

SUPPLEMENT DATED JANUARY 31, 2012
TO THE STATEMENT OF ADDITIONAL INFORMATION FOR THE
FIRST INVESTORS LIFE VARIABLE ANNUITY FUND C
FIRST INVESTORS LIFE VARIABLE ANNUITY FUND D
INDIVIDUAL VARIABLE ANNUITY CONTRACTS
OFFERED BY
FIRST INVESTORS LIFE INSURANCE COMPANY
DATED MAY 1, 2011

The second paragraph under the heading “Services” on page 4 of the Statement of Additional Information is deleted in its entirety and replaced with the following:

Independent Registered Public Accounting Firm. KPMG LLP, 345 Park Avenue, New York, NY 10154, has been selected as the independent registered public accounting firm for Separate Account C and Separate Account D. First Investors Life pays KPMG LLP a fee for serving as the independent registered public accounting firm for each Separate Account, which is set by the Audit Committee of the Board of Directors of First Investors Life.

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FIRST INVESTORS LIFE VARIABLE ANNUITY FUND C
FIRST INVESTORS LIFE VARIABLE ANNUITY FUND D
INDIVIDUAL VARIABLE ANNUITY CONTRACTS
OFFERED BY
FIRST INVESTORS LIFE INSURANCE COMPANY

Statement of Additional Information dated May 1, 2011

This Statement of Additional Information (“SAI”) is not a Prospectus and should be read in conjunction with the Prospectuses for the variable annuity contracts funded by First Investors Life Variable Annuity Fund C and First Investors Life Variable Annuity Fund D, which may be obtained at no cost by writing to First Investors Life Insurance Company, Raritan Plaza 1, Edison, New Jersey 08837, or by telephoning (800) 342-7963 or by visiting our website at www.firstinvestors.com. First Investors Life Variable Annuity Fund C currently funds two variable annuity contracts: an individual variable annuity contract called the “Tax Tamer I” with prospectus dated May 1, 2011 and an individual variable annuity contract called the “First Choice” with prospectus dated May 1, 2011. First Investors Life Variable Annuity Fund D currently funds an individual variable annuity contract called the “Tax Tamer II” with prospectus dated May 1, 2011.

The terms in this SAI have the same meaning as in the Prospectuses.

TABLE OF CONTENTS

	<u>Page</u>
General Description	2
Services	4
Valuation.....	4
Other Information.....	6
Relevance of Financial Statements	7
Appendices	8
Financial Statements.....	13

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 and annuities. 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”). The Independent Order of Foresters (“Foresters”) controls FICC and, therefore, the Adviser and First Investors Life. 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 First Investors Life.

Name	FIL Office	Principal Occupation for Last Five Years
Bernard E. Bloom	Director	Director Foresters since 2000; Director Foresters Life Limited since 2000.
Carol Lerner Brown	Secretary	Assistant Secretary FIC since 1989; Secretary FIMCO since 1989, Secretary FICC 1989-2011, Assistant Secretary FICC since 2011.
William H. Drinkwater	Senior Vice President and Chief Actuary	Senior Vice President and Chief Actuary FIL since 2003.
Lawrence M. Falcon	Senior Vice President and Comptroller	Senior Vice President and Comptroller FIL since 1990.
Richard M. Freeborough	Director	Chairman of the Board since 2009 and Director Foresters since 2005; Director ResMor Trust Company since 2009; Independent Review Committee Member Acuity Investment Funds since 2007; Chairman of the Board and Director Seniors Money Limited since 2007; Director RGA Life Reinsurance Company of Canada since 2006; Governor University of Guelph since 2005; Director ACE INA Insurance from 2005 to 2010; Director Triad Guaranty Insurance Corporations Canada from 2006 to 2008.
Richard H. Gaebler	Director	Retired since January 2000.
Sharon T. Giffen	Director	Senior Vice President and Chief Financial Officer Foresters since 2009; Senior Vice President and Chief Actuary, Vice President Actuarial, Vice President Product Management Foresters from 2000 to 2009.
Jason Helbraun	Assistant Vice President	Assistant Vice President FIL since 2006; Corporate Actuary FIL 2005 – 2006.
William M. Lipkus	Vice President, Chief Financial Officer and Treasurer	Chief Financial Officer FIC and FICC since 1997; Vice President FIL since 1996; Chief Financial Officer FIL since 1998; Treasurer FIL since 2008.
Louise H. L. McCormick	Director	Director Foresters since 2005; Director Duncaster, Inc. since 2005; Trustee and Board President Hartford Art School, Inc. since 2005; Director Heska, Inc. since 2000.

George S. Mohacsi	Director	President and Chief Executive Officer Foresters since 2005.
Glen Mueller	Vice President and Chief Underwriter	Vice President and Chief Underwriter FIL since 2005.
Christopher H. Pinkerton	Chairman and Director	President and Director FICC; Chairman, President and Director FIMCO, and Administrative Data Management Corp. since 2011; Chairman and Director FIL and FIC since 2011; President Foresters US Division since 2008, Chairman Foresters Equity Services since 2007, and Chairman Foresters Financial Partners since 2006; Senior Vice President Foresters North American Sales and Marketing from 2005 to 2007.
David Schimmel	Assistant Vice President	Assistant Vice President FIL since 2006; Manager FIL 2001 – 2006.
John B. Scott	Director	Director Foresters since 2009; Director Trustmark Insurance from 2000 to 2009.
John Shey	Assistant Vice President	Assistant Vice President FIL since 2006; Actuary FIL 2002 – 2006.
Carol E. Springsteen	President and Director	President and Director FIL since 2003.

Separate Account Assets. First Investors Life Variable Annuity Fund C (“Separate Account C”) was established on December 21, 1989. First Investors Life Variable Annuity Fund D (“Separate Account D”) was established on April 8, 1997. Each Separate Account was established under the provisions of the New York Insurance Law. Each Separate Account’s assets are segregated from the assets of First Investors Life, and that portion of each Separate Account’s assets having a value equal to, or approximately equal to, the reserves and contract liabilities under the Contracts for the respective Separate Account are not chargeable with liabilities arising out of any other business of First Investors Life. Each Separate Account is registered with the Securities and Exchange Commission (“Commission”) as a unit investment trust under the Investment Company Act of 1940, as amended (the “1940 Act”), but such registration does not involve any supervision by the Commission of the management or investment practices or policies of the Separate Account.

The assets of each Separate Account are invested at net asset value in shares of a corresponding series (each a “Fund” and collectively “Funds”) of the 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 the Life Series Funds. The Life Series Funds contains eleven separate Funds: 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 2015 Fund and Value Fund. All of these Funds are available under the Tax Tamer I, Tax Tamer II and First Choice Contracts.

SERVICES

Custodian. First Investors Life, subject to applicable laws and regulations, is the custodian of the securities of the Subaccounts of Separate Account C and Separate Account D.

Independent Registered Accounting Firm. Tait, Weller & Baker, LLP, 1818 Market Street, Philadelphia, PA 19103, an independent registered accounting firm, has been selected as the independent accountants for Separate Account C and Separate Account D. First Investors Life pays Tait, Weller & Baker a fee for serving as the independent accountants for each Separate Account which is set by the Audit Committee of the Board of Directors of First Investors Life.

Underwriter. First Investors Life and each Separate Account 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. For the fiscal years ended December 31, 2008, 2009, and 2010, FIC received fees from Separate Account C of \$63,531, \$38,844 and \$352,227, respectively, in connection with the distribution of the Contracts in a continuous offering. For the fiscal years ended December 31, 2008, 2009 and 2010, FIC received fees from Separate Account D of \$771,689, \$478,651 and \$304,272 respectively, in connection with the distribution of the Contracts in a continuous offering.

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

The Contracts for both Separate Accounts are sold by insurance agents licensed to sell variable annuities, who are registered representatives of the Underwriter or broker-dealers who have sales agreements with the Underwriter.

VALUATION

Value of an Accumulation Unit. For each Subaccount of Separate Account C and each Subaccount of Separate Account D, the value of an Accumulation Unit was arbitrarily initially set at \$10.00. The value of an Accumulation Unit for any subsequent Valuation Period is determined by multiplying the value of an Accumulation Unit for the immediately preceding Valuation Period by the Net Investment Factor for the Valuation Period for which the Accumulation Unit Value is being

calculated (see Appendix I, Example B). The investment performance of each Fund, and expenses and deductions of certain charges, affect the Accumulation Unit Value. The value of an Accumulation Unit for the Subaccounts may increase or decrease from Valuation Period to Valuation Period.

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

(a) is the net result of:

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

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

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

(c) is a factor representing the charges deducted for mortality and expense risks. For Separate Account C, such factor is equal on an annual basis to 1.00% of the daily net asset value of the applicable Subaccount. For Separate Account D, such factor is equal on an annual basis to 1.40% of the daily net assets value of the applicable Subaccount.

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

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

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

Amount of Annuity Payments. When annuity payments are to commence, the Accumulated Value (or the Accumulation Value for First Choice Contracts) to be applied to a variable annuity option will be determined by multiplying the value of an Accumulation Unit for the Business Day (or the Valuation Date for First Choice Contracts) on or immediately preceding the seventh day before the Annuity Commencement Date (or the Maturity Date for First Choice Contracts) by the number of Accumulation Units owned. This seven day period is used to permit calculation of amounts of annuity payments and mailing of checks in advance of the due date. At that time any applicable Premium taxes not previously deducted may be deducted from the Accumulated Value to determine the net Accumulated Value. For First Choice Contracts, the net amount to be applied to an Annuity Option, the Net Accumulation Value, consists of the amounts derived from the Accumulation Units, as described above, as well as the Fixed Account Accumulation Value. The resultant value is then applied to the Annuity Tables set forth in the Contract to determine the amount of the first monthly annuity

payment. The Contract contains Annuity Tables setting forth the amount of the first monthly installment for each \$1,000 of Accumulated Value applied. These Annuity Tables vary according to the Annuity Option selected by the Contractowner and according to the sex and adjusted age of the Annuitant and any Joint Annuitant at the Annuity Commencement Date. The Contracts contain a formula for determining the adjusted age. The Annuity Tables are determined from the Progressive Annuity Table with interest at 3.5% per year and assumes births prior to 1900, adjusted by a setback of four years of age for persons born 1900 and later and an additional setback of one year of age for each completed five years by which the year of birth is later than 1900, except for First Choice Contracts. For First Choice Contracts the Annuity Tables are determined from the A2000 Individual Annuitant Mortality Table Age Last Birthday and an Assumed Investment Return of 3.00% or a different rate chosen by the Contractowner and the adjusted age is the age of the annuitant minus one year for each completed 10-year period measured from the year 2000 to the date of Annuity Payment Option commencement. Annuity Tables used by other insurers may provide greater or less benefits to the Annuitant.

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

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

OTHER INFORMATION

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

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

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

Assignment. Any amounts payable under the Contracts may not be commuted, alienated, assigned or otherwise encumbered before they are due. To the extent permitted by law, no such payments shall be subject in any way to any legal process to subject them to payment of any claims

against any Annuitant, Joint Annuitant or Beneficiary. The Contracts may be assigned. No assignment of a Contract shall be binding on First Investors Life unless such assignment is in writing and is filed with First Investors Life at its home office.

RELEVANCE OF FINANCIAL STATEMENTS

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

APPENDICES

APPENDIX I

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

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

Where:

A = The Net Asset Value of a Fund share as of the end of the current Valuation Period. Assume.....	=	\$8.51000000
B = The per share amount of any dividend or capital gains distribution since the end of the immediately preceding Valuation Period. Assume.....	=	0
C = The Net Asset Value of a Fund share as of the end of the immediately preceding Valuation Period. Assume.....	=	\$8.39000000
D = The daily deduction for mortality and expense risks, which totals 1.0% on an annual basis. On a daily basis.....	=	.00002740
Then, the Net Investment Factor = $\frac{8.51000000 + 0}{8.39000000} - .00002740$		1.01427534

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

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

Where:

A = The Net Asset Value of a Fund share as of the end of the current Valuation Period. Assume.....	=	\$8.51000000
B = The per share amount of any dividend or capital gains distribution since the end of the immediately preceding Valuation Period. Assume.....	=	0
C = The Net Asset Value of a Fund share as of the end of the immediately preceding Valuation Period. Assume.....	=	\$8.39000000
D = The daily deduction for mortality and expense risks and administration, which totals 1.4% on an annual basis. On a daily basis.....	=	.00003836
Then, the Net Investment Factor = $\frac{8.51000000 + 0}{8.39000000} - .00003836$		1.01426438

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

Accumulation Unit Value = A x B

Where:

A = The Accumulation Unit Value for the immediately preceding Valuation Period. Assume.....	=	\$1.46328760
B = The Net Investment Factor for the current Valuation Period. Assume.....	=	1.01427534
Then, the Accumulation Unit Value = \$1.46328760 x 1.01427534	=	1.48417653

Formula and Illustration for Determining
Accumulation Unit Value of a Subaccount
of Separate Account D

Accumulation Unit Value = A x B

Where:

A = The Accumulation Unit Value for the immediately preceding Valuation Period. Assume.....	=	\$1.46328760
B = The Net Investment Factor for the current Valuation Period. Assume.....	=	1.01426438
Then, the Accumulation Unit Value = \$1.46328760 x 1.01426438	=	1.48416049

APPENDIX II

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

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

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

Where:

- A = The Net Accumulated Value applied on the Annuity Commencement Date to purchase the Variable Annuity.
 Assume..... = \$20,000.00
- B = The Annuity Unit Value at the Annuity Commencement Date.
 Assume..... = \$1.08353012
- C = The number of Annuity Units represented by each payment made.
 Assume..... = 116.61488844
- D = The total number of monthly Variable Annuity Payments made prior to the Annuitant's death.
 Assume..... = 30

Then the number of Annuity Units Payable:

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

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

$$= 14,959.73889313$$

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

$$14,959.73889313 \times \$1.12173107 = \$16,780.80$$

APPENDIX III

EXAMPLE A

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

Annuity Unit Value = A x B x C

Where:

A = Annuity Unit Value of the immediately preceding Valuation Period. Assume.....	=	\$1.10071211
B = Net Investment Factor for the Valuation Period for which the Annuity Unit is being calculated. Assume.....	=	1.00083530
C = A factor to neutralize the assumed interest rate of 3½% built into the Annuity Tables used. Daily factor equals.....	=	0.99990575

Then, the Annuity Value is:

$$\$1.10071211 \times 1.00083530 \times 0.99990575 = \$1.10152771$$

EXAMPLE B

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

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

Where:

A = The Net Accumulated Value allocated to Separate Account C for the Business Day on or immediately preceding the seventh day before the Annuity Commencement Date. Assume.....	=	\$20,000.00
B = The Annuity purchase rate per \$1,000 based upon the option selected, the sex and adjusted age of the Annuitant according to the Annuity Tables contained in the Contract. Assume.....	=	\$6.40

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

EXAMPLE C

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

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

Where:

A = The dollar amount of the first monthly Variable Annuity Payment.

Assume..... = \$128.00

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

Assume..... = \$1.09763000

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

EXAMPLE D

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

Second Monthly Variable Annuity Payment = A x B

Where:

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

Assume..... = 116.61488844

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

Assume..... = \$1.11834234

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

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

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

Financial Statements
as of
December 31, 2010

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 Variable Annuity Fund C (a separate account of First Investors Life Insurance Company, registered as a unit investment trust under the Investment Company Act of 1940) (“Separate Account C”), as of December 31, 2010, and the related statements of operations for the year then ended and of changes in net assets for the years ended December 31, 2010 and 2009 for each of the individual sub-accounts which comprise Separate Account C. 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 C'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 C'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, 2010 by correspondence with Separate Account C'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 of each of the individual sub-accounts which comprise Separate Account C as of December 31, 2010, 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 the years ended December 31, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.


TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
March 9, 2011

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2010

	<u>Cash Management</u>	<u>High Yield</u>	<u>Growth & Income</u>	<u>Discovery</u>
ASSETS				
Investments at net asset value (Note 3):				
First Investors Life Series Fund	\$ 6,058,838	\$13,536,544	\$ 56,097,906	\$ 32,611,902
LIABILITIES				
Payable to First Investors Life Insurance Company	<u>4,282</u>	<u>11,146</u>	<u>45,294</u>	<u>26,444</u>
NET ASSETS	<u>\$ 6,054,556</u>	<u>\$13,525,398</u>	<u>\$ 56,052,612</u>	<u>\$ 32,585,458</u>
Net assets represented by Contracts in accumulation period	<u>\$ 6,054,556</u>	<u>\$13,525,398</u>	<u>\$ 56,052,612</u>	<u>\$ 32,585,458</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

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

December 31, 2010

	<u>Blue Chip</u>	<u>International</u>	<u>Select Growth</u>	<u>Government</u>
ASSETS				
Investments at net asset value (Note 3):				
First Investors Life Series Fund	\$ 36,585,790	\$ 23,773,181	\$ 2,511,326	\$ 12,378,966
LIABILITIES				
Payable to First Investors				
Life Insurance Company	<u>29,743</u>	<u>19,342</u>	<u>2,044</u>	<u>10,306</u>
NET ASSETS	<u>\$ 36,556,047</u>	<u>\$ 23,753,839</u>	<u>\$ 2,509,282</u>	<u>\$ 12,368,660</u>
Net assets represented by				
Contracts in accumulation period	<u>\$ 36,556,047</u>	<u>\$ 23,753,839</u>	<u>\$ 2,509,282</u>	<u>\$ 12,368,660</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

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

December 31, 2010

	<u>Investment Grade</u>	<u>Value</u>	<u>Target Maturity 2015</u>
ASSETS			
Investments at net asset value (Note 3):			
First Investors Life Series Fund	\$16,535,991	\$22,535,224	\$7,702,177
LIABILITIES			
Payable to First Investors Life Insurance Company	<u>13,785</u>	<u>18,206</u>	<u>6,381</u>
NET ASSETS	<u>\$16,522,206</u>	<u>\$22,517,018</u>	<u>\$7,695,796</u>
Net assets represented by Contracts in accumulation period	<u>\$16,522,206</u>	<u>\$22,517,018</u>	<u>\$7,695,796</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

STATEMENT OF OPERATIONS

Year ended December 31, 2010

	<u>Cash Management</u>	<u>High Yield</u>	<u>Growth & Income</u>	<u>Discovery</u>
INVESTMENT INCOME				
Income:				
Dividends	\$ -	\$ 996,737	\$ 578,093	\$ 253,786
Expenses:				
Mortality and expense risks (Note 5)	<u>44,151</u>	<u>130,039</u>	<u>525,372</u>	<u>293,843</u>
NET INVESTMENT INCOME (LOSS)	<u>(44,151)</u>	<u>866,698</u>	<u>52,721</u>	<u>(40,057)</u>
REALIZED GAINS ON INVESTMENTS				
Realized gain distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS				
Beginning of year	-	(9,880,149)	7,056,246	(597,432)
End of year	<u>-</u>	<u>(9,222,282)</u>	<u>14,441,211</u>	<u>6,229,844</u>
Change in unrealized appreciation (depreciation) on investments	<u>-</u>	<u>657,867</u>	<u>7,384,965</u>	<u>6,827,276</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$ (44,151)</u></u>	<u><u>\$ 1,524,565</u></u>	<u><u>\$ 7,437,686</u></u>	<u><u>\$ 6,787,219</u></u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

**STATEMENT OF OPERATIONS
(Continued)**

Year ended December 31, 2010

	<u>Blue Chip</u>	<u>International</u>	<u>Select Growth</u>	<u>Government</u>
INVESTMENT INCOME				
Income:				
Dividends	\$ 592,605	\$ -	\$ 3,784	\$466,349
Expenses:				
Mortality and expense risks (Note 5)	<u>359,821</u>	<u>232,255</u>	<u>20,988</u>	<u>119,443</u>
NET INVESTMENT INCOME (LOSS)	<u>232,784</u>	<u>(232,255)</u>	<u>(17,204)</u>	<u>346,906</u>
REALIZED GAINS ON INVESTMENTS				
Realized gain distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS				
Beginning of year	4,793,250	(1,934,711)	(1,530,474)	159,168
End of year	<u>7,660,159</u>	<u>999,614</u>	<u>(1,105,797)</u>	<u>237,695</u>
Change in unrealized appreciation (depreciation) on investments	<u>2,866,909</u>	<u>2,934,325</u>	<u>424,677</u>	<u>78,527</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$3,099,693</u>	<u>\$ 2,702,070</u>	<u>\$ 407,473</u>	<u>\$425,433</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

**STATEMENT OF OPERATIONS
(Continued)**

Year ended December 31, 2010

	<u>Investment Grade</u>	<u>Value</u>	<u>Target Maturity 2010</u>	<u>Target Maturity 2015</u>
INVESTMENT INCOME				
Income:				
Dividends	\$ 762,229	\$ 459,371	\$ 581,866	\$ 265,965
Expenses:				
Mortality and expense risks (Note 5)	<u>157,616</u>	<u>214,364</u>	<u>49,928</u>	<u>67,954</u>
NET INVESTMENT INCOME	<u>604,613</u>	<u>245,007</u>	<u>531,938</u>	<u>198,011</u>
REALIZED GAINS ON INVESTMENTS				
Realized gain distributions	-	-	97,800	31,502
Realized gain on investments	<u>-</u>	<u>-</u>	<u>505,304</u>	<u>-</u>
Realized gains	<u>-</u>	<u>-</u>	<u>603,104</u>	<u>31,502</u>
UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS				
Beginning of year	(704,232)	812,195	1,189,935	1,425,552
End of year	<u>(101,538)</u>	<u>3,236,229</u>	<u>-</u>	<u>1,651,494</u>
Change in unrealized appreciation (depreciation) on investments	<u>602,694</u>	<u>2,424,034</u>	<u>(1,189,935)</u>	<u>225,942</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$1,207,307</u>	<u>\$2,669,041</u>	<u>\$ (54,893)</u>	<u>\$ 455,455</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

STATEMENTS OF CHANGES IN NET ASSETS

Years ended December 31,

	Cash		High Yield	
	Management			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ (44,151)	\$ (45,671)	\$ 866,698	\$ 1,040,369
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>-</u>	<u>-</u>	<u>657,867</u>	<u>2,307,504</u>
Net increase (decrease) in net assets resulting from operations	<u>(44,151)</u>	<u>(45,671)</u>	<u>1,524,565</u>	<u>3,347,873</u>
From Contract Transactions				
Net insurance premiums from contract owners	812,208	34,370	510,945	37,471
Transfers between sub-accounts	1,469,559	773,811	223,442	45,971
Transfers for contract benefits and terminations	<u>(1,010,610)</u>	<u>(1,985,099)</u>	<u>(1,584,910)</u>	<u>(1,164,315)</u>
Increase (decrease) in net assets derived from contract transactions	<u>1,271,157</u>	<u>(1,176,918)</u>	<u>(850,523)</u>	<u>(1,080,873)</u>
Net increase (decrease) in net assets	1,227,006	(1,222,589)	674,042	2,267,000
Net Assets				
Beginning of year	<u>4,827,550</u>	<u>6,050,139</u>	<u>12,851,356</u>	<u>10,584,356</u>
End of year	<u>\$ 6,054,556</u>	<u>\$ 4,827,550</u>	<u>\$ 13,525,398</u>	<u>\$ 12,851,356</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

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

Years ended December 31,

	<u>Growth & Income</u>		<u>Discovery</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 52,721	\$ 475,086	\$ (40,057)	\$ 77,813
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>7,384,965</u>	<u>11,067,902</u>	<u>6,827,276</u>	<u>6,651,933</u>
Net increase in net assets resulting from operations	<u>7,437,686</u>	<u>11,542,988</u>	<u>6,787,219</u>	<u>6,729,746</u>
From Contract Transactions				
Net insurance premiums from contract owners	960,635	151,470	588,047	79,683
Transfers between sub-accounts	(18,941)	(791,994)	(501,934)	(411,041)
Transfers for contract benefits and terminations	<u>(5,776,310)</u>	<u>(6,010,181)</u>	<u>(3,418,700)</u>	<u>(2,468,325)</u>
Increase (decrease) in net assets derived from contract transactions	<u>(4,834,616)</u>	<u>(6,650,705)</u>	<u>(3,332,587)</u>	<u>(2,799,683)</u>
Net increase in net assets	2,603,070	4,892,283	3,454,632	3,930,063
Net Assets				
Beginning of year	<u>53,449,542</u>	<u>48,557,259</u>	<u>29,130,826</u>	<u>25,200,763</u>
End of year	<u>\$56,052,612</u>	<u>\$53,449,542</u>	<u>\$32,585,458</u>	<u>\$29,130,826</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

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

Years ended December 31,

	<u>Blue Chip</u>		<u>International</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 232,784	\$ 446,120	\$ (232,255)	\$ 789,014
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>2,866,909</u>	<u>6,089,932</u>	<u>2,934,325</u>	<u>3,530,044</u>
Net increase in net assets resulting from operations	<u>3,099,693</u>	<u>6,536,052</u>	<u>2,702,070</u>	<u>4,319,058</u>
From Contract Transactions				
Net insurance premiums from contract owners	286,127	112,651	444,095	91,013
Transfers between sub-accounts	(643,931)	(521,438)	(454,618)	(422,605)
Transfers for contract benefits and terminations	<u>(4,250,166)</u>	<u>(4,634,154)</u>	<u>(2,849,607)</u>	<u>(2,295,995)</u>
Increase (decrease) in net assets derived from contract transactions	<u>(4,607,970)</u>	<u>(5,042,941)</u>	<u>(2,860,130)</u>	<u>(2,627,587)</u>
Net increase (decrease) in net assets	(1,508,277)	1,493,111	(158,060)	1,691,471
Net Assets				
Beginning of year	<u>38,064,324</u>	<u>36,571,213</u>	<u>23,911,899</u>	<u>22,220,428</u>
End of year	<u>\$36,556,047</u>	<u>\$38,064,324</u>	<u>\$23,753,839</u>	<u>\$23,911,899</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

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

Years ended December 31,

	<u>Select Growth</u>		<u>Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ (17,204)	\$ (18,780)	\$ 346,906	\$ 368,318
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>424,677</u>	<u>181,143</u>	<u>78,527</u>	<u>11,054</u>
Net increase in net assets resulting from operations	<u>407,473</u>	<u>162,363</u>	<u>425,433</u>	<u>379,372</u>
From Contract Transactions				
Net insurance premiums from contract owners	212,993	30,703	598,141	30,345
Transfers between sub-accounts	74,540	107,475	1,742,290	946,580
Transfers for contract benefits and terminations	<u>(207,940)</u>	<u>(174,665)</u>	<u>(1,857,848)</u>	<u>(1,462,563)</u>
Increase (decrease) in net assets derived from contract transactions	<u>79,593</u>	<u>(36,487)</u>	<u>482,583</u>	<u>(485,638)</u>
Net increase (decrease) in net assets	487,066	125,876	908,016	(106,266)
Net Assets				
Beginning of year	<u>2,022,216</u>	<u>1,896,340</u>	<u>11,460,644</u>	<u>11,566,910</u>
End of year	<u>\$2,509,282</u>	<u>\$2,022,216</u>	<u>\$12,368,660</u>	<u>\$11,460,644</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

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

Years ended December 31,

	<u>Investment Grade</u>		<u>Value</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 604,613	\$ 705,776	\$ 245,007	\$ 454,798
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>602,694</u>	<u>1,726,044</u>	<u>2,424,034</u>	<u>3,205,555</u>
Net increase in net assets resulting from operations	<u>1,207,307</u>	<u>2,431,820</u>	<u>2,669,041</u>	<u>3,660,353</u>
From Contract Transactions				
Net insurance premiums from contract owners	574,878	45,305	530,838	72,106
Transfers between sub-accounts	1,619,128	792,875	106,026	(438,028)
Transfers for contract benefits and terminations	<u>(1,646,310)</u>	<u>(1,581,299)</u>	<u>(2,912,877)</u>	<u>(2,648,375)</u>
Increase (decrease) in net assets derived from contract transactions	<u>547,696</u>	<u>(743,119)</u>	<u>(2,276,013)</u>	<u>(3,014,297)</u>
Net increase in net assets	1,755,003	1,688,701	393,028	646,056
Net Assets				
Beginning of year	<u>14,767,203</u>	<u>13,078,502</u>	<u>22,123,990</u>	<u>21,477,934</u>
End of year	<u>\$ 16,522,206</u>	<u>\$ 14,767,203</u>	<u>\$ 22,517,018</u>	<u>\$ 22,123,990</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

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

Years ended December 31,

	<u>Target Maturity 2010</u>		<u>Target Maturity 2015</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 531,938	\$ 299,502	\$ 198,011	\$ 209,839
Realized gain distributions	97,800	85,200	31,502	10,191
Realized gain on investments	505,304	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>(1,189,935)</u>	<u>(468,750)</u>	<u>225,942</u>	<u>(449,576)</u>
resulting from operations	<u>(54,893)</u>	<u>(84,048)</u>	<u>455,455</u>	<u>(229,546)</u>
From Contract Transactions				
Net insurance premiums from contract owners	18,177	22,031	154,708	17,092
Transfers between sub-accounts	(4,922,979)	(172,588)	1,307,418	90,982
Transfers for contract benefits and terminations	<u>(902,389)</u>	<u>(785,833)</u>	<u>(692,011)</u>	<u>(718,818)</u>
Increase (decrease) in net assets derived from contract transactions	<u>(5,807,191)</u>	<u>(936,390)</u>	<u>770,115</u>	<u>(610,744)</u>
Net increase (decrease) in net assets	(5,862,084)	(1,020,438)	1,225,570	(840,290)
Net Assets				
Beginning of year	<u>5,862,084</u>	<u>6,882,522</u>	<u>6,470,226</u>	<u>7,310,516</u>
End of year	<u>\$ -</u>	<u>\$ 5,862,084</u>	<u>\$ 7,695,796</u>	<u>\$ 6,470,226</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1 — ORGANIZATION

First Investors Life Variable Annuity Fund C (“*Separate Account C*”), a unit investment trust registered under the Investment Company Act of 1940 (the 1940 Act), is a segregated investment account established by First Investors Life Insurance Company (“*FIL*”) and exists in accordance with the regulations of the New York State Insurance Department. Assets of Separate Account C 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 C and bear the investment risk that the sub-accounts may not meet their stated investment objectives. The sub-accounts invest in the following underlying fund portfolios: Cash Management, High Yield, Growth & Income, Discovery, Blue Chip, International, Select Growth, Government, Investment Grade, Value, and Target Maturity 2015. In 2010, Target Maturity 2010 ceased operations and remaining funds were transferred to the Cash Management Fund.

NOTE 2 — SIGNIFICANT ACCOUNTING PRACTICES

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.

SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, March 9, 2011, have been evaluated in the preparation of the financial statements.

INVESTMENTS

Shares of the Funds held by Separate Account C 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.

FEDERAL INCOME TAXES

Separate Account C 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 C 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 C.

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

NOTE 3 — INVESTMENTS

Investments consist of the following at December 31, 2010:

	<u>Shares</u>	<u>Net Asset Value</u>	<u>Market Value</u>	<u>Cost</u>
First Investors Life Series Fund				
Cash Management	6,058,838	\$ 1.00	\$ 6,058,838	\$ 6,058,838
High Yield	2,070,874	6.54	13,536,544	22,758,826
Growth & Income	1,977,343	28.37	56,097,906	41,656,695
Discovery	1,038,856	31.39	32,611,902	26,382,058
Blue Chip	1,746,818	20.94	36,585,790	28,925,631
International	1,423,230	16.70	23,773,181	22,773,567
Select Growth	312,079	8.05	2,511,326	3,617,123
Government	1,196,302	10.35	12,378,966	12,141,271
Investment Grade Value	1,540,168	10.74	16,535,991	16,637,529
Target Maturity 2015	480,653	15.06	22,535,224	19,298,995
		16.02	7,702,177	6,050,683

The cost of purchases and proceeds from sale of investments for the year ended December 31, 2010 were as follows:

	<u>Purchases</u>	<u>Sales</u>
Cash Management	\$ 2,281,767	\$ 1,054,525
High Yield	1,731,124	1,714,407
Growth & Income	1,538,728	6,319,493
Discovery	841,833	4,211,732
Blue Chip	878,732	5,255,958
International	444,095	3,536,991
Select Growth	291,317	228,567
Government	2,806,780	1,976,636
Investment Grade	2,956,235	1,802,462
Value	1,294,662	3,127,466
Target Maturity 2010	697,843	5,880,194
Target Maturity 2015	1,759,593	759,104

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

Separate Account C utilizes various methods to measure the fair value of its financial instruments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

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

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

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

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. 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 C investments as of December 31, 2010 is as follows:

	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Cash Management	\$ 6,058,838	\$ 6,058,838	\$ -	\$ -
High Yield	13,536,544	13,536,544	-	-
Growth & Income	56,097,906	56,097,906	-	-
Discovery	32,611,902	32,611,902	-	-
Blue Chip	36,585,790	36,585,790	-	-
International	23,773,181	23,773,181	-	-
Select Growth	2,511,326	2,511,326	-	-
Government	12,378,966	12,378,966	-	-
Investment Grade	16,535,991	16,535,991	-	-
Value	22,535,224	22,535,224	-	-
Target Maturity 2015	<u>7,702,177</u>	<u>7,702,177</u>	<u>-</u>	<u>-</u>
	<u>\$ 230,327,845</u>	<u>\$ 230,327,845</u>	<u>\$ -</u>	<u>\$ -</u>

There were no transfers between Level 1 and Level 2 during the year ended December 31, 2010.

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

NOTE 4 — CHANGES IN UNITS

The changes in units outstanding for the years ended December 31, 2010 and 2009 were as follows:

	2010			2009		
	Units Issued	Units Redeemed	Net Increase (Decrease)	Units Issued	Units Redeemed	Net Increase (Decrease)
Cash Management	351,478	(270,717)	80,761	75,131	(148,792)	(73,661)
High Yield	18,033	(42,049)	(24,016)	12,182	(50,540)	(38,358)
Growth & Income	11,717	(119,104)	(107,387)	5,788	(190,956)	(185,168)
Discovery	8,063	(78,276)	(70,213)	6,987	(85,657)	(78,670)
Blue Chip	7,843	(155,655)	(147,812)	4,514	(197,949)	(193,435)
International	8,912	(99,511)	(90,599)	3,355	(108,872)	(105,517)
Select Growth	46,179	(34,905)	11,274	30,850	(37,580)	(6,730)
Government	79,671	(59,593)	20,078	54,837	(75,646)	(20,809)
Investment Grade	70,467	(49,306)	21,161	40,113	(77,239)	(37,126)
Value	32,144	(151,674)	(119,530)	12,683	(206,075)	(193,392)
Target Maturity 2010	853	(271,331)	(270,478)	2,550	(45,791)	(43,241)
Target Maturity 2015	70,293	(35,119)	35,174	7,945	(39,031)	(31,086)

NOTE 5 – MORTALITY AND EXPENSE RISKS AND DEDUCTIONS

In consideration for its assumption of the mortality and expense risks connected with the Variable Annuity Contracts, FIL deducts an amount equal on an annual basis to 1.00% of the daily net asset value of Separate Account C. This deduction is assessed through a reduction of unit values. An additional administrative charge of \$7.50 may be deducted annually by FIL from the Accumulated Value of Deferred Annuity Contracts, which have an Accumulated Value of less than \$1,500 due to partial surrenders and would be assessed through a redemption of units. There was no deduction under this provision during 2010.

Effective June 1, 2010 the Variable Annuity Contracts are sold without an initial sales charge, but at the time of a full or partial surrender of the Contract, they may be subject to a contingent deferred sales charge (“*CDS*C”) of 0% to 8% of the value of the Accumulation Units surrendered.

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

NOTE 6 — FINANCIAL HIGHLIGHTS TABLE

	Net Assets			Investment Income Ratio ¹	Expense Ratio ²	Total Return ^{3,4}
	Units	Unit Value	(000s)			
<u>Cash Management</u>						
December 31,						
2010	383,776	\$15.763	\$ 6,055	0.00%	1.00%	(1.00%)
2009	303,015	\$15.921	\$ 4,828	0.19%	1.00%	(0.83%)
2008	376,676	\$16.054	\$ 6,050	2.06%	1.00%	1.01%
2007	518,520	\$15.893	\$ 8,239	3.92%	1.00%	3.59%
2006	193,491	\$15.343	\$ 2,968	4.25%	1.00%	3.32%
<u>High Yield</u>						
December 31,						
2010	350,639	\$38.547	\$13,525	7.66%	1.00%	12.58%
2009	374,655	\$34.240	\$12,851	9.91%	1.00%	33.81%
2008	413,013	\$25.589	\$10,584	8.89%	1.00%	(26.60%)
2007	482,188	\$34.860	\$16,823	7.91%	1.00%	0.05%
2006	535,648	\$34.842	\$18,682	8.60%	1.00%	8.67%
<u>Growth & Income</u>						
December 31,						
2010	1,108,848	\$50.493	\$56,053	1.11%	1.00%	15.03%
2009	1,216,235	\$43.894	\$53,450	2.00%	1.00%	26.77%
2008	1,401,403	\$34.625	\$48,557	1.53%	1.00%	(35.86%)
2007	1,626,474	\$53.986	\$87,868	0.52%	1.00%	0.97%
2006	1,821,672	\$53.468	\$97,495	0.45%	1.00%	13.21%
<u>Discovery</u>						
December 31,						
2010	583,423	\$55.810	\$32,585	0.87%	1.00%	25.31%
2009	653,636	\$44.537	\$29,131	1.30%	1.00%	29.46%
2008	732,306	\$34.401	\$25,201	0.45%	1.00%	(33.91%)
2007	856,791	\$52.055	\$44,616	0.18%	1.00%	5.56%
2006	960,282	\$49.314	\$47,389	0.15%	1.00%	21.29%
<u>Blue Chip</u>						
December 31,						
2010	1,083,518	\$33.680	\$36,556	1.67%	1.00%	9.12%
2009	1,231,330	\$30.865	\$38,064	2.29%	1.00%	20.40%
2008	1,424,765	\$25.635	\$36,571	1.60%	1.00%	(32.76%)
2007	1,685,065	\$38.125	\$64,308	1.12%	1.00%	3.17%
2006	1,923,171	\$36.953	\$71,142	0.96%	1.00%	13.35%

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

	Net Assets			Investment Income Ratio ¹	Expense Ratio ²	Total Return ^{3,4}
	Units	Unit Value	(000s)			
<u>International</u>						
December 31,						
2010	692,380	\$34.238	\$23,754	0.00%	1.00%	12.32%
2009	782,979	\$30.482	\$23,912	4.69%	1.00%	22.01%
2008	888,496	\$24.983	\$22,220	0.21%	1.00%	(42.47%)
2007	1,010,953	\$43.425	\$43,971	3.14%	1.00%	19.79%
2006	1,081,519	\$36.252	\$39,273	0.71%	1.00%	26.52%
<u>Select Growth</u>						
December 31,						
2010	331,457	\$ 7.572	\$ 2,509	0.18%	1.00%	19.90%
2009	320,183	\$ 6.315	\$ 2,022	0.00%	1.00%	8.81%
2008	326,913	\$ 5.804	\$ 1,896	0.16%	1.00%	(42.05%)
2007	271,526	\$10.016	\$ 2,722	0.75%	1.00%	10.31%
2006	303,144	\$ 9.080	\$ 2,754	0.58%	1.00%	8.38%
<u>Government</u>						
December 31,						
2010	513,782	\$24.075	\$12,369	3.89%	1.00%	3.78%
2009	493,704	\$23.199	\$11,461	4.15%	1.00%	3.24%
2008	514,513	\$22.471	\$11,567	4.31%	1.00%	5.86%
2007	514,817	\$21.226	\$10,934	5.12%	1.00%	5.49%
2006	529,973	\$20.121	\$10,667	5.20%	1.00%	2.77%
<u>Investment Grade</u>						
December 31,						
2010	639,189	\$25.849	\$16,522	4.81%	1.00%	8.17%
2009	618,028	\$23.896	\$14,767	6.12%	1.00%	19.74%
2008	655,154	\$19.957	\$13,079	5.70%	1.00%	(12.48%)
2007	738,223	\$22.803	\$16,846	5.47%	1.00%	4.47%
2006	758,876	\$21.828	\$16,575	5.95%	1.00%	2.96%
<u>Value</u>						
December 31,						
2010	1,064,610	\$21.138	\$22,517	2.17%	1.00%	13.19%
2009	1,184,140	\$18.675	\$22,124	3.26%	1.00%	19.83%
2008	1,377,532	\$15.585	\$21,478	2.07%	1.00%	(30.11%)
2007	1,577,728	\$22.300	\$35,205	1.60%	1.00%	(1.65%)
2006	1,710,351	\$22.673	\$38,803	1.71%	1.00%	20.22%

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND C**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

	Net Assets			<u>Investment Income Ratio¹</u>	<u>Expense Ratio²</u>	<u>Total Return^{3,4}</u>
	<u>Units</u>	<u>Unit Value</u>	<u>(000s)</u>			
<u>Target Maturity 2010</u>						
December 31,						
2010	-	\$ -	\$ -	6.83%	1.00%	(1.12%)
2009	270,478	\$21.590	\$ 5,862	5.82%	1.00%	(1.22%)
2008	313,719	\$21.856	\$ 6,883	5.16%	1.00%	6.26%
2007	359,963	\$20.568	\$ 7,425	5.50%	1.00%	7.27%
2006	332,291	\$19.174	\$ 6,393	5.61%	1.00%	1.00%
<u>Target Maturity 2015</u>						
December 31,						
2010	365,686	\$20.982	\$ 7,696	3.88%	1.00%	7.50%
2009	330,512	\$19.518	\$ 6,470	4.09%	1.00%	(3.19%)
2008	361,598	\$20.162	\$ 7,311	3.78%	1.00%	13.42%
2007	376,025	\$17.776	\$ 6,703	3.87%	1.00%	8.61%
2006	326,720	\$16.367	\$ 5,362	3.82%	1.00%	0.84%

- 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 periods indicated. These ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through redemption of units and expenses of the underlying fund have been excluded.
- 3 These amounts represent the total return for the periods indicated, including changes in value of the underlying fund, and expenses assessed through the reduction of unit values. These ratios do not include any expenses assessed through the redemption of units.
- 4 Target Maturity 2010 ceased operations on December 14, 2010. Total return represents period January 1, 2010 to December 14, 2010.

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 Variable Annuity Fund D (a separate account of First Investors Life Insurance Company, registered as a unit investment trust under the Investment Company Act of 1940) (“Separate Account D”), as of December 31, 2010, 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, 2010 and 2009 for each of the individual sub-accounts which comprise Separate Account D. 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 D'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 D'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, 2009 by correspondence with Separate Account D'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 of each of the individual sub-accounts which comprise First Investors Life Variable Annuity Fund D as of December 31, 2010, 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, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.


TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
March 9, 2011

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2010

	<u>Cash Management</u>	<u>High Yield</u>	<u>Growth & Income</u>	<u>Discovery</u>
ASSETS				
Investments at net asset value (Note 3):				
First Investors Life Series Fund	\$3,790,714	\$ 11,918,997	\$ 33,294,331	\$ 17,291,443
LIABILITIES				
Payable to First Investors Life Insurance Company	<u>3,559</u>	<u>13,814</u>	<u>37,558</u>	<u>19,630</u>
NET ASSETS	<u>\$3,787,155</u>	<u>\$ 11,905,183</u>	<u>\$ 33,256,773</u>	<u>\$ 17,271,813</u>
Net assets represented by Contracts in accumulation period	<u>\$3,787,155</u>	<u>\$ 11,905,183</u>	<u>\$ 33,256,773</u>	<u>\$ 17,271,813</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

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

December 31, 2010

	<u>Blue Chip</u>	<u>International</u>	<u>Select Growth</u>	<u>Government</u>
ASSETS				
Investments at net asset value (Note 3):				
First Investors Life Series Fund	\$16,159,032	\$14,173,146	\$2,517,017	\$9,508,621
LIABILITIES				
Payable to First Investors				
Life Insurance Company	<u>18,282</u>	<u>16,051</u>	<u>2,835</u>	<u>11,110</u>
NET ASSETS	<u>\$16,140,750</u>	<u>\$14,157,095</u>	<u>\$2,514,182</u>	<u>\$9,497,511</u>
Net assets represented by Contracts in accumulation period	<u>\$16,140,750</u>	<u>\$14,157,095</u>	<u>\$2,514,182</u>	<u>\$9,497,511</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

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

December 31, 2010

	<u>Investment Grade</u>	<u>Value</u>	<u>Target Maturity 2015</u>
ASSETS			
Investments at net asset value (Note 3):			
First Investors Life Series Fund	\$ 15,463,065	\$ 19,801,998	\$ 19,878,391
LIABILITIES			
Payable to First Investors Life Insurance Company	<u>17,997</u>	<u>22,390</u>	<u>23,532</u>
NET ASSETS	<u>\$ 15,445,068</u>	<u>\$ 19,779,608</u>	<u>\$ 19,854,859</u>
Net assets represented by Contracts in accumulation period	<u>\$ 15,445,068</u>	<u>\$ 19,779,608</u>	<u>\$ 19,854,859</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

STATEMENT OF OPERATIONS

Year ended December 31, 2010

	<u>Cash Management</u>	<u>High Yield</u>	<u>Growth & Income</u>	<u>Discovery</u>
INVESTMENT INCOME				
Income:				
Dividends	\$ -	\$ 865,184	\$ 352,598	\$ 133,690
Expenses:				
Mortality and expense risks (Note 5)	40,792	160,539	443,494	217,591
Administrative Charges (Note 5)	<u>2,197</u>	<u>6,217</u>	<u>21,681</u>	<u>10,356</u>
Total expenses	<u>42,989</u>	<u>166,756</u>	<u>465,175</u>	<u>227,947</u>
NET INVESTMENT INCOME (LOSS)	<u>(42,989)</u>	<u>698,428</u>	<u>(112,577)</u>	<u>(94,257)</u>
REALIZED GAIN ON INVESTMENTS				
Realized gain distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS				
Beginning of year	-	(4,392,085)	(15,584,644)	(2,720,823)
End of year	<u>-</u>	<u>(3,805,775)</u>	<u>(11,254,546)</u>	<u>853,867</u>
Change in unrealized appreciation (depreciation) on investments	<u>-</u>	<u>586,310</u>	<u>4,330,098</u>	<u>3,574,690</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (42,989)</u>	<u>\$ 1,284,738</u>	<u>\$ 4,217,521</u>	<u>\$ 3,480,433</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

**STATEMENT OF OPERATIONS
(Continued)**

Year ended December 31, 2010

	<u>Blue Chip</u>	<u>International</u>	<u>Select Growth</u>	<u>Government</u>
INVESTMENT INCOME				
Income:				
Dividends	\$ <u>267,041</u>	\$ <u>-</u>	\$ <u>3,797</u>	\$ <u>385,477</u>
Expenses:				
Mortality and expense risks (Note 5)	225,222	192,944	29,812	133,695
Administrative Charges (Note 5)	<u>10,364</u>	<u>9,026</u>	<u>1,532</u>	<u>5,024</u>
Total expenses	<u>235,586</u>	<u>201,970</u>	<u>31,344</u>	<u>138,719</u>
NET INVESTMENT INCOME (LOSS)	<u>31,455</u>	<u>(201,970)</u>	<u>(27,547)</u>	<u>246,758</u>
REALIZED GAIN ON INVESTMENTS				
Realized gain distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS				
Beginning of year	(11,102,320)	(6,939,349)	(845,059)	144,468
End of year	<u>(9,871,217)</u>	<u>(5,212,428)</u>	<u>(424,127)</u>	<u>200,834</u>
Change in unrealized appreciation (depreciation) on investments	<u>1,231,103</u>	<u>1,726,921</u>	<u>420,932</u>	<u>56,366</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 1,262,558</u>	<u>\$ 1,524,951</u>	<u>\$ 393,385</u>	<u>\$ 303,124</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

**STATEMENT OF OPERATIONS
(Continued)**

Year ended December 31, 2010

	<u>Investment Grade</u>	<u>Value</u>	<u>Target Maturity 2010</u>	<u>Target Maturity 2015</u>
INVESTMENT INCOME				
Income:				
Dividends	\$ 756,570	\$ 401,172	\$ 523,766	\$ 821,128
Expenses:				
Mortality and expense risks (Note 5)	214,358	264,222	62,206	284,474
Administrative Charges (Note 5)	<u>8,447</u>	<u>11,597</u>	<u>2,330</u>	<u>10,199</u>
Total expenses	<u>222,805</u>	<u>275,819</u>	<u>64,536</u>	<u>294,673</u>
NET INVESTMENT INCOME	<u>533,765</u>	<u>125,353</u>	<u>459,230</u>	<u>526,455</u>
REALIZED GAIN (LOSS) ON INVESTMENTS				
Realized gain distributions	-	-	93,619	97,257
Realized loss on investments	<u>-</u>	<u>-</u>	<u>(501,010)</u>	<u>-</u>
Realized gains (losses)	<u>-</u>	<u>-</u>	<u>(407,391)</u>	<u>97,257</u>
UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS				
Beginning of year	(1,119,142)	(2,853,089)	120,147	2,739,511
End of year	<u>(528,473)</u>	<u>(747,683)</u>	<u>-</u>	<u>3,501,207</u>
Change in unrealized appreciation (depreciation) on investments	<u>590,669</u>	<u>2,105,406</u>	<u>(120,147)</u>	<u>761,696</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 1,124,434</u>	<u>\$ 2,230,759</u>	<u>\$ (68,308)</u>	<u>\$ 1,385,408</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

STATEMENTS OF CHANGES IN NET ASSETS

Years ended December 31, 2010 and 2009

	Cash		High Yield	
	Management			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ (42,989)	\$ (54,483)	\$ 698,428	\$ 784,782
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>-</u>	<u>-</u>	<u>586,310</u>	<u>1,897,472</u>
Net increase (decrease) in net assets resulting from operations	<u>(42,989)</u>	<u>(54,483)</u>	<u>1,284,738</u>	<u>2,682,254</u>
From Contract Transactions				
Net insurance premiums from contract owners	70,711	32,893	555,144	703,470
Transfers between sub-accounts	1,243,997	569,903	681,349	31,518
Transfers for contract benefits and terminations	<u>(1,070,340)</u>	<u>(1,731,200)</u>	<u>(1,347,629)</u>	<u>(1,017,326)</u>
Increase (decrease) in net assets derived from contract transactions	<u>244,368</u>	<u>(1,128,404)</u>	<u>(111,136)</u>	<u>(282,338)</u>
Net increase (decrease) in net assets	201,379	(1,182,887)	1,173,602	2,399,916
Net Assets				
Beginning of year	<u>3,585,776</u>	<u>4,768,663</u>	<u>10,731,581</u>	<u>8,331,665</u>
End of year	<u>\$ 3,787,155</u>	<u>\$ 3,585,776</u>	<u>\$ 11,905,183</u>	<u>\$ 10,731,581</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

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

Years ended December 31, 2010 and 2009

	<u>Growth & Income</u>		<u>Discovery</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ (112,577)	\$ 141,076	\$ (94,257)	\$ (23,688)
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>4,330,098</u>	<u>6,644,420</u>	<u>3,574,690</u>	<u>3,484,626</u>
Net increase in net assets resulting from operations	<u>4,217,521</u>	<u>6,785,496</u>	<u>3,480,433</u>	<u>3,460,938</u>
From Contract Transactions				
Net insurance premiums from contract owners	929,403	1,240,744	514,244	811,400
Transfers between sub-accounts	58,039	(461,352)	117,532	(304,319)
Transfers for contract benefits and terminations	<u>(4,272,839)</u>	<u>(3,491,165)</u>	<u>(2,080,320)</u>	<u>(1,555,694)</u>
Increase (decrease) in net assets derived from contract transactions	<u>(3,285,397)</u>	<u>(2,711,773)</u>	<u>(1,448,544)</u>	<u>(1,048,613)</u>
Net increase in net assets	932,124	4,073,723	2,031,889	2,412,325
Net Assets				
Beginning of year	<u>32,324,649</u>	<u>28,250,926</u>	<u>15,239,924</u>	<u>12,827,599</u>
End of year	<u>\$ 33,256,773</u>	<u>\$ 32,324,649</u>	<u>\$ 17,271,813</u>	<u>\$ 15,239,924</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

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

Years ended December 31, 2010 and 2009

	<u>Blue Chip</u>		<u>International</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 31,455	\$ 126,138	\$ (201,970)	\$ 391,057
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>1,231,103</u>	<u>2,690,429</u>	<u>1,726,921</u>	<u>2,053,414</u>
Net increase in net assets resulting from operations	<u>1,262,558</u>	<u>2,816,567</u>	<u>1,524,951</u>	<u>2,444,471</u>
From Contract Transactions				
Net insurance premiums from contract owners	365,832	515,983	576,678	825,247
Transfers between sub-accounts	(197,919)	(238,977)	16,918	(222,772)
Transfers for contract benefits and terminations	<u>(2,348,471)</u>	<u>(2,191,870)</u>	<u>(1,867,280)</u>	<u>(1,458,788)</u>
Increase (decrease) in net assets derived from contract transactions	<u>(2,180,558)</u>	<u>(1,914,864)</u>	<u>(1,273,684)</u>	<u>(856,313)</u>
Net increase (decrease) in net assets	(918,000)	901,703	251,267	1,588,158
Net Assets				
Beginning of year	<u>17,058,750</u>	<u>16,157,047</u>	<u>13,905,828</u>	<u>12,317,670</u>
End of year	<u>\$16,140,750</u>	<u>\$17,058,750</u>	<u>\$14,157,095</u>	<u>\$13,905,828</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

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

Years ended December 31, 2010 and 2009

	<u>Select Growth</u>		<u>Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ (27,547)	\$ (26,454)	\$ 246,758	\$ 223,007
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>420,932</u>	<u>173,019</u>	<u>56,366</u>	<u>4,501</u>
Net increase in net assets resulting from operations	<u>393,385</u>	<u>146,565</u>	<u>303,124</u>	<u>227,508</u>
From Contract Transactions				
Net insurance premiums from contract owners	275,546	198,199	329,163	1,189,597
Transfers between sub-accounts	104,856	(2,668)	927,832	1,143,125
Transfers for contract benefits and terminations	<u>(232,814)</u>	<u>(179,192)</u>	<u>(1,488,007)</u>	<u>(1,201,615)</u>
Increase (decrease) in net assets derived from contract transactions	<u>147,588</u>	<u>16,339</u>	<u>(231,012)</u>	<u>1,131,107</u>
Net increase in net assets	540,973	162,904	72,112	1,358,615
Net Assets				
Beginning of year	<u>1,973,209</u>	<u>1,810,305</u>	<u>9,425,399</u>	<u>8,066,784</u>
End of year	<u>\$2,514,182</u>	<u>\$1,973,209</u>	<u>\$ 9,497,511</u>	<u>\$ 9,425,399</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

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

Years ended December 31, 2010 and 2009

	<u>Investment Grade</u>		<u>Value</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income (loss)	\$ 533,765	\$ 612,577	\$ 125,353	\$ 290,866
Realized gain distributions	-	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>590,669</u>	<u>1,732,539</u>	<u>2,105,406</u>	<u>2,752,288</u>
Net increase in net assets resulting from operations	<u>1,124,434</u>	<u>2,345,116</u>	<u>2,230,759</u>	<u>3,043,154</u>
From Contract Transactions				
Net insurance premiums from contract owners	509,359	1,106,338	791,448	784,465
Transfers between sub-accounts	1,311,032	656,746	24,097	(401,977)
Transfers for contract benefits and terminations	<u>(2,362,768)</u>	<u>(1,560,533)</u>	<u>(2,348,318)</u>	<u>(1,790,137)</u>
Increase (decrease) in net assets derived from contract transactions	<u>(542,377)</u>	<u>202,551</u>	<u>(1,532,773)</u>	<u>(1,407,649)</u>
Net increase in net assets	582,057	2,547,667	697,986	1,635,505
Net Assets				
Beginning of year	<u>14,863,011</u>	<u>12,315,344</u>	<u>19,081,622</u>	<u>17,446,117</u>
End of year	<u>\$ 15,445,068</u>	<u>\$ 14,863,011</u>	<u>\$ 19,779,608</u>	<u>\$ 19,081,622</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

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

Years ended December 31, 2010 and 2009

	<u>Target Maturity 2010</u>		<u>Target Maturity 2015</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (Decrease) in Net Assets				
From Operations				
Net investment income	\$ 459,230	\$ 273,900	\$ 526,455	\$ 529,779
Realized gain distributions	93,619	85,032	97,257	30,579
Realized loss on investments	(501,010)	-	-	-
Change in unrealized appreciation (depreciation) on investments	<u>(120,147)</u>	<u>(470,885)</u>	<u>761,696</u>	<u>(1,344,195)</u>
Net increase (decrease) in net assets resulting from operations	<u>(68,308)</u>	<u>(111,953)</u>	<u>1,385,408</u>	<u>(783,837)</u>
From Contract Transactions				
Net insurance premiums from contract owners	8,275	99,296	399,258	1,762,990
Transfers between sub-accounts	(4,275,541)	(287,862)	(12,192)	(481,365)
Transfers for contract benefits and terminations	<u>(1,101,058)</u>	<u>(1,153,199)</u>	<u>(2,540,731)</u>	<u>(1,675,756)</u>
Decrease in net assets derived from contract transactions	<u>(5,368,324)</u>	<u>(1,341,765)</u>	<u>(2,153,665)</u>	<u>(394,131)</u>
Net decrease in net assets	(5,436,632)	(1,453,718)	(768,257)	(1,177,968)
Net Assets				
Beginning of year	<u>5,436,632</u>	<u>6,890,350</u>	<u>20,623,116</u>	<u>21,801,084</u>
End of year	<u>\$ -</u>	<u>\$ 5,436,632</u>	<u>\$ 19,854,859</u>	<u>\$ 20,623,116</u>

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1 — ORGANIZATION

First Investors Life Variable Annuity Fund D (“*Separate Account D*”), 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 Separate Account D 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 D 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 & Income, Discovery, Blue Chip, International, Select Growth, Government, Investment Grade, Value, and Target Maturity 2015. In 2010, Target Maturity 2010 ceased operations and remaining funds were transferred to the Cash Management Fund.

NOTE 2 — SIGNIFICANT ACCOUNTING PRACTICES

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.

SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, March 9, 2011, have been evaluated in the preparation of the financial statements.

INVESTMENTS

Shares of the Funds held by Separate Account D 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.

FEDERAL INCOME TAXES

Separate Account D 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 D 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 D.

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

NOTE 3 — INVESTMENTS

Investments consist of the following:

	<u>Shares</u>	<u>Net Asset Value</u>	<u>Market Value</u>	<u>Cost</u>
First Investors Life Series Fund				
Cash Management	3,790,714	\$ 1.00	\$ 3,790,714	\$ 3,790,714
High Yield	1,823,413	6.54	11,918,997	15,724,772
Growth & Income	1,173,561	28.37	33,294,331	44,548,877
Discovery	550,821	31.39	17,291,443	16,437,576
Blue Chip	771,526	20.94	16,159,032	26,030,249
International	848,505	16.70	14,173,146	19,385,574
Select Growth	312,786	8.05	2,517,017	2,941,144
Government	918,913	10.35	9,508,621	9,307,787
Investment Grade	1,440,235	10.74	15,463,065	15,991,538
Value	1,315,187	15.06	19,801,998	20,549,681
Target Maturity 2015	1,240,515	16.02	19,878,391	16,377,184

The cost of purchases and proceeds from sale of investments for the year ended December 31, 2010 were as follows:

	<u>Purchases</u>	<u>Sales</u>
Cash Management	\$ 1,314,708	\$ 1,774,823
High Yield	2,101,677	1,182,726
Growth & Income	1,340,040	3,956,092
Discovery	765,466	1,781,354
Blue Chip	632,873	2,627,002
International	593,596	1,660,849
Select Growth	384,199	209,969
Government	1,642,472	1,340,260
Investment Grade	2,576,961	1,782,799
Value	1,216,717	2,065,724
Target Maturity 2010	625,660	5,499,658
Target Maturity 2015	1,317,643	1,983,668

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

Separate Account D utilizes various methods to measure the fair value of its financial instruments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that Separate Account D 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 D’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. 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 D’s investments as of December 31, 2010 is as follows:

	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Cash Management	\$ 3,790,714	\$ 3,790,714	\$ -	\$ -
High Yield	11,918,997	11,918,997	-	-
Growth & Income	33,294,331	33,294,331	-	-
Discovery	17,291,443	17,291,443	-	-
Blue Chip	16,159,032	16,159,032	-	-
International	14,173,146	14,173,146	-	-
Select Growth	2,517,017	2,517,017	-	-
Government	9,508,621	9,508,621	-	-
Investment Grade	15,463,065	15,463,065	-	-
Value	19,801,998	19,801,998	-	-
Target maturity 2015	<u>19,878,391</u>	<u>19,878,391</u>	<u>-</u>	<u>-</u>
	<u>\$163,796,755</u>	<u>\$163,796,755</u>	<u>\$ -</u>	<u>\$ -</u>

There were no transfers between Level 1 and Level 2 during the year ended December 31, 2010.

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

NOTE 4 — CHANGES IN UNITS

The changes in units outstanding for the years ended December 31, 2010 and 2009 were as follows:

	2010			2009		
	Units Issued	Units Redeemed	Net Increase (Decrease)	Units Issued	Units Redeemed	Net Increase (Decrease)
Cash Management	180,733	(159,783)	20,950	71,190	(163,696)	(92,506)
High Yield	86,112	(93,563)	(7,451)	58,349	(85,816)	(27,467)
Growth & Income	64,851	(298,923)	(234,072)	56,833	(295,461)	(238,628)
Discovery	58,438	(172,260)	(113,822)	61,269	(167,189)	(105,920)
Blue Chip	49,709	(268,954)	(219,245)	54,414	(284,485)	(230,071)
International	49,470	(140,195)	(90,725)	54,418	(132,299)	(77,881)
Select Growth	62,355	(40,494)	21,861	44,509	(42,855)	1,654
Government	80,597	(94,502)	(13,905)	158,616	(90,598)	68,018
Investment Grade	90,577	(123,852)	(33,275)	98,303	(87,071)	11,232
Value	75,464	(192,432)	(116,968)	50,871	(183,096)	(132,225)
Target Maturity 2010	6,589	(310,301)	(303,712)	5,456	(80,269)	(74,813)
Target Maturity 2015	56,946	(162,801)	(105,855)	82,512	(102,683)	(20,171)

NOTE 5 – MORTALITY AND EXPENSE RISKS AND DEDUCTIONS

In consideration for its assumption of the mortality and expense risks connected with the Variable Annuity Contracts, FIL deducts an amount equal on an annual basis to 1.25% of the daily net asset value of Separate Account D. An additional administrative charge equal on an annual basis to 0.15% of the daily net asset value is deducted. These deductions are assessed through a reduction of unit values.

An annual contract maintenance charge of \$30 is deducted from the accumulated value of the contract on the last business day of the contract year or on the date of surrender of the contract, if earlier and is assessed through the redemption of units.

The Variable Annuity Contracts are sold without an initial sales charge, but at the time of a full or partial surrender of the Contract, they may be subject to a contingent deferred sales charge (“CDSC”) of 0% to 7% of the value of the Accumulation Units surrendered.

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

NOTE 6 — FINANCIAL HIGHLIGHTS TABLE

	Net Assets			Investment Income Ratio ¹	Expense Ratio ²	Total Return ^{3,4}
	Units	Unit Fair Value	(000s)			
<u>Cash Management</u>						
December 31,						
2010	315,969	\$11.986	\$ 3,787	0.00%	1.40%	(1.39%)
2009	295,019	\$12.155	\$ 3,586	0.19%	1.40%	(1.22%)
2008	387,525	\$12.305	\$ 4,769	2.02%	1.40%	0.61%
2007	419,697	\$12.231	\$ 5,127	4.22%	1.40%	3.17%
2006	179,953	\$11.855	\$ 2,129	4.29%	1.40%	2.91%
<u>High Yield</u>						
December 31,						
2010	778,182	\$15.300	\$11,905	7.53%	1.40 %	12.13%
2009	785,633	\$13.645	\$10,732	9.65%	1.40 %	33.27%
2008	813,100	\$10.238	\$ 8,332	8.91%	1.40 %	(26.89%)
2007	923,745	\$14.004	\$12,950	7.55%	1.40 %	(0.35%)
2006	934,665	\$14.053	\$13,138	8.43%	1.40 %	8.24%
<u>Growth & Income</u>						
December 31,						
2010	2,062,298	\$16.121	\$33,257	1.13%	1.40%	14.57%
2009	2,296,370	\$14.071	\$32,325	1.97%	1.40%	26.27%
2008	2,534,998	\$11.144	\$28,251	1.52%	1.40%	(36.12%)
2007	2,877,684	\$17.445	\$50,198	0.51%	1.40%	0.57%
2006	3,072,317	\$17.347	\$53,301	0.44%	1.40%	12.76%
<u>Discovery</u>						
December 31,						
2010	1,123,118	\$15.372	\$17,272	0.87%	1.40%	24.81%
2009	1,236,940	\$12.316	\$15,240	1.30%	1.40%	28.95%
2008	1,342,860	\$ 9.551	\$12,828	0.44%	1.40%	(34.18%)
2007	1,470,235	\$14.511	\$21,333	0.17%	1.40%	5.14%
2006	1,539,299	\$13.802	\$21,246	0.14%	1.40%	20.81%
<u>Blue Chip</u>						
December 31,						
2010	1,474,217	\$10.942	\$16,141	1.68%	1.40%	8.68%
2009	1,693,462	\$10.068	\$17,059	2.29%	1.40%	19.92%
2008	1,923,533	\$ 8.396	\$16,157	1.59%	1.40%	(33.03%)
2007	2,185,320	\$12.536	\$27,405	1.12%	1.40%	2.76%
2006	2,509,088	\$12.199	\$30,608	0.96%	1.40%	12.90%

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

	Net Assets			Investment Income Ratio ¹	Expense Ratio ²	Total Return ^{3,4}
	Units	Unit Fair Value	(000s)			
<u>International</u>						
December 31,						
2010	917,967	\$15.415	\$14,157	0.00%	1.40%	11.87%
2009	1,008,692	\$13.779	\$13,906	4.66%	1.40%	21.53%
2008	1,086,573	\$11.338	\$12,318	0.20%	1.40%	(42.70%)
2007	1,123,247	\$19.787	\$22,232	2.97%	1.40%	19.31%
2006	1,036,657	\$16.585	\$17,194	0.68%	1.40%	26.01%
<u>Select Growth</u>						
December 31,						
2010	346,985	\$ 7.249	\$ 2,514	0.18%	1.40%	19.42%
2009	325,124	\$ 6.070	\$ 1,973	0.00%	1.40%	8.37%
2008	323,470	\$ 5.601	\$ 1,810	0.16%	1.40%	(42.29%)
2007	294,571	\$ 9.705	\$ 2,860	0.74%	1.40%	9.87%
2006	308,149	\$ 8.834	\$ 2,723	0.58%	1.40%	7.95%
<u>Government</u>						
December 31,						
2010	553,779	\$17.152	\$ 9,498	4.04%	1.40%	3.36%
2009	567,684	\$16.594	\$ 9,425	4.02%	1.40%	2.83%
2008	499,666	\$16.138	\$ 8,067	4.08%	1.40%	5.44%
2007	423,999	\$15.305	\$ 6,506	5.04%	1.40%	5.07%
2006	412,318	\$14.566	\$ 6,007	5.20%	1.40%	2.36%
<u>Investment Grade</u>						
December 31,						
2010	901,370	\$17.138	\$15,445	4.93%	1.40%	7.74%
2009	934,645	\$15.906	\$14,863	5.94%	1.40%	19.26%
2008	923,413	\$13.338	\$12,315	5.56%	1.40%	(12.83%)
2007	971,615	\$15.301	\$14,874	5.33%	1.40%	4.05%
2006	932,499	\$14.705	\$13,718	5.58%	1.40%	2.55%
<u>Value</u>						
December 31,						
2010	1,333,605	\$14.831	\$19,780	2.15%	1.40%	12.74%
2009	1,450,573	\$13.156	\$19,082	3.19%	1.40%	19.35%
2008	1,582,798	\$11.023	\$17,446	2.06%	1.40%	(30.39%)
2007	1,837,259	\$15.836	\$29,105	1.55%	1.40%	(2.04%)
2006	1,857,833	\$16.165	\$30,034	1.62%	1.40%	19.74%

**FIRST INVESTORS LIFE
VARIABLE ANNUITY FUND D**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2010

	Net Assets			Investment Income Ratio ¹	Expense Ratio ²	Total Return ^{3,4}
	Units	Unit Fair Value	(000s)			
<u>Target Maturity 2010</u>						
December 31,						
2010	-	\$ -	\$ -	7.39%	1.40%	(1.49%)
2009	303,712	\$17.906	\$ 5,437	6.04%	1.40%	(1.61%)
2008	378,525	\$18.199	\$ 6,890	4.96%	1.40%	5.84%
2007	427,675	\$17.195	\$ 7,352	5.63%	1.40%	6.84%
2006	478,254	\$16.094	\$ 7,697	5.21%	1.40%	0.60%
<u>Target Maturity 2015</u>						
December 31,						
2010	941,107	\$21.090	\$19,855	4.04%	1.40%	7.07%
2009	1,046,962	\$19.697	\$20,623	3.98%	1.40%	(3.58%)
2008	1,067,133	\$20.429	\$21,801	3.80%	1.40%	12.97%
2007	1,114,713	\$18.084	\$20,159	3.99%	1.40%	8.17%
2006	1,094,052	\$16.718	\$18,281	3.53%	1.40%	0.43%

- 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.
- 4 Target Maturity 2010 ceased operations on December 14, 2010. Total return represents period January 1, 2010 to December 14, 2010.

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, 2010 and 2009, and the related statements of income, stockholder's equity and cash flows for each of the three years in the period ended December 31, 2010. 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, 2010 and 2009, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, 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, 2011

**FIRST INVESTORS LIFE INSURANCE COMPANY
BALANCE SHEET**

ASSETS

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Investments (note 2):		
Available-for-sale securities	\$211,576,283	\$262,634,603
Held-to-maturity securities	2,540,833	2,399,978
Short term investments	4,790,869	5,903,648
Policy loans	<u>68,640,117</u>	<u>64,114,432</u>
Total investments	287,548,102	335,052,661
Cash	3,043,570	2,035,564
Premiums and other receivables	6,923,467	6,277,624
Accrued investment income	4,862,630	5,096,411
Deferred policy acquisition costs (note 6)	41,436,300	37,820,576
Furniture, fixtures and equipment, at cost, less accumulated depreciation of \$1,128,586 in 2010 and \$1,076,858 in 2009	48,327	93,021
Other assets	377,870	409,788
Separate account assets	<u>858,059,574</u>	<u>792,736,645</u>
Total assets	<u>\$1,202,299,840</u>	<u>\$1,179,522,290</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:

Policyholder account balances (note 6)	\$255,599,846	\$214,806,300
Claims and other contract liabilities	10,910,198	11,845,842
Accounts payable and accrued liabilities	4,043,742	4,231,529
Payable for securities purchased	151,209	--
Deferred Federal income taxes (note 7)	7,851,000	5,914,000
Separate account liabilities	<u>858,059,574</u>	<u>792,736,645</u>
Total liabilities	<u>1,136,615,569</u>	<u>1,029,534,316</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)	4,166,000	2,702,000
Retained earnings	<u>52,483,928</u>	<u>138,251,631</u>
Total stockholder's equity	<u>65,684,271</u>	<u>149,987,974</u>
Total liabilities and stockholder's equity	<u>\$1,202,299,840</u>	<u>\$1,179,522,290</u>

See accompanying notes to financial statements.

FIRST INVESTORS LIFE INSURANCE COMPANY
STATEMENT OF INCOME

	<u>Year Ended</u> <u>December 31, 2010</u>	<u>Year Ended</u> <u>December 31, 2009</u>	<u>Year Ended</u> <u>December 31, 2008</u>
REVENUES			
Policyholder fees	\$19,920,593	\$18,539,073	\$20,669,633
Premiums	15,953,070	12,440,260	11,563,053
Investment income (note 2)	16,207,172	16,735,874	17,268,657
Realized gain (loss) on investments.....	7,289,334	(2,124,934)	(6,064,091)
Other income	<u>464,386</u>	<u>746,676</u>	<u>891,248</u>
 Total income	 <u>59,834,555</u>	 <u>46,336,949</u>	 <u>44,328,500</u>
BENEFITS AND EXPENSES			
Benefits and increases in contract liabilities.....	17,052,796	10,887,459	9,680,933
Dividends to policyholders	762,433	736,104	991,297
Amortization of deferred acquisition costs (note 6) ...	4,535,005	1,218,916	8,914,048
Commissions and general expenses.....	<u>14,065,024</u>	<u>14,259,565</u>	<u>16,728,051</u>
Total benefits and expenses	<u>36,415,258</u>	<u>27,102,044</u>	<u>36,314,329</u>
 Income before Federal income tax	 23,419,297	 19,234,905	 8,014,171
Federal income tax (note 7):			
Current	5,003,000	4,486,000	4,311,000
Deferred	<u>1,184,000</u>	<u>2,280,000</u>	<u>(1,523,000)</u>
	<u>6,187,000</u>	<u>6,766,000</u>	<u>2,788,000</u>
 Net Income	 <u>\$17,232,297</u>	 <u>\$ 12,468,905</u>	 <u>\$ 5,226,171</u>
 Income per share, based on 534,350 shares outstanding		<u>\$32.25</u>	<u>\$23.33</u>
<u>\$9.78</u>			

See accompanying notes to financial statements.

FIRST INVESTORS LIFE INSURANCE COMPANY
STATEMENT OF STOCKHOLDER'S EQUITY

	<u>Year Ended</u> <u>December 31, 2010</u>	<u>Year Ended</u> <u>December 31, 2009</u>	<u>Year Ended</u> <u>December 31, 2008</u>
Balance at beginning of year	\$149,987,974	\$136,076,069	\$140,387,898
Net income.....	17,232,297	12,468,905	5,226,171
Other comprehensive income			
Increase (decrease) in unrealized holding gains on available-for-sale securities	<u>1,464,000</u>	<u>10,143,000</u>	<u>(7,538,000)</u>
Comprehensive income (loss)	18,696,297	22,611,905	(2,311,829)
Dividends Paid	<u>(103,000,000)</u>	<u>(8,700,000)</u>	<u>(2,000,000)</u>
Balance at end of year	<u>\$ 65,684,271</u>	<u>\$149,987,974</u>	<u>\$136,076,069</u>

STATEMENT OF CASH FLOWS

	<u>Year Ended</u> <u>December 31, 2010</u>	<u>Year Ended</u> <u>December 31, 2009</u>	<u>Year Ended</u> <u>December 31, 2008</u>
Increase (decrease) in cash:			
Cash flows from operating activities:			
Policyholder fees received.....	\$ 19,501,574	\$ 19,083,483	\$ 21,046,129
Premiums received.....	16,131,337	11,985,168	10,440,845
Amounts received on policyholder accounts	66,256,908	50,925,944	47,916,700
Investment income received	17,695,158	17,268,897	17,689,962
Other receipts.....	230,496	336,475	411,947
Benefits and contract liabilities paid.....	(43,932,436)	(48,277,349)	(50,117,234)
Commissions and general expenses paid.....	<u>(28,218,729)</u>	<u>(23,472,740)</u>	<u>(27,108,378)</u>
Net cash provided by operating activities.....	<u>47,664,308</u>	<u>27,849,878</u>	<u>20,279,971</u>
Cash flows from investing activities:			
Proceeds from sale of investment securities	187,138,555	175,170,176	173,975,184
Purchase of investment securities	(126,679,862)	(194,377,573)	(190,723,419)
Purchase of furniture, equipment and other assets	(7,034)	(3,790)	(100,506)
Net increase in policy loans	<u>(4,525,685)</u>	<u>(2,004,988)</u>	<u>(1,687,689)</u>
Net cash provided by (used for) investing activities..	<u>55,925,974</u>	<u>(21,216,175)</u>	<u>(18,536,430)</u>
Cash flows from financing activities:			
Dividends paid.....	<u>(102,582,276)</u>	<u>(8,700,000)</u>	<u>(2,000,000)</u>
Net cash used for financing activities	<u>102,582,276)</u>	<u>(8,700,000)</u>	<u>(2,000,000)</u>
Net increase (decrease) in cash.....	1,008,006	(2,066,297)	(256,459)
Cash			
Beginning of year	<u>2,035,564</u>	<u>4,101,861</u>	<u>4,358,320</u>
End of year	<u>\$ 3,043,570</u>	<u>\$ 2,035,564</u>	<u>\$ 4,101,861</u>

The Company paid Federal income taxes of \$6,046,000 in 2010, \$2,733,000 in 2009 and \$5,526,000 in 2008.

See accompanying notes to financial statements.

FIRST INVESTORS LIFE INSURANCE COMPANY

STATEMENT OF CASH FLOWS

	<u>Year ended</u> <u>December 31, 2010</u>	<u>Year Ended</u> <u>December 31, 2009</u>	<u>Year Ended</u> <u>December 31, 2008</u>
Reconciliation of net income to net cash provided by operating activities:			
Net income.....	\$ 17,232,297	\$ 12,468,905	\$ 5,226,171
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	83,646	114,948	113,636
Amortization of deferred policy acquisition costs	4,535,005	1,218,916	8,914,048
Realized investment (gains) losses	(7,289,334)	2,124,934	6,064,091
Amortization of premiums and discounts on investments	1,254,205	813,155	662,657
Deferred Federal income taxes	1,184,000	2,280,000	(1,523,000)
Other items not requiring cash - net	129,199	36,403	24,411
(Increase) decrease in:			
Premiums and other receivables, net	(663,877)	1,520,361	(1,651,072)
Accrued investment income	233,781	(280,132)	(241,352)
Deferred policy acquisition costs, exclusive of amortization.....	(8,704,729)	(7,056,871)	(3,888,541)
Other assets.....	--	(1,951)	(130,218)
Increase (decrease) in:			
Policyholder account balances.....	40,793,546	14,713,409	7,763,293
Claims and other contract liabilities	(935,644)	(960,663)	(568,898)
Accounts payable and accrued liabilities.....	<u>(187,787)</u>	<u>858,464</u>	<u>(485,255)</u>
	<u>\$ 47,664,308</u>	<u>\$ 27,849,878</u>	<u>\$ 20,279,971</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, 2010</u>	<u>Year Ended</u> <u>December 31, 2009</u>	<u>Year Ended</u> <u>December 31, 2008</u>
Interest on fixed maturities	\$ 12,679,583	\$ 13,451,617	\$ 13,221,034
Interest on short term investments	19,106	38,539	393,143
Dividends on preferred stock	--	--	498,260
Interest on policy loans	<u>4,049,495</u>	<u>3,780,707</u>	<u>3,761,330</u>
 Total investment income	 16,748,184	 17,270,863	 17,873,767
Investment expense	<u>541,012</u>	<u>534,989</u>	<u>605,110</u>
 Net investment income	 <u>\$16,207,172</u>	 <u>\$ 16,735,874</u>	 <u>\$ 17,268,657</u>

FIRST INVESTORS LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS (Continued)

The amortized cost and estimated market values of investments at December 31, 2010 and 2009 are as follows:

	<u>Amortized</u> <u>Cost</u>	<u>Gross</u> <u>Unrealized</u> <u>Gains</u>	<u>Gross</u> <u>Unrealized</u> <u>Losses</u>	<u>Estimated</u> <u>Market</u> <u>Value</u>
<u>Available-For-Sale Securities</u>				
<u>December 31, 2010</u>				
U.S. Treasury Securities and obligations of U.S. Government Corporations and Agencies	\$ 28,360,345	\$ 1,055,874	\$ 34,579	\$ 29,381,640
Debt Securities issued by States of the U.S.....	21,919,439	100,227	889,947	21,129,719
Corporate Debt Securities	<u>153,679,499</u>	<u>8,467,035</u>	<u>1,081,610</u>	<u>161,064,924</u>
	<u>\$203,959,283</u>	<u>\$ 9,623,136</u>	<u>\$ 2,006,136</u>	<u>\$211,576,283</u>
 <u>December 31, 2009</u>				
U.S. Treasury Securities and obligations of U.S. Government Corporations and Agencies	\$ 78,191,518	\$ 935,758	\$ 186,536	\$ 78,940,740
Debt Securities issued by States of the U.S.....	6,593,845	132,695	--	6,726,540
Corporate Debt Securities	<u>173,003,220</u>	<u>6,395,610</u>	<u>2,431,507</u>	<u>176,967,323</u>
	<u>\$257,788,583</u>	<u>\$ 7,464,063</u>	<u>\$ 2,618,043</u>	<u>\$262,634,603</u>

At December 31, 2010 and 2009, Unrealized Gains (Losses) on Available-For-Sale Securities of \$4,166,000 and \$2,702,000, 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 \$1,464,000, \$10,143,000 and (\$7,538,000) net of deferred income taxes (benefit) and amortization of deferred acquisition costs of \$1,307,000, \$8,285,000 and (\$6,078,000) for 2010, 2009 and 2008, respectively is reported as other comprehensive income in the Statement of Stockholder's Equity.

Held-To-Maturity Securities

December 31, 2010

U.S. Treasury Securities and obligations of U.S. Government Corporations and Agencies*	\$ 2,540,833	\$ --	\$ 40,837	\$ 2,499,996
	<u>\$ 2,540,833</u>	<u>\$ --</u>	<u>\$ 40,837</u>	<u>\$ 2,499,996</u>

December 31, 2009

U.S. Treasury Securities and obligations of U.S. Government Corporations and Agencies*	\$ 2,399,978	\$ --	\$ 199,461	\$ 2,200,517
	<u>\$ 2,399,978</u>	<u>\$ --</u>	<u>\$ 199,461</u>	<u>\$ 2,200,517</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, 2010, 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	\$ —	\$ —	\$ 8,390,030	\$ 8,595,950
Due after one year through five years	—	—	34,823,647	36,854,527
Due after five years through ten years.....	2,540,833	2,499,996	119,097,983	125,169,193
Due after ten years.....	—	—	41,647,623	40,956,613
	<u>\$ 2,540,833</u>	<u>\$ 2,499,996</u>	<u>\$203,959,283</u>	<u>\$211,576,283</u>

Proceeds from sales of investments in fixed maturities were \$186,553,704, \$168,297,467 and \$167,085,232 in 2010, 2009 and 2008, respectively. Gross gains of \$7,532,336 and gross losses of \$243,963 were realized on those sales in 2010. Gross gains of \$3,884,570 and gross losses of \$6,009,504 were realized on those sales in 2009. Gross gains of \$815,814 and gross losses of \$6,891,791 were realized on those sales in 2008. 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.

(i) *Subsequent Events.* In September 2010, First Investors Consolidated Corporation ("FICC"), the parent of the Company, entered into an agreement with The Independent Order of Foresters ("Foresters"), a Fraternal Benefit Society in Canada under which Foresters will acquire 100% of the outstanding stock of FICC after the spin-off of certain subsidiaries which are primarily engaged in banking and real estate. The transaction closed on January 19, 2011. On January 18, 2011, FICC spun-off the banking and real estate subsidiaries, which were not part of the sales, in a taxable exchange.

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.

The Company utilizes various methods to measure the fair value of its financial instruments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Company 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 or liability, to the extent relevant observable inputs are not available, representing the Company'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.

FIRST INVESTORS LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS (Continued)

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 the Company's assets that are carried at fair value as of December 31, 2010 and 2009 is as follows:

	2010			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Available-for-sale securities.....	\$ 211,576,283	\$ --	\$211,576,283	\$ --
Held-to-maturity securities.....	2,540,833	--	2,540,833	--
Short-term investments	4,790,869	--	4,790,869	--
Separate account assets (2).....	<u>858,059,574</u>	<u>858,059,574</u>	<u>--</u>	<u>--</u>
Total assets accounted for at fair value	<u>\$1,076,967,559</u>	<u>\$858,059,574</u>	<u>\$218,907,985</u>	<u>\$ --</u>

	2009			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Available-for-sale securities.....	\$ 262,634,603	\$ --	\$262,634,603	\$ --
Held-to-maturity securities.....	2,399,978	--	2,399,978	--
Short-term investments (1).....	5,356,725	--	5,356,725	--
Separate account assets (2).....	<u>792,736,645</u>	<u>792,736,645</u>	<u>--</u>	<u>--</u>
Total assets accounted for at fair value	<u>\$1,063,127,951</u>	<u>\$792,736,645</u>	<u>\$270,391,306</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.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2010 and 2009.

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, 2010, 2009 and 2008, the Company charged operations approximately \$103,000, \$13,000 and \$200,000 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 53%, 42% and 41% of its net life insurance in force at December 31, 2010, 2009 and 2008. The Company also had assumed reinsurance amounting to approximately 0%, 19% and 18% 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, 2010, 2009 and 2008, the Company paid approximately \$2,748,000, \$2,763,000 and \$2,965,000, respectively, for these services. In addition, the Company reimbursed an affiliate approximately \$6,681,000 in 2010, \$5,262,000 in 2009, and \$4,173,000 in 2008 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 \$348,000 at December 31, 2010 and \$611,000 at December 31, 2009.

FIRST INVESTORS LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS (Continued)

(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.

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, 2010, 2009 and 2008 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.

	Net Income			Capital Shares and Surplus		
	Year Ended December 31			at December 31		
	2010	2009	2008	2010	2009	2008
Reported on a statutory basis.....	\$10,064,626	\$ 9,737,351	\$8,756,781	\$28,474,789	\$120,027,241	\$119,664,009
Adjustments:						
Deferred policy acquisition costs (b).....	4,169,724	5,837,955	(5,025,507)	41,436,300	37,820,576	35,041,621
Future policy benefits (a).....	(2,300,058)	20,842	2,515,737	(4,135,245)	(1,835,187)	(1,856,029)
Deferred income taxes	(1,184,000)	(2,280,000)	1,523,000	(9,879,000)	(8,778,000)	(1,388,000)
Premiums due and deferred (e).....	1,444,020	(424,701)	(341,440)	(2,318,864)	(3,762,884)	(3,338,183)
Non-admitted assets.....	—	—	—	531,346	611,329	710,249
Asset valuation reserve.....	—	—	—	1,146,121	1,058,899	609,872
Interest maintenance reserve.....	12,811	383,372	177,105	2,811,824	—	—
Gross unrealized holding gains (losses) on available-for-sale securities.....	—	—	—	7,617,000	4,846,000	(13,367,470)
Net realized capital gains (losses)	7,369,149	(1,165,926)	(3,568,324)	—	—	—
Other	(2,343,975)	360,012	1,188,819	—	—	—
	<u>7,167,671</u>	<u>2,731,554</u>	<u>(3,530,610)</u>	<u>37,209,482</u>	<u>29,960,733</u>	<u>16,412,060</u>
In accordance with generally accepted accounting principles.....	<u>\$ 17,232,297</u>	<u>\$12,468,905</u>	<u>\$12,910,322</u>	<u>\$65,684,271</u>	<u>\$149,987,974</u>	<u>\$136,076,069</u>
Per share, based on 534,350 shares outstanding.....	<u>\$32.25</u>	<u>\$23.33</u>	<u>\$24.16</u>	<u>\$122.92</u>	<u>\$280.69</u>	<u>\$254.66</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>2010</u>	<u>2009</u>	<u>Years of Issue</u>	<u>Interest</u>	<u>Mortality Table</u>	<u>Withdrawal</u>
Non-par:					
\$ 691,384	\$ 727,512	1962-1967	4½%	1955-60 Basic Select plus Ultimate	Linton B
2,830,733	3,010,708	1968-1988	5½%	1955-60 Basic Select plus Ultimate	Linton B
294,671	447,722	1984-1988	7½%	85% of 1965-70 Basic Select plus Ultimate	Modified Linton B
265,680	252,982	1989-2008	7½%	1975-80 Basic Select plus Ultimate	Linton B
2,348	2,114	1989-2008	7½%	1975-80 Basic Select plus Ultimate	Actual
9,468	10,342	1989-2008	8%	1975-80 Basic Select plus Ultimate	Actual
71,958,984	66,642,190	1985-Present	4-4½%	Accumulation of Funds	—
2,126,971	-	2009-2010	4½%	Percentage of 2001 Valuation Basic Table Select plus Ultimate	Actual
Par:					
134,698	131,790	1966-1967	4½%	1955-60 Basic Select plus Ultimate	Linton A
11,106,610	11,368,630	1968-1988	5½%	1955-60 Basic Select plus Ultimate	Linton A
1,048,260	1,030,598	1981-1984	7¼%	90% of 1965-70 Basic Select plus Ultimate	Linton B
4,821,818	5,037,591	1983-1988	9½%	80% of 1965-70 Basic Select plus Ultimate	Linton B
30,489,037	30,113,927	1990-2008	8%	66% of 1975-80 Basic Select plus Ultimate	Linton B
Annuities:					
44,691,178	20,551,136	1976-Present	4-4¼%	Accumulation of Funds	—
5,855,510	1,578,892	2009-Present	4-4½%	95% A2000 Basic Table with Projection Scale G	—
Miscellaneous:					
80,747,677	74,123,093	1962-Present	2½%-5¼%	1958-CSO/1980-CSO/2001-CSO	None

* The above amounts are before deduction of deferred premiums of \$1,475,181 in 2010 and \$1,801,819 in 2009.

(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. Amortization of \$4,535,005 in 2010, \$1,218,916 in 2009 and \$8,914,048 in 2008 was charged to operations.

(c) Participating business represented 2.0% and 1.8% of individual life insurance in force at December 31, 2010 and 2009, 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 \$19,440,447, \$110,992,899 and \$110,629,667 at December 31, 2010, 2009 and 2008, 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 and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal, state and local income tax returns for all open tax years (2007 – 2009) or expected to be taken on the Company's 2010 tax return.

Retained earnings at December 31, 2010 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:

	2010	2009
Deferred Tax Assets:		
Policyholder dividend provision.....	\$ (242,740)	\$ (247,182)
Non-qualified agents' pension plan reserve	(153,598)	(24,913)
Future policy benefits	(3,574,691)	(2,615,829)
Write down of securities.....	--	(873,518)
Other	<u>(508,918)</u>	<u>(453,226)</u>
Total Deferred Tax Assets	<u>(4,479,947)</u>	<u>(4,214,668)</u>
Deferred Tax Liabilities:		
Deferred policy acquisition costs	10,111,374	8,651,834
Bond discount.....	73,573	83,834
Unrealized holding gains on Available-For-Sale Securities.....	<u>2,146,000</u>	<u>1,393,000</u>
Total Deferred Tax Liabilities	<u>12,330,947</u>	<u>10,128,668</u>
Net Deferred Tax (Assets) Liabilities	<u>\$ 7,851,000</u>	<u>\$ 5,914,000</u>

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, 2010 and 2009 the net amount of risk on the above GMDB was approximately \$4.5 million and \$13.0 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 (\$116 million in 2010; \$122 million in 2009), equity (\$277 million in 2010; \$269 million in 2009) and money market (\$10 million in 2010; \$8 million in 2009) mutual funds.