<u>\$ 4,716,199</u>	<u>\$ 7,011,015</u>	<u>\$ 3,888,372</u>	<u>\$ 3,125,621</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**STATEMENTS OF CHANGES IN NET ASSETS  
(Continued)**

**Years ended December 31,**

	<u>Investment Grade</u>		<u>Value</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 333,030	\$ 318,476	\$ 321,856	\$ 257,756
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>(1,213,378)</u>	<u>7,311</u>	<u>(7,836,925)</u>	<u>(591,495)</u>
Net increase (decrease) in net assets resulting from operations	<u>(880,348)</u>	<u>325,787</u>	<u>(7,515,069)</u>	<u>(333,739)</u>
From Contract Transactions				
Net insurance premiums from contract owners	577,627	598,286	2,461,060	2,820,760
Cost of insurance (Note 5)	(128,633)	(99,638)	(410,216)	(362,588)
Transfers between sub-accounts	259,489	219,789	(22,532)	712,809
Transfers for contract benefits and terminations	<u>(446,924)</u>	<u>(431,782)</u>	<u>(1,734,506)</u>	<u>(1,625,816)</u>
Increase (decrease) in net assets derived from contract transactions	<u>261,559</u>	<u>286,655</u>	<u>293,806</u>	<u>1,545,165</u>
Net increase (decrease) in net assets	(618,789)	612,442	(7,221,263)	1,211,426
Net Assets				
Beginning of year	<u>6,877,864</u>	<u>6,265,422</u>	<u>25,057,693</u>	<u>23,846,267</u>
End of year	<u>\$ 6,259,075</u>	<u>\$ 6,877,864</u>	<u>\$ 17,836,430</u>	<u>\$ 25,057,693</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2008**

**NOTE 1 — ORGANIZATION**

First Investors Life Level Premium Variable Life Insurance (“*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 First Investors Life Insurance Company (“*FIL*”) and exists in accordance with the regulations of the New York State Insurance Department. Assets of the Separate Account B have been used to purchase shares of First Investors Life Series Fund (the “*Fund*”), 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 bear the investment risk that the sub-accounts may not meet their stated investment objectives. The sub-accounts invest in the following underlying mutual fund portfolios: Cash Management, High Yield, Growth and Income, Discovery, Blue Chip, International, Select Growth, Government, Investment Grade and Value.

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES**

***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.

***INVESTMENTS***

Shares of the Funds held by Separate Account B are valued at net asset value per share of such Funds, which value its investment securities at fair value. All distributions received from the Funds are reinvested to purchase additional shares of the Funds at net asset value.

***INVESTMENT INCOME***

Investment income consists of dividends declared by the Funds and is recognized on the ex-dividend date.

***NET ASSETS REPRESENTED BY CONTRACTS***

The net assets represented by contracts represents the cash value of the policyholder accounts which is the estimated liability for future policy benefits. The liability for future policy benefits is computed based upon assumptions as to anticipated mortality, withdrawals and investment yields. The mortality assumption is based upon the 1975-80 Basic Select plus Ultimate mortality table.

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**December 31, 2008**

***FEDERAL INCOME TAXES***

Separate Account B is not taxed separately because its operations are part of the total operations of FIL, which is taxed as a life insurance company under the Internal Revenue Code. Separate Account B will not be 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.

**NOTE 3 — INVESTMENTS**

Investments consist of the following as of December 31, 2008:

	<u>Shares</u>	<u>Net Asset Value</u>	<u>Market Value</u>	<u>Cost</u>
First Investors Life Series Fund				
Cash Management	2,114,079	\$ 1.00	\$ 2,114,079	\$ 2,114,079
High Yield	4,832,512	5.19	25,095,959	46,705,091
Growth & Income	3,859,399	19.76	76,258,708	106,831,775
Discovery	3,178,359	19.44	61,788,185	73,526,832
Blue Chip	3,272,024	16.32	53,414,679	61,201,110
International	3,952,550	12.63	49,906,871	65,986,516
Select Growth	793,920	6.06	4,808,003	6,529,124
Government	383,639	10.30	3,952,717	3,890,533
Investment Grade	700,721	9.16	6,417,789	7,613,906
Value	1,564,773	11.57	18,101,105	20,863,840

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**December 31, 2008**

The cost of purchases and proceeds from sales of investments for the year ended December 31, 2008 were as follows:

	<u>Purchases</u>	<u>Sales</u>
Cash Management	\$ 924,727	\$ 183,393
High Yield	4,006,835	2,954,789
Growth & Income	19,190,521	11,105,799
Discovery	11,244,510	8,769,975
Blue Chip	6,278,639	8,081,784
International	14,677,639	6,689,731
Select Growth	1,763,878	869,597
Government	1,050,741	263,639
Investment Grade	1,216,134	589,900
Value	2,977,525	2,161,394

On January 1, 2008, Separate Account B adopted Financial Accounting Standards Board No. 157, “*Fair Value Measurements*” (“*FAS 157*”) which was issued in September 2006 effective for fiscal years beginning after November 15, 2007. For financial statements elements currently required to be measured at fair value, FAS 157 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under FAS 157 are described below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including Separate Account B’s own assumptions in determining the fair value of investments)

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For example, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

The summary of inputs used to value Separate Account B’s investments as of December 31, 2008 is as follows:

	<u>Investments</u>
Level 1	\$ 301,858,095
Level 2	-
Level 3	-
	<u>\$ 301,858,095</u>

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**December 31, 2008**

**NOTE 4 – CHANGES IN UNITS**

The changes in units outstanding for the years ended December 31, 2008 and 2007 were as follows:

	2008			2007		
	Units Issued	Net Units Redeemed	Net Increase (Decrease)	Units Issued	Units Redeemed	Increase (Decrease)
Cash Management	47,792	(18,380)	29,412	14,327	(16,102)	(1,775)
High Yield	10,191	(41,848)	(31,657)	11,222	(41,050)	(29,828)
Growth & Income	42,416	(29,865)	12,551	42,055	(37,143)	4,912
Discovery	24,001	(39,124)	(15,123)	34,432	(43,260)	(8,828)
Blue Chip	32,383	(59,603)	(27,220)	39,213	(81,916)	(42,703)
International	33,169	(46,939)	(13,770)	51,515	(51,934)	(419)
Select Growth	139,362	(25,816)	113,546	72,706	(52,885)	19,821
Government	35,182	(11,173)	24,009	12,891	(12,908)	(17)
Investment Grade	26,769	(15,062)	11,707	26,218	(13,744)	12,474
Value	55,279	(32,793)	22,486	74,125	(16,400)	57,725

**NOTE 5 – MORTALITY AND EXPENSE RISKS AND DEDUCTIONS**

In consideration for its assumption of the mortality and expense risks connected with the Variable Life Contracts, FIL deducts an amount equal on an annual basis to .50% of the daily net asset value of Separate Account B. 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. For further discussion, see “Cost of Insurance Protection” in the Prospectus.

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**December 31, 2008**

**NOTE 6 — FINANCIAL HIGHLIGHTS TABLE**

	Net Assets			Investment Income Ratio <sup>1</sup>	Expense Ratio <sup>2</sup>	Total Return <sup>3</sup>
	Units	Unit Value	(000s)			
<b><u>Cash Management</u></b>						
December 31,						
2008	102,005	\$20.713	\$ 2,089	1.93%	0.50%	1.52%
2007	72,593	\$20.404	\$ 1,468	4.55%	0.50%	4.11%
2006	74,368	\$19.599	\$ 1,444	4.16%	0.50%	3.84%
2005	68,372	\$18.874	\$ 1,278	2.38%	0.50%	1.94%
2004	76,050	\$18.516	\$ 1,396	0.70%	0.50%	0.20%
<b><u>High Yield</u></b>						
December 31,						
2008	860,363	\$29.139	\$ 24,761	8.59%	0.50%	(26.23%)
2007	892,020	\$39.497	\$ 34,927	7.59%	0.50%	0.56%
2006	921,848	\$39.279	\$ 35,905	8.08%	0.50%	9.22%
2005	970,554	\$35.963	\$ 34,553	7.37%	0.50%	(0.09%)
2004	995,803	\$35.996	\$ 35,489	7.21%	0.50%	9.39%
<b><u>Growth &amp; Income</u></b>						
December 31,						
2008	1,692,344	\$45.040	\$ 75,385	1.45%	0.50%	(35.54%)
2007	1,679,793	\$69.872	\$116,581	0.50%	0.50%	1.48%
2006	1,674,881	\$68.856	\$114,564	0.42%	0.50%	13.78%
2005	1,654,347	\$60.516	\$ 99,457	0.72%	0.50%	6.67%
2004	1,593,573	\$56.734	\$ 89,693	0.49%	0.50%	10.22%
<b><u>Discovery</u></b>						
December 31,						
2008	1,504,398	\$41.054	\$ 61,169	0.43%	0.50%	(33.58%)
2007	1,519,521	\$61.810	\$ 93,184	0.17%	0.50%	6.09%
2006	1,528,349	\$58.262	\$ 88,462	0.14%	0.50%	21.90%
2005	1,538,297	\$47.795	\$ 72,861	0.00%	0.50%	4.61%
2004	1,497,354	\$45.688	\$ 67,823	0.00%	0.50%	12.22%
<b><u>Blue Chip</u></b>						
December 31,						
2008	2,043,001	\$26.127	\$ 52,829	1.52%	0.50%	(32.42%)
2007	2,070,221	\$38.660	\$ 79,419	1.07%	0.50%	3.69%
2006	2,112,924	\$37.284	\$ 78,240	0.90%	0.50%	13.92%
2005	2,132,297	\$32.729	\$ 69,305	0.97%	0.50%	3.82%
2004	2,099,846	\$31.526	\$ 65,635	0.62%	0.50%	6.84%

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**December 31, 2008**

	Net Assets			Investment Income	Expense	Total			
	Unit		(000s)				Ratio <sup>1</sup>	Ratio <sup>2</sup>	Return <sup>3</sup>
	Units	Value							
<b><u>International</u></b>									
December 31,									
2008	1,813,161	\$27.519	\$ 49,352	0.20%	0.50%	(42.18%)			
2007	1,826,931	\$47.594	\$ 86,291	3.04%	0.50%	20.39%			
2006	1,827,350	\$39.534	\$ 71,698	0.68%	0.50%	27.15%			
2005	1,832,528	\$31.092	\$ 56,492	1.25%	0.50%	8.67%			
2004	1,794,110	\$28.610	\$ 50,937	1.15%	0.50%	14.01%			
<b><u>Select Growth</u></b>									
December 31,									
2008	790,561	\$ 6.083	\$ 4,716	0.16%	0.50%	(41.76%)			
2007	677,015	\$10.444	\$ 7,011	0.71%	0.50%	10.86%			
2006	657,194	\$ 9.421	\$ 6,138	0.54%	0.50%	8.92%			
2005	636,905	\$ 8.650	\$ 5,335	1.10%	0.50%	5.02%			
2004	562,189	\$ 8.236	\$ 4,509	0.51%	0.50%	5.34%			
<b><u>Government</u></b>									
December 31,									
2008	161,357	\$24.468	\$ 3,888	3.99%	0.50%	6.40%			
2007	137,348	\$22.997	\$ 3,126	4.96%	0.50%	6.02%			
2006	137,365	\$21.691	\$ 2,925	4.99%	0.50%	3.28%			
2005	140,864	\$21.001	\$ 2,916	5.07%	0.50%	2.03%			
2004	141,005	\$20.584	\$ 2,836	5.57%	0.50%	3.11%			
<b><u>Investment Grade</u></b>									
December 31,									
2008	295,230	\$21.731	\$ 6,259	5.36%	0.50%	(12.04%)			
2007	283,523	\$24.706	\$ 6,878	5.28%	0.50%	4.99%			
2006	271,049	\$23.530	\$ 6,265	5.50%	0.50%	3.47%			
2005	263,966	\$22.740	\$ 5,894	5.62%	0.50%	0.81%			
2004	248,390	\$22.558	\$ 5,469	5.43%	0.50%	3.52%			
<b><u>Value</u></b>									
December 31,									
2008	1,076,329	\$16.813	\$ 17,836	1.96%	0.50%	(29.76%)			
2007	1,053,843	\$23.936	\$ 25,058	1.50%	0.50%	(1.15%)			
2006	996,118	\$24.215	\$ 23,846	1.58%	0.50%	20.83%			
2005	926,449	\$20.041	\$ 18,398	1.50%	0.50%	5.56%			
2004	809,205	\$18.986	\$ 15,110	1.65%	0.50%	15.81%			

**FIRST INVESTORS LIFE  
LEVEL PREMIUM VARIABLE LIFE INSURANCE**

**NOTES TO FINANCIAL STATEMENTS  
(Continued)**

**December 31, 2008**

1. 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.
2. 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.
3. These amounts represent the total return for the periods indicated, including changes in value of the underlying fund, and expenses assessed through the reduction of unit values. These ratios do not include any expenses assessed through the redemption of units.

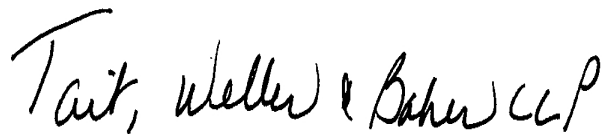
## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
First Investors Life Insurance Company  
New York, New York

We have audited the accompanying balance sheets of First Investors Life Insurance Company as of December 31, 2008 and 2007, and the related statements of income, stockholder's equity and cash flows for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of the Company's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Investors Life Insurance Company as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Tait, Weller & Baker LLP". The signature is written in a cursive, flowing style.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
March 9, 2009

**FIRST INVESTORS LIFE INSURANCE COMPANY  
BALANCE SHEET**

ASSETS

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Investments (note 2):		
Available-for-sale securities .....	\$218,993,984	\$223,764,651
Held-to-maturity securities .....	4,471,745	4,544,936
Short term investments .....	12,829,629	19,732,106
Policy loans .....	<u>62,109,444</u>	<u>60,421,755</u>
Total investments .....	298,404,802	308,463,448
Cash .....	4,101,861	4,358,320
Premiums and other receivables .....	7,779,951	6,128,879
Accrued investment income .....	4,816,279	4,574,927
Deferred policy acquisition costs (note 6) .....	35,041,621	37,873,128
Deferred Federal income taxes (note 7) .....	1,592,000	--
Furniture, fixtures and equipment, at cost, less accumulated depreciation of \$994,479 in 2008 and \$1,089,079 in 2007 .....	175,400	207,681
Other assets.....	436,616	287,247
Separate account assets.....	<u>680,327,324</u>	<u>1,045,831,836</u>
Total assets.....	<u>\$1,032,675,854</u>	<u>\$1,407,725,466</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:

Policyholder account balances (note 6) .....	\$200,092,891	\$192,329,598
Claims and other contract liabilities .....	12,806,505	13,375,403
Accounts payable and accrued liabilities.....	3,373,065	3,858,320
Payable for securities purchased.....	--	8,127,411
Deferred Federal income taxes (note 7) .....	--	3,815,000
Separate account liabilities .....	<u>680,327,324</u>	<u>1,045,831,836</u>
Total liabilities .....	<u>896,599,785</u>	<u>1,267,337,568</u>

STOCKHOLDER'S EQUITY:

Common Stock, par value \$4.75; authorized, issued and outstanding 534,350 shares.....	2,538,163	2,538,163
Additional paid in capital.....	6,496,180	6,496,180
Accumulated other comprehensive income (note 2).....	(7,441,000)	97,000
Retained earnings .....	<u>134,482,726</u>	<u>131,256,555</u>
Total stockholder's equity .....	<u>136,076,069</u>	<u>140,387,898</u>
Total liabilities and stockholder's equity.....	<u>\$1,032,675,854</u>	<u>\$1,407,725,466</u>

See accompanying notes to financial statements.

**FIRST INVESTORS LIFE INSURANCE COMPANY**  
**STATEMENT OF INCOME**

	<u>Year Ended</u> <u>December 31, 2008</u>	<u>Year Ended</u> <u>December 31, 2007</u>	<u>Year Ended</u> <u>December 31, 2006</u>
<b>REVENUES</b>			
Policyholder fees .....	\$20,669,633	\$25,796,409	\$25,671,322
Premiums .....	11,563,053	11,297,074	8,565,425
Investment income (note 2) .....	17,268,657	16,241,366	15,006,050
Realized gain (loss) on investments.....	(6,064,091)	853,898	(570,428)
Other income .....	<u>891,248</u>	<u>870,745</u>	<u>770,547</u>
Total income .....	<u>44,328,500</u>	<u>55,059,492</u>	<u>49,442,916</u>
<b>BENEFITS AND EXPENSES</b>			
Benefits and increases in contract liabilities .....	9,680,933	12,424,338	10,413,116
Dividends to policyholders .....	991,297	1,103,622	824,965
Amortization of deferred acquisition costs (note 6)....	8,914,048	2,640,417	2,966,038
Commissions and general expenses.....	<u>16,728,051</u>	<u>19,096,793</u>	<u>17,195,972</u>
Total benefits and expenses .....	<u>36,314,329</u>	<u>35,265,170</u>	<u>31,400,091</u>
Income before Federal income tax .....	8,014,171	19,794,322	18,042,825
Federal income tax (note 7):			
Current .....	4,311,000	6,715,000	6,195,000
Deferred .....	<u>(1,523,000)</u>	<u>169,000</u>	<u>(28,000)</u>
	<u>2,788,000</u>	<u>6,884,000</u>	<u>6,167,000</u>
Net Income .....	<u>\$ 5,226,171</u>	<u>\$ 12,910,322</u>	<u>\$11,875,825</u>
Income per share, based on 534,350 shares outstanding	<u>\$9.78</u>	<u>\$24.16</u>	<u>\$22.22</u>

See accompanying notes to financial statements.

**FIRST INVESTORS LIFE INSURANCE COMPANY**  
**STATEMENT OF STOCKHOLDER'S EQUITY**

	<u>Year Ended</u> <u>December 31,2008</u>	<u>Year Ended</u> <u>December 31,2007</u>	<u>Year Ended</u> <u>December 31, 2006</u>
Balance at beginning of year .....	\$140,387,898	\$128,656,576	\$118,784,751
Net income.....	5,226,171	12,910,322	11,875,825
Other comprehensive income			
Increase (decrease) in unrealized holding gains on			
available-for-sale securities .....	(7,538,000)	321,000	(504,000)
Comprehensive income (loss) .....	(2,311,829)	13,231,322	11,371,825
Dividends Paid.....	(2,000,000)	(1,500,000)	(1,500,000)
Balance at end of year .....	<u>\$136,076,069</u>	<u>\$140,387,898</u>	<u>\$128,656,576</u>

**STATEMENT OF CASH FLOWS**

	<u>Year Ended</u> <u>December 31, 2008</u>	<u>Year Ended</u> <u>December 31, 2007</u>	<u>Year Ended</u> <u>December 31,2006</u>
Increase (decrease) in cash:			
Cash flows from operating activities:			
Policyholder fees received .....	\$ 21,046,129	\$ 25,538,857	\$ 25,511,558
Premiums received.....	10,440,845	11,481,998	8,390,351
Amounts received on policyholder accounts .....	47,916,700	50,879,724	55,799,508
Investment income received .....	17,689,962	16,827,890	15,561,207
Other receipts.....	411,947	454,153	362,754
Benefits and contract liabilities paid.....	(50,117,234)	(50,887,176)	(59,012,139)
Commissions and general expenses paid.....	(27,108,378)	(28,432,982)	(27,359,198)
Net cash provided by operating activities .....	<u>20,279,971</u>	<u>25,862,464</u>	<u>19,254,041</u>
Cash flows from investing activities:			
Proceeds from sale of investment securities .....	173,975,184	74,033,607	44,802,029
Purchase of investment securities .....	(190,723,419)	(90,424,772)	(56,814,165)
Purchase of furniture, equipment and other assets.....	(100,506)	(427,313)	(13,055)
Net increase in policy loans .....	(1,687,689)	(6,454,589)	(4,596,483)
Net cash used for investing activities.....	<u>(18,536,430)</u>	<u>(23,273,067)</u>	<u>(16,621,674)</u>
Cash flows from financing activities:			
Dividends paid.....	(2,000,000)	(1,500,000)	(1,500,000)
Net cash used for financing activities .....	<u>(2,000,000)</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>
Net increase (decrease) in cash.....	(256,459)	1,089,397	1,132,367
Cash			
Beginning of year .....	<u>4,358,320</u>	<u>3,268,923</u>	<u>2,136,556</u>
End of year .....	<u>\$ 4,101,861</u>	<u>\$ 4,358,320</u>	<u>\$ 3,268,923</u>

The Company paid Federal income taxes of \$5,526,000 in 2008, \$6,508,000 in 2007 and \$5,879,000 in 2006.

See accompanying notes to financial statements.

**FIRST INVESTORS LIFE INSURANCE COMPANY**  
**STATEMENT OF CASH FLOWS**

	<u>Year ended</u> <u>December 31, 2008</u>	<u>Year Ended</u> <u>December 31, 2007</u>	<u>Year Ended</u> <u>December 31, 2006</u>
Reconciliation of net income to net cash provided by operating activities:			
Net income.....	\$ 5,226,171	\$ 12,910,322	\$ 11,875,825
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	113,636	74,044	47,819
Amortization of deferred policy acquisition costs	8,914,048	2,640,417	2,966,038
Realized investment (gains) losses .....	6,064,091	(853,898)	570,428
Amortization of premiums and discounts on investments .....	662,657	694,094	736,914
Deferred Federal income taxes .....	(1,523,000)	169,000	(28,000)
Other items not requiring cash - net.....	24,411	(6,633)	5,253
(Increase) decrease in:			
Premiums and other receivables, net .....	(1,651,072)	342,456	(232,752)
Accrued investment income.....	(241,352)	(107,570)	(181,757)
Deferred policy acquisition costs, exclusive of amortization.....	(3,888,541)	(3,600,070)	(4,100,061)
Other assets.....	(130,218)	1,450	7,205
Increase (decrease) in:			
Policyholder account balances.....	7,763,293	12,392,529	8,549,172
Claims and other contract liabilities .....	(568,898)	398,658	(814,890)
Accounts payable and accrued liabilities.....	<u>(485,255)</u>	<u>807,665</u>	<u>(147,153)</u>
	<u>\$ 20,279,971</u>	<u>\$ 25,862,464</u>	<u>\$ 19,254,041</u>

See accompanying notes to financial statements.

# FIRST INVESTORS LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

### *Note 1 — Basis of Financial Statements*

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). Such basis of presentation differs from statutory accounting practices permitted or prescribed by insurance regulatory authorities primarily in that:

- (a) policy reserves are computed according to the Company's estimates of mortality, investment yields, withdrawals and other benefits and expenses, rather than on the statutory valuation basis;
- (b) certain expenditures, principally for furniture and equipment and agents' debit balances, are recognized as assets rather than being non-admitted and therefore charged to retained earnings;
- (c) commissions and other costs of acquiring new business are recognized as deferred acquisition costs and are amortized over the premium paying period of policies and contracts, rather than charged to current operations when incurred;
- (d) income tax effects of temporary differences, relating primarily to policy reserves and acquisition costs, are provided;
- (e) the statutory asset valuation and interest maintenance reserves are reported as retained earnings rather than as liabilities;

### *Note 2 — Other Significant Accounting Practices*

(a) *Accounting Estimates.* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(b) *Depreciation.* Depreciation is computed on the useful service life of the depreciable asset using the straight line method of depreciation over three to seven years.

(c) *Investments.* Investments in equity securities that have readily determinable fair values and all investments in debt securities are classified in separate categories and accounted for as follows:

#### **Held-to-Maturity Securities**

Debt securities in which the Company has the positive intent and ability to hold to maturity are recorded at amortized cost.

#### **Available-For-Sale Securities**

Debt securities not classified as held to maturity securities and equity securities are recorded at fair value with unrealized gains and losses excluded from earnings and reported as "accumulated other comprehensive income" in stockholder's equity.

Short term investments are reported at market value which approximates cost.

Gains and losses on sales of investments are determined using the specific identification method. Investment income for the years indicated consists of the following:

	<u>Year Ended</u> <u>December 31, 2008</u>	<u>Year Ended</u> <u>December 31, 2007</u>	<u>Year Ended</u> <u>December 31, 2006</u>
Interest on fixed maturities .....	\$ 13,221,034	\$ 12,535,859	\$ 11,621,791
Interest on short term investments .....	393,143	732,024	681,916
Dividends on preferred stock .....	498,260	--	--
Interest on policy loans .....	<u>3,761,330</u>	<u>3,500,012</u>	<u>3,155,442</u>
Total investment income .....	17,873,767	16,767,895	15,459,149
Investment expense .....	<u>605,110</u>	<u>526,529</u>	<u>453,099</u>
Net investment income .....	<u>\$17,268,657</u>	<u>\$ 16,241,366</u>	<u>\$ 15,006,050</u>

**FIRST INVESTORS LIFE INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

The amortized cost and estimated market values of investments at December 31, 2008 and 2007 are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Market Value</u>
<u>Available-For-Sale Securities</u>				
<u>December 31, 2008</u>				
U.S. Treasury Securities and obligations of U.S. Government Corporations and Agencies .....	\$ 84,059,066	\$ 2,100,561	\$ 2,635	\$ 86,156,992
Debt Securities issued by				
States of the U.S.....	7,124,488	524,671	86,063	7,563,096
Corporate Debt Securities.....	121,466,314	849,561	15,793,121	106,522,754
Preferred Stock .....	2,886,010	--	1,131,510	1,754,500
Other Debt Securities .....	<u>17,040,106</u>	<u>714,407</u>	<u>757,871</u>	<u>16,996,642</u>
	<u>\$232,575,984</u>	<u>\$ 4,189,200</u>	<u>\$ 17,771,200</u>	<u>\$218,993,984</u>
<u>December 31, 2007</u>				
U.S. Treasury Securities and obligations of U.S. Government Corporations and Agencies .....	\$ 99,273,486	\$ 1,035,238	\$ 139,296	\$100,169,428
Debt Securities issued by				
States of the U.S.....	4,330,022	392	1,904	4,328,510
Corporate Debt Securities.....	107,894,276	1,374,064	2,265,419	107,002,921
Preferred Stock .....	2,044,620	31,380	--	2,076,000
Other Debt Securities .....	<u>10,188,247</u>	<u>137,931</u>	<u>138,386</u>	<u>10,187,792</u>
	<u>\$223,730,651</u>	<u>\$ 2,579,005</u>	<u>\$ 2,545,005</u>	<u>\$223,764,651</u>

At December 31, 2008 and 2007, Unrealized Gains (Losses) on Available-For-Sale Securities of (\$7,441,000) and \$97,000, net of applicable deferred income taxes and amortization of deferred acquisition cost is included as accumulated other comprehensive income in Stockholder's Equity. The change in the Unrealized Gains (Losses) of (\$7,538,000), \$321,000 and (\$504,000) net of deferred income taxes (benefit) and amortization of deferred acquisition costs of (\$6,078,000), \$257,000 and (\$404,000) for 2008, 2007 and 2006, respectively is reported as other comprehensive income in the Statement of Stockholder's Equity.

Held-To-Maturity Securities

December 31,2008

U.S. Treasury Securities and obligations of U.S. Government Corporations and Agencies* .....	<u>\$ 4,471,745</u>	<u>\$ 108,134</u>	<u>\$ —</u>	<u>\$ 4,579,879</u>
	<u>\$ 4,471,745</u>	<u>\$ 108,134</u>	<u>\$ —</u>	<u>\$ 4,579,879</u>

December 31,2007

U.S. Treasury Securities and obligations of U.S. Government Corporations and Agencies* .....	<u>\$ 4,544,936</u>	<u>\$ 83,685</u>	<u>\$ —</u>	<u>\$ 4,628,621</u>
	<u>\$ 4,544,936</u>	<u>\$ 83,685</u>	<u>\$ —</u>	<u>\$ 4,628,621</u>

\*These securities are on deposit for various state insurance departments and are therefore restricted as to sale.

# FIRST INVESTORS LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS (Continued)

The amortized cost and estimated market value of debt securities at December 31, 2008, 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.

	Held to Maturity		Available For Sale	
	Amortized	Estimated	Amortized	Estimated
	Cost	Market Value	Cost	Market Value
Due in one year or less .....	\$ 4,471,745	\$ 4,579,879	\$ 4,060,546	\$ 4,041,405
Due after one year through five years.....	—	—	60,492,337	55,623,121
Due after five years through ten years .....	—	—	97,193,747	90,117,054
Due after ten years.....	—	—	67,943,346	67,457,904
	<u>\$ 4,471,745</u>	<u>\$ 4,579,879</u>	<u>\$229,689,976</u>	<u>\$217,239,484</u>

Proceeds from sales of investments in fixed maturities were \$167,085,232, \$74,033,607 and \$43,108,427 in 2008, 2007 and 2006, respectively. Gross gains of \$815,814 and gross losses of \$6,891,791 were realized on those sales in 2008. Gross gains of \$1,408,497 and gross losses of \$554,599 were realized on those sales in 2007. Gross gains of \$498,605 and gross losses of \$1,069,033 were realized on those sales in 2006. During 2008, the Company determined that \$2,495,767 of unrealized losses were other than temporarily impaired on available-for-sale securities.

(d) *Recognition of Revenue, Policyholder Account Balances and Policy Benefits*

### Traditional Ordinary Life and Health

Revenues from the traditional life insurance policies represent premiums that are recognized as earned when due. Health insurance premiums are recognized as revenue over the time period to which the premiums relate. Benefits and expenses are associated with earned premiums so as to result in recognition of profits over the lives of the contracts. This association is accomplished by means of the provision for liabilities for future policy benefits and the deferral and amortization of policy acquisition costs. Contract benefit claims are charged to expense in the period that the claims are incurred.

### Universal Life and Variable Life

Revenues from universal life and variable life policies represent amounts assessed against policyholders. Included in such assessments are mortality charges, surrender charges and policy service fees.

Policyholder account balances on universal life consist of the premiums received plus credited interest ranging from 4 ½ percent to 5 percent, less accumulated policyholder assessments. Amounts included in expense represent benefits in excess of policyholder account balances. The value of policyholder accounts on variable life is included in separate account liabilities as discussed below.

### Annuities

Revenues from annuity contracts represent amounts assessed against contractholders. Such assessments are principally sales charges, administrative fees, and in the case of variable annuities, mortality and expense risk charges. The carrying value and fair value of fixed annuities are equal to the policyholder account balances, which represent the net premiums received plus accumulated interest.

(e) *Separate Accounts.* Separate account assets and the related liabilities, both of which are valued at market, represent segregated variable annuity and variable life contracts maintained in accounts to meet specific investment objectives of contractholders who bear the investment risk. All investment income (gains and losses of these accounts) accrues directly to the contractholders and therefore does not affect net income of the Company. The assets supporting the variable portion of the variable annuity and variable life contracts are carried at fair value and are reported as summary total separate assets with an equivalent summary total reported for liabilities. Amounts assessed against the contractholders for mortality, administrative and other services are included in policyholder benefits in the Statement of Income.

**FIRST INVESTORS LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

(f) *Minimum Guarantees.* The Company issues variable annuity contracts through separate accounts where the Company contractually guarantees to the contractholder (1) total deposits made to the contract less any partial withdrawals and (2) the account balance on a specified anniversary date adjusted for deposits less partial withdrawals since the specified anniversary date. This guarantee includes benefits that are payable in the event of death.

(g) *Business Risks and Uncertainties.* The development of liabilities for future policy benefits for the Company's products requires management to make estimates and assumptions regarding mortality, morbidity, lapse, expense, persistency and investment experience. Such estimates are primarily based on historical experience and future expectations of mortality, morbidity, lapse, expense, persistency and investment assumptions. Actual results could differ materially from these estimates. Management monitors actual experience and, if circumstances warrant, revises its assumptions and related future policy benefit estimates. 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 balance sheet.

(h) *Comprehensive Income.* Comprehensive income includes net income and unrealized gains and losses on available-for-sale securities and is presented in the Statement of Stockholder's Equity. Accumulated other comprehensive income is a component of stockholder's equity and consists of unrealized gains and losses on available-for-sale securities.

Note 3 — Fair Value of Financial Instruments

The carrying amounts for cash, short-term investments and policy loans as reported in the accompanying balance sheet approximate their fair values. Short-term investments are carried primarily at amortized cost. The fair values for fixed maturity and equity-securities are based upon quoted market prices, where available or are estimated using values from independent pricing services.

The carrying amounts for the Company's liabilities under investment - type contracts approximate their fair values because interest rates credited to account balances approximate current rates paid on similar investments and are generally not guaranteed beyond one year. Fair values for the Company's insurance contracts other than investment - type contracts are not required to be disclosed. However, the fair values of liabilities for all insurance contracts are taken into consideration in the overall management of interest rate risk, which minimizes exposure to changing interest rates.

On January 1, 2008, the Company adopted Financial Accounting Standards Board No. 157, "Fair Value Measurements ("FAS 157"), which was issued in September 2006 effective for fiscal years beginning after November 15, 2007. For financial statement elements currently required to be measured at fair value, FAS 157 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under FAS 157 are described below.

Level 1 – Quoted prices in active markets for identical securities

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For example, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are reflected as level 2.

## FIRST INVESTORS LIFE INSURANCE COMPANY

### NOTES TO FINANCIAL STATEMENTS (Continued)

The summary of inputs used to value the Company's assets that are carried at fair value as of December 31, 2008 is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Available-for-sale securities .....	\$ 218,993,984	\$ 2,987,660	\$216,006,324	\$ --
Held-to-maturity securities .....	4,471,745	--	4,471,745	--
Short-term investments (1) .....	12,246,303	1,474,503	10,771,800	--
Separate account assets (2) .....	<u>680,327,324</u>	<u>680,327,324</u>	<u>--</u>	<u>--</u>
Total assets accounted for at fair value .....	<u>\$916,039,356</u>	<u>\$684,789,487</u>	<u>\$231,249,869</u>	<u>\$ --</u>

(1) – Excludes an investment in an affiliate, which is carried at equity.

(2) – The total value of separate account liabilities is set to equal the fair value of the separate account assets.

#### *Note 4 — Retirement Plans*

The Company participates in a non-contributory profit sharing plan for the benefit of its employees and those of other wholly-owned subsidiaries of its parent. The profit sharing plan provides for retirement benefits based upon earnings. Vesting of benefits is based upon years of service. For the years ended December 31, 2008, 2007 and 2006, the Company charged operations approximately \$200,000, \$159,000 and \$142,000 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. Contributions to this plan were not material.

#### *Note 5 — Commitments and Contingent Liabilities*

The Company has agreements with affiliates and non-affiliates as follows:

(a) The Company's maximum retention on any one life is \$250,000. 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 that any reinsurance company may be unable to meet. The Company had reinsured approximately 41%, 39% and 35% of its net life insurance in force at December 31, 2008, 2007 and 2006. The Company also had assumed reinsurance amounting to approximately 18%, 18% and 22% of its net life insurance in force at the respective year-ends. None of these transactions had any material effect on the Company's operating results.

(b) The Company and certain affiliates share office space, data processing facilities and management personnel. Charges for these services are based upon the Company's proportionate share of: space occupied, usage of data processing facilities and time allocated to management. During the years ended December 31, 2008, 2007 and 2006, the Company paid approximately \$2,965,000, \$3,095,000 and \$2,902,000, respectively, for these services. In addition, the Company reimbursed an affiliate approximately \$4,173,000 in 2008, \$5,410,000 in 2007, and \$5,620,000 in 2006 for commissions relating to the sale of its products.

The Company maintains a checking account with a financial institution, which is also a wholly-owned subsidiary of its parent. The balance in this account was approximately \$1,124,000 at December 31, 2008 and \$891,000 at December 31, 2007.

(c) 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.

**FIRST INVESTORS LIFE INSURANCE COMPANY**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

*Note 6 — Adjustments Made to Statutory Accounting Practices*

Note 1 describes some of the common differences between statutory practices and generally accepted accounting principles. The effects of these differences for the years ended December 31, 2008, 2007 and 2006 are shown in the following table in which net income and capital shares and surplus reported therein on a statutory basis are adjusted to a GAAP basis.

	<b>Net Income</b>			<b>Capital Shares and Surplus</b>		
	<b>Year Ended December 31</b>			<b>at December 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Reported on a statutory basis .....	\$ 8,756,781	\$12,174,023	\$12,012,244	\$119,664,009	\$113,027,491	\$102,803,976
Adjustments:						
Deferred policy acquisition costs (b) .....	(5,025,507)	959,653	1,134,023	35,041,621	37,873,128	37,003,475
Future policy benefits (a) .....	2,515,737	408,024	110,348	(1,856,029)	(4,371,766)	(4,779,790)
Deferred income taxes .....	1,523,000	(796,000)	28,000	(1,388,000)	(5,945,000)	(4,912,000)
Premiums due and deferred (e) .....	(341,440)	(265,853)	(887,785)	(3,338,183)	(2,996,743)	(2,730,889)
Non-admitted assets .....	—	—	—	710,249	580,633	212,697
Asset valuation reserve .....	—	—	—	609,872	1,686,653	1,527,449
Interest maintenance reserve .....	177,105	61,380	86,793	—	499,502	75,658
Gross unrealized holding gains (losses) on available-for-sale securities .....	—	—	—	(13,367,470)	34,000	(544,000)
Net realized capital gains (losses) .....	(3,568,324)	549,187	(912,947)	—	—	—
Other .....	1,188,819	(180,092)	305,149	—	—	—
	<u>(3,530,610)</u>	<u>736,299</u>	<u>(136,419)</u>	<u>16,412,060</u>	<u>27,360,407</u>	<u>25,852,600</u>
In accordance with generally accepted accounting principles .....	<u>\$ 5,226,171</u>	<u>\$12,910,322</u>	<u>\$11,875,825</u>	<u>\$136,076,069</u>	<u>\$140,387,898</u>	<u>\$128,656,576</u>
Per share, based on 534,350 shares outstanding .....	<u>\$9.78</u>	<u>\$24.16</u>	<u>\$22.22</u>	<u>\$254.66</u>	<u>\$262.73</u>	<u>\$240.77</u>

**FIRST INVESTORS LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

The following is a description of the significant policies used to adjust the net income and capital shares and surplus from a statutory to a GAAP basis.

(a) Liabilities for future policy benefits have been computed primarily by the net level premium method with assumptions as to anticipated mortality, withdrawals and investment yields. The composition of the policy liabilities and the more significant assumptions pertinent thereto are presented below:

<u>Distribution of Liabilities*</u>			<u>Basis of Assumptions</u>		
<u>2008</u>	<u>2007</u>	<u>Years of Issue</u>	<u>Interest</u>	<u>Mortality Table</u>	<u>Withdrawal</u>
Non-par:					
\$ 758,674	\$ 754,607	1962-1967	4½%	1955-60 Basic Select plus Ultimate	Linton B
3,126,905	3,219,045	1968-1988	5½%	1955-60 Basic Select plus Ultimate	Linton B
502,971	475,513	1984-1988	7½%	85% of 1965-70 Basic Select plus Ultimate	Modified Linton B
244,716	230,291	1989-Present	7½%	1975-80 Basic Select plus Ultimate	Linton B
13,149	16,905	1989-Present	7½%	1975-80 Basic Select plus Ultimate	Actual
11,892	12,567	1989-Present	8%	1975-80 Basic Select plus Ultimate	Actual
62,376,049	58,383,722	1985-Present	4.5%	Accumulation of Funds	—
Par:					
131,421	139,085	1966-1967	4½%	1955-60 Basic Select plus Ultimate	Linton A
11,620,208	11,820,943	1968-1988	5½%	1955-60 Basic Select plus Ultimate	Linton A
1,044,732	1,055,028	1981-1984	7¼%	90% of 1965-70 Basic Select plus Ultimate	Linton B
5,071,808	5,318,632	1983-1988	9½%	80% of 1965-70 Basic Select plus Ultimate	Linton B
29,536,275	28,662,319	1990-Present	8%	66% of 1975-80 Basic Select plus Ultimate	Linton B
Annuities:					
14,813,461	15,724,970	1976-Present	4%	Accumulation of Funds	—
Miscellaneous:					
72,489,271	68,167,708	1962-Present	2½%-3½%	1958-CSO	None

\* The above amounts are before deduction of deferred premiums of \$1,648,641 in 2008 and \$1,651,737 in 2007.

(b) The costs of acquiring new business, principally commissions and related agency expenses, and certain costs of issuing policies, such as medical examinations and inspection reports, all of which vary with and are primarily related to the production of new business, have been deferred. Costs deferred on universal life and variable life are amortized as a level percentage of the present value of anticipated gross profits resulting from investment yields, mortality and surrender charges. The assumptions used in the estimation of future gross profits are based on the Company's current best estimate of future events and are reviewed annually by the Company. Costs deferred on traditional ordinary life and health are amortized over the premium-paying period of the related policies in proportion to the ratio of the annual premium revenue to the total anticipated premium revenue. Anticipated premium revenue was estimated using the same assumptions that were used for computing liabilities for future policy benefits. In 2007, the Company applied Statement of Position 05-1, "Accounting by Insurance Enterprises for Deferred Acquisition Costs ("DAC") in Connection with Modifications or Exchanges of Insurance Contracts", ("SOP 05-1"). SOP 05-1 provides guidance on accounting by insurance enterprises for DAC on internal replacements of insurance and investment contracts. The effect of adopting SOP 05-1 had no material effect on the financial statements of the Company. Amortization of \$8,914,048 in 2008, \$2,640,417 in 2007 and \$2,966,038 in 2006 was charged to operations.

(c) Participating business represented 2.1% and 2.2% of individual life insurance in force at December 31, 2008 and 2007, respectively.

The Board of Directors annually approves a dividend formula for calculation of dividends to be distributed to participating policyholders.

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 \$.50 per thousand dollars of participating insurance in force. Earnings in excess of that limit must be excluded from shareholders' equity 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. It is anticipated, however, that the participating lines will be profitable over the lives of the policies.

(d) 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 \$110,629,667, \$103,993,099 and \$93,769,584 at December 31, 2008, 2007 and 2006, respectively.

(e) Statutory due and deferred premiums are adjusted to conform to the expected premium revenue used in computing future benefits and deferred policy acquisition costs. In this regard, the GAAP due premium is recorded as an asset and the GAAP deferred premium is applied against future policy benefits.

# FIRST INVESTORS LIFE INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Note 7 — Federal Income Taxes

The Company joins with its parent company and other affiliated companies in filing a consolidated Federal income tax return. The provision for Federal income taxes is determined on a separate company basis. Management has analyzed the Company's tax positions taken on federal, state and local income tax returns for all open tax years (2005 – 2008) and has concluded that no additional adjustments are required in the Company's financial statements.

Retained earnings at December 31, 2008 included approximately \$146,000 which is defined as "policyholders' surplus" and may be subject to Federal income tax at ordinary corporate rates under certain future conditions, including distributions to stockholders.

Deferred tax liabilities (assets) are comprised of the following:

	2008	2007
Deferred Tax Assets:		
Policyholder dividend provision .....	\$ (340,085)	\$ (383,320)
Non-qualified agents' pension plan reserve .....	(28,389)	(39,255)
Future policy benefits .....	(2,625,353)	(3,506,504)
Unrealized holding losses on Available-For-Sale Securities .....	(3,833,000)	--
Write down of securities .....	(873,518)	--
Other .....	(393,752)	(383,929)
Total Deferred Tax Assets .....	(8,094,097)	(4,313,008)
Deferred Tax Liabilities:		
Deferred policy acquisition costs .....	6,459,865	8,031,667
Bond discount .....	42,232	45,341
Unrealized holding gains on Available-For-Sale Securities .....	--	51,000
Total Deferred Tax Liabilities .....	6,502,097	8,128,008
Net Deferred Tax (Assets) Liabilities .....	\$ (1,592,000)	\$ 3,815,000

### Note 8 — Variable Annuity Contracts

The Company maintains traditional variable annuity contracts through its separate accounts, for which investment income (gains and losses of these accounts) accrues directly to, and investment risk is borne by, the contractholder. The Company provides a guarantee to benefit the related contractholder or GMDB. The GMDB provides a specified minimum return upon death. The Company offers two primary GMDB types:

- Return of premium – provides the greater of account value or total deposits made to the contract less any partial withdrawals.
- Reset – provides the greater of a return of premium death benefit or the anniversary (the seventh year) account value adjusted for withdrawals.

As of December 31, 2008 and 2007 the net amount of risk on the above GMDB was approximately \$42.1 million and \$2.5 million; respectively. The net amount at risk is calculated on a seriatim basis and represents the greater of the respective guaranteed benefit less the account value. The account balance of contracts with guarantees were invested in fixed income (\$115 million in 2008; \$121 million in 2007), equity (\$245 million in 2008; \$432 million in 2007) and money market (\$11 million in 2008; \$13 million in 2007) mutual funds.