



STATE OF NEW YORK INSURANCE DEPARTMENT  
REPORT ON EXAMINATION  
OF THE  
FIRST INVESTORS LIFE INSURANCE COMPANY

CONDITION:

December 31, 2006

DATE OF REPORT:

February 29, 2008

STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

FIRST INVESTORS LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2006

DATE OF REPORT:

FEBRUARY 29, 2008

EXAMINER:

VICTOR U. AGBU

## TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE NO.</u>
1. Executive summary	2
2. Scope of examination	3
3. Description of Company	4
A. History	4
B. Holding company	4
C. Management	7
D. Territory and plan of operation	9
E. Reinsurance	9
4. Significant operating results	11
5. Financial statements	13
A. Assets, liabilities, capital and surplus	13
B. Condensed summary of operations	15
C. Capital and surplus account	16
6. Market conduct activities	17
A. Advertising and sales activities	17
B. Underwriting and policy forms	18
C. Treatment of policyholders	18
7. Prior report summary and conclusions	19
8. Summary and conclusions	21



STATE OF NEW YORK  
INSURANCE DEPARTMENT  
25 BEAVER STREET

David Paterson  
Governor

Eric Dinallo  
Superintendent

September 19, 2008

Honorable Eric Dinallo  
Superintendent of Insurance  
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 22663, dated July 16, 2007 and annexed hereto, an examination has been made into the condition and affairs of First Investors Life Insurance Company, hereinafter referred to as "the Company," at its administrative office located at Raritan Plaza 1, Edison, New Jersey 08818.

Wherever "Department" appears in this report, it refers to the State of New York Insurance Department.

The report indicating the results of this examination is respectfully submitted.

## 1. EXECUTIVE SUMMARY

The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2006 filed annual statement. (See item 5 of this report)

The Company violated Section 3201(b)(1) of the New York Insurance Law by using an unapproved application form to issue its fixed annuity policy. (See item 6B of this report)

The Company violated Section 243.2 of Department Regulation 152 by not maintaining information necessary for reconstructing the solicitation of various replacement policies. (See item 6A of this report)

## 2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2002. This examination covers the period from January 1, 2003 through December 31, 2006. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2006 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2006 to determine whether the Company's 2006 filed annual statement fairly presents its financial condition. The examiner reviewed the Company's income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners' Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

- Company history
- Management and control
- Corporate records
- Fidelity bond and other insurance
- Officers' and employees' welfare and pension plans
- Territory and plan of operation
- Market conduct activities
- Growth of Company
- Business in force by states
- Mortality and loss experience
- Reinsurance
- Accounts and records
- Financial statements

The examiner reviewed the corrective actions taken by the Company with respect to the violations, recommendations and/or comments contained in the prior report on examination. The results of the examiner's review are contained in item 7 of this report. This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

### 3. DESCRIPTION OF COMPANY

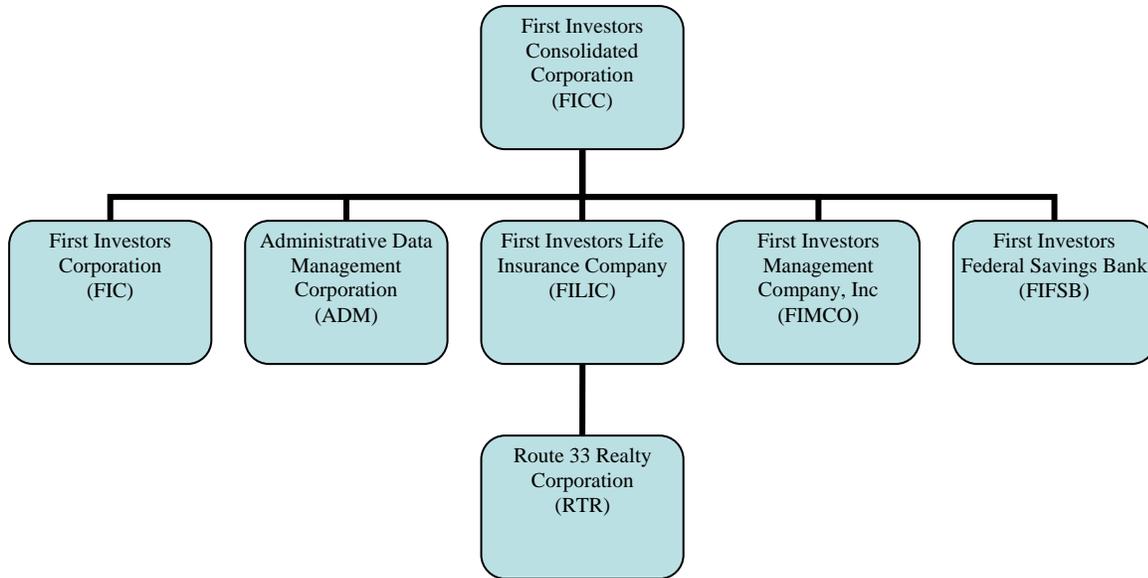
#### A. History

The Company was incorporated as a stock life insurance company under the laws of New York on August 3, 1962, was licensed on November 1, 1962 and commenced business on December 13, 1962. Initial resources of \$1,000,000, consisting of common capital stock of \$500,000 and paid in and contributed surplus of \$500,000, were provided through the sale of 250,000 shares of common stock (with a par value of \$2) for \$4 per share. All of the outstanding stock was purchased by First Investors Corporation (“FIC”). In June of 1968, the assets of FIC were transferred to NFIC Holding Company. In March 1973, NFIC Holding Company changed its name to First Investors Consolidated Corporation (“FICC”). As of December 31, 2006, the capital stock of the Company amounted to \$2,538,162 and the paid-in and contributed surplus amounted to \$6,496,180.

#### B. Holding Company

The Company is a wholly owned subsidiary of FICC, a holding company incorporated in the State of Delaware. The Company has one subsidiary, Route 33 Realty Corporation (“RTR”). RTR was incorporated on April 9, 1986 under the laws of the State of New Jersey primarily for the purpose of purchasing and owning a parcel of land. RTR was initially owned by FICC. On November 14, 1986, all of the outstanding shares of RTR were acquired by the Company for \$708,458.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2006 follows:



The Company had eight service agreements in effect during the examination period. The Company reported the following information relating to inter-company transactions and services within the holding company system for the four year period under review:

Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
29140	1/01/01	The Company	FIC	Data verification and input services	2006: \$54,662 2005: \$16,886 2004: \$24,572 2003: \$80,204
18443A 25556 25556A 25556B	8/18/92 12/22/98 8/04/04 6/22/06	FIC	The Company	Administrative Services: Human Resources Department, Chief Financial Officer, Marketing, Sales Support, Space, etc.	2006: (\$2,141,083) 2005: (\$2,221,709) 2004: (\$2,016,130) 2003: (\$2,120,074)
18953 18953A	7/06/92 9/28/05	FIC, FICC, FIMCO	The Company	Chairman's Salary	2006: (\$100,000) 2005: (\$100,000) 2004: (\$100,000) 2003: (\$100,000)

14825 14825A 14825B	4/27/89 7/27/04 9/08/05	ADM	The Company	IT Services, Customer Identification Program Services, New Employee Training	2006: (\$1,505,418) 2005: (\$1,266,724) 2004: (\$1,176,122) 2003: (\$972,726)
19412 32545	9/10/92 8/04/04	FIMCO	The Company	Investment Management Services	2006: (\$146,518) 2005: (\$143,924) 2004: (\$162,172) 2003: (\$156,858)
16697 19681	9/10/90 6/01/93	FIFSB	The Company	Lockbox Services Automated Clearing House Services	2006: (\$17,615) 2005: (\$74,645) 2004: (\$102,844) 2003: (\$109,704)
33519	2/23/93 7/29/05	FIC	The Company	General Agent Agreement	2006: (\$8,962,624) 2005: (\$10,228,050) 2004: (\$9,871,678) 2003: (\$9,324,873)
21480 21480A	7/25/94 11/8/05	FIMCO	The Company	Office space	2006: (\$170,722) 2005: (\$151,502)

\*Amount of Income or (Expense) Incurred by the Company

The Company files its federal income tax return on a consolidated basis with other members of its holding company system. In connection therewith, the Company participates in a written federal tax allocation agreement effective July 15, 1992, with its parent, FICC.

### C. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than nine and not more than 21 directors. The minimum number of the board of directors shall be increased to 13 within one year following the end of the calendar year in which the admitted assets of the Company reach \$1.5 billion. Directors are elected for a period of one year at the annual meeting of the stockholders held in May of each year. As of December 31, 2006, the board of directors consisted of 13 members. Meetings of the board are held in May and November.

The 13 board members and their principal business affiliation, as of December 31, 2006, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Jay G. Baris Brooklyn, NY	Partner Kramer, Levin, Naftalis, Nessen, Kamin & Frankel	1991
Glenn T. Dallas* Morristown, NJ	Retired	1996
William H. Drinkwater Greenlawn, NY	Senior Vice President and Chief Actuary First Investors Life Insurance Company	1999
Robert M. Flanagan Summit, NJ	Vice President First Investors Life Insurance Company	2006
Richard H. Gaebler* Cold Spring Harbor, NY	Former President First Investors Life Insurance Company	1967
Kathryn S. Head Summit, NJ	President First Investors Consolidated Corporation	1993
Scott Hodes* Chicago, IL	Partner Bryan Cave, LLP	1968
Mary Jane W. Kruzan* Dacatur, GA	Retired	2001
Jackson Ream* Dallas, TX	Retired	1978

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Nelson Schaenen Jr.* Madison, NJ	Retired	1968
Carol E. Springsteen River Vale, NJ	President First Investors Life Insurance Company	2003
John T. Sullivan New York, NY	Counsel Hawkins, Delafield, & Wood	1971
Clark D. Wagner Chatham, NJ	Director of Fixed Income First Investors Management Company	1999

\* Not affiliated with the Company or any other company in the holding company system

In April 2007, Mary Jane Kruzan passed away and was replaced by William Lipkus. Lawrence Fauci was elected in November 2007 to replace John T. Sullivan who passed away in August 2007.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2006:

<u>Name</u>	<u>Title</u>
Carol Springsteen	President
Lawrence M. Falcon*	Senior Vice President and Comptroller
William H. Drinkwater	Senior Vice President and Chief Actuary
Carol L. Brown	Secretary
William M. Lipkus	Vice President and Chief Financial Officer

\* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

The Company's by-laws provide that the Board elect at its annual meeting, a treasurer, "who shall be the chief investment officer of the Corporation and shall have general supervision over the care and custody of the funds and securities of the Corporation." It was noted that the Company operated without a treasurer throughout the period under examination and beyond.

The Company violated its by-laws by failing to put in place a process to elect a treasurer as required by its by-laws. The examiner recommends that the Company either elect a treasurer or amend its by-laws to eliminate the position of treasurer.

#### D. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law. The Company is licensed in all states except South Dakota. In 2006, 23.74% of life premiums, 53.47% of accident and health premiums, and 25.93% of annuity considerations were received from New York. Policies were written on a participating and non-participating basis until 2003. Policies are currently written on a non-participating basis only. In addition, the Company has authority to write separate account business pursuant to Section 4240 of the New York Insurance Law for both variable life insurance policies and variable annuity contracts. The Company writes primarily individual variable life insurance and individual variable annuities. The Company also writes individual term life (10, 20, and 30 year), whole life, and interest sensitive whole life.

The Company's agency operations are conducted primarily on a branch office basis. The branch offices operate out of the sales offices of an affiliate, FIC, which is the corporate general agent. FIC is the Company's only general agent and almost all commissions are paid to FIC and selling agents that are licensed by FIC. FIC acts as the Corporate General Agent under an agreement approved by the Department in February 1993.

The Company modified its interest sensitive whole life (ISWL) product to a lower guarantee (4 percent vs. 4.5 percent) in April 2005. The Company also introduced a new Single Premium Variable Life (SPVL) product in September 2005 and a new series of term products based on the 2001 CSO table in March 2006. The new single premium variable life product includes a fixed account.

#### E. Reinsurance

As of December 31, 2006, the Company had reinsurance treaties in effect with 6 companies, all of which were authorized or accredited. The Company's life and accident and

health businesses are reinsured on a coinsurance and yearly renewable term basis. Reinsurance is provided on an automatic and a facultative basis.

The maximum retention limit for individual life contracts is \$250,000, except for variable life which has a maximum retention limit of \$150,000. The total face amount of life insurance ceded, as of December 31, 2006, was \$3,114,674,382, which represents 45% of the total face amount of life insurance in force. The total face amount of life insurance assumed, as of December 31, 2006, was \$1,928,791,109, which consists of the Servicemen's Group Life Insurance.

#### 4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth during the period under review:

	December 31, <u>2002</u>	December 31, <u>2006</u>	<u>Increase</u>
Admitted assets	<u>\$967,832,385</u>	<u>\$1,339,037,855</u>	<u>\$371,205,470</u>
Liabilities	<u>\$899,518,995</u>	<u>\$1,236,233,879</u>	<u>\$336,714,884</u>
Common capital stock	\$ 2,538,162	\$ 2,538,162	\$ 0
Gross paid in and contributed surplus	6,496,180	6,496,180	0
Group life contingency reserve	50	50	0
Unassigned funds	<u>59,278,998</u>	<u>93,769,584</u>	<u>34,490,586</u>
Total capital and surplus	<u>\$ 68,313,390</u>	<u>\$ 102,803,976</u>	<u>\$ 34,490,586</u>
Total liabilities, capital and surplus	<u>\$967,832,385</u>	<u>\$1,339,037,855</u>	<u>\$371,205,470</u>

The increase in assets and liabilities during the period is a result of increase in separate accounts assets. Separate accounts assets increased from \$738 million to \$1,046 million during the four year period. This increase of about \$308 million resulted in a corresponding increase in separate account liabilities.

The majority (78%) of the Company's admitted assets, as of December 31, 2006, was derived from Separate Accounts.

The Company's invested assets as of December 31, 2006, exclusive of separate accounts, were mainly comprised of bonds (76%), policy loans (19%) and cash and short-term investments (5%).

The majority (94.8%) of the Company's bond portfolio, as of December 31, 2006, was comprised of investment grade obligations.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Ordinary:				
Life insurance	\$4,208,316	\$4,227,174	\$5,200,643	\$ 8,270,121
Individual annuities	<u>3,351,807</u>	<u>3,288,486</u>	<u>3,787,050</u>	<u>3,389,526</u>
Total ordinary	<u>\$7,560,123</u>	<u>\$7,515,660</u>	<u>\$8,987,693</u>	<u>\$11,659,647</u>
Group:				
Life	\$ 19,627	\$ 15,295	\$ 18,371	\$24,394
Annuities	<u>17,572</u>	<u>6,218</u>	<u>84,498</u>	<u>(15,989)</u>
Total group	<u>\$ 37,199</u>	<u>\$ 21,513</u>	<u>\$ 102,869</u>	<u>\$ 8,405</u>
Accident and health:				
Other	<u>\$ 12,131</u>	<u>\$ (10,226)</u>	<u>\$ (21,150)</u>	<u>\$ 1,673</u>
Total	<u>\$7,609,453</u>	<u>\$7,526,947</u>	<u>\$9,069,412</u>	<u>\$11,669,725</u>

Net gain from operations increased significantly in the individual life insurance line of business due to increased investment income and lower acquisition expenses as a result of lower volumes of sales.

## 5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2006, as contained in the Company's 2006 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2006 filed annual statement.

### A. ASSETS, LIABILITIES, CAPITAL AND SURPLUS AS OF DECEMBER 31, 2006

#### Admitted Assets

Bonds	\$ 212,655,170
Stocks:	
Common stocks	601,104
Cash, cash equivalents and short term investments	14,347,934
Contract loans	53,967,166
Investment income due and accrued	4,467,357
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	835,719
Deferred premiums, agents' balances and installments booked but deferred and not yet due	2,683,576
Other amounts receivable under reinsurance contracts	5,118
Current federal and foreign income tax recoverable and interest thereon	461,513
Net deferred tax asset	2,060,000
Receivables from parent, subsidiaries and affiliates	591,313
From separate accounts, segregated accounts and protected cell accounts	<u>1,046,361,885</u>
Total admitted assets	<u>\$1,339,037,855</u>

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$ 179,650,975
Aggregate reserve for accident and health contracts	92,470
Liability for deposit-type contracts	10,291,952
Contract claims:	
Life	1,441,926
Accident and health	(133)
Policyholders' dividends and coupons due and unpaid	3,701
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	818,136
Premiums and annuity considerations for life and accident and health contracts received in advance	167,137
Contract liabilities not included elsewhere:	
Surrender values on cancelled contracts	161,987
Interest maintenance reserve	75,658
Commissions to agents due or accrued	169,750
General expenses due or accrued	1,082,752
Transfers to separate accounts due or accrued	(8,887,539)
Taxes, licenses and fees due or accrued, excluding federal income taxes	388,820
Amounts withheld or retained by company as agent or trustee	(14,232)
Amounts held for agents' account	26,650
Remittances and items not allocated	556,320
Liability for benefits for employees and agents if not included above	1,177,937
Miscellaneous liabilities:	
Asset valuation reserve	1,527,449
Payable for securities	1,012,605
Liability for unclaimed funds	41,904
Accrued interest on unpaid claims	77,837
Capital stock purchase liability	7,780
Group life conversion cost	152
From separate accounts statement	<u>1,046,361,885</u>
Total liabilities	<u>\$1,236,233,879</u>
Common capital stock	\$ 2,538,162
Gross paid in and contributed surplus	6,496,180
Group life contingency reserve	50
Unassigned funds	<u>93,769,584</u>
Total capital and surplus	<u>\$ 102,803,976</u>
Total liabilities, capital and surplus	<u>\$1,339,037,855</u>

B. CONDENSED SUMMARY OF OPERATIONS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Premiums and considerations	\$ 98,680,252	\$103,359,638	\$101,760,992	\$ 90,194,192
Investment income	12,804,245	12,718,611	13,477,405	14,919,258
Commissions and reserve adjustments on reinsurance ceded	9,072	8,012	408,794	305,404
Miscellaneous income	<u>91,343</u>	<u>26,073</u>	<u>16,886</u>	<u>57,350</u>
Total income	<u>\$111,584,912</u>	<u>\$116,112,334</u>	<u>\$115,664,077</u>	<u>\$105,476,204</u>
Benefit payments	\$ 96,235,964	\$108,324,990	\$97,179,856	\$123,048,218
Increase in reserves	8,463,995	7,270,405	9,238,808	8,617,805
Commissions	6,406,276	6,743,123	7,065,576	6,048,792
General expenses and taxes	15,109,791	15,289,960	15,971,484	15,247,244
Increase in loading on deferred and uncollected premiums	52,183	72,729	(25,975)	(729,847)
Net transfers (from) Separate Accounts	<u>(26,208,943)</u>	<u>(33,652,712)</u>	<u>(29,232,008)</u>	<u>(65,756,101)</u>
Total deductions	<u>\$100,059,266</u>	<u>\$104,048,495</u>	<u>\$100,197,741</u>	<u>\$ 86,476,111</u>
Net gain	\$ 11,525,646	\$ 12,063,839	\$ 15,466,336	\$ 19,000,093
Dividends	1,047,460	840,792	843,029	824,966
Federal and foreign income taxes incurred	<u>2,868,733</u>	<u>3,696,100</u>	<u>5,553,895</u>	<u>6,505,402</u>
Net gain from operations before net realized capital gains	\$ 7,609,453	\$ 7,526,947	\$ 9,069,412	\$ 11,669,725
Net realized capital gains	<u>19,396</u>	<u>0</u>	<u>0</u>	<u>342,519</u>
Net income	<u>\$ 7,628,849</u>	<u>\$ 7,526,947</u>	<u>\$ 9,069,412</u>	<u>\$ 12,012,244</u>

C. CAPITAL AND SURPLUS ACCOUNT

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Capital and surplus, December 31, prior year	\$ <u>68,313,390</u>	\$ <u>74,764,816</u>	\$ <u>82,997,459</u>	\$ <u>92,599,944</u>
Net income	\$7,628,849	\$ 7,526,947	\$ 9,069,412	\$ 12,012,244
Change in net unrealized capital (losses)	(38,323)	(8,086)	(977)	(5,253)
Change in net deferred income tax	0	(102,251)	369,890	(325,401)
Change in non-admitted assets and related items	392,947	(151,617)	1,392,919	148,476
Change in asset valuation reserve	(532,047)	(284,850)	(228,759)	(126,034)
Cumulative effect of changes in accounting principles	0	2,252,500	0	0
Dividends to stockholders	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,500,000)</u>
Net change in capital and surplus for the year	\$ <u>6,451,426</u>	\$ <u>8,232,643</u>	\$ <u>9,602,485</u>	\$ <u>10,204,032</u>
Capital and surplus, December 31, current year	\$ <u>74,764,816</u>	\$ <u>82,997,459</u>	\$ <u>92,599,944</u>	\$ <u>102,803,976</u>

## 6. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

### A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Section 243.2 of Department Regulation No. 152 states, in part:

“(b) Except as otherwise required by law or regulation, an insurer shall maintain:

(1) A policy record for each insurance contract or policy for six calendar years after the date the policy is no longer in force or until after the filing of the report on examination in which the record was subject to review, whichever is longer. Policy records need not be segregated from the policy records of other states as long as they are maintained in accordance with the provisions of this part. A separate copy need not be maintained in an individual policy record, provided that any data relating to a specific contract or policy can be retrieved pursuant to subdivision (a) of Section 243.3 of this Part. A policy record shall include:

(iv) other information necessary for reconstructing the solicitation, rating, and underwriting of the contract or policy.”

The Company did not maintain information necessary for reconstructing the solicitation of the policy in 10 out of the 20 replacement policies reviewed by the examiners. In 8 instances, the proper applicant authorization that was required to be submitted to the insurer whose policy was being replaced was not maintained in the file. In the 2 remaining instances, the “important notice regarding replacement” was missing from one file, while the disclosure statement presented by the agent to the applicant was missing from the other file. The Company stated that the missing information was obtained but was not maintained.

The Company violated Section 243.2 of Department Regulation No. 152 by not maintaining information necessary for reconstructing the solicitation of various replacement policies.

### B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Section 3201(b)(1) of the New York Insurance Law states, in part:

"No policy form shall be delivered or issued for delivery in this state unless it has been filed with and approved by the superintendent ..."

The Company issued 38 fixed annuity contracts during the examination period. Of this number, 37 contracts were issued using an application "FORM A" that was not filed with and approved by the Superintendent.

The Company violated Section 3201(b)(1) of the New York Insurance Law by using an unapproved application form.

### C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Based upon the sample reviewed, no significant findings were noted.

## 7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations, recommendations and comments contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

<u>Item</u>	<u>Description</u>
A	<p>The Company violated Section 1505(d) of the New York Insurance Law by failing to notify the Superintendent of its intention to enter into a transaction providing services on a regular or systematic basis at least 30 days prior thereto.</p> <p>The Company re-filed its service agreement with FIC to include providing of marketing services on a regular basis. The Company received approval for the agreement from the Department on July 30, 2004.</p>
B	<p>The examiner recommends that the Company re-file their service agreement with FIC to include the receipt of office space services.</p> <p>The Company re-filed its service agreement with FIC to include providing of office space services. The Company received approval for the agreement from the Department on July 30, 2004.</p>
C	<p>The examiner recommends that the Company re-file their service agreement with ADM to reflect more accurately the services and billing methods being rendered between companies.</p> <p>The Company filed an amended service agreement with ADM. The Company received approval for the agreement on July 26, 2004.</p>
D	<p>The examiner recommends that the Company amend the agreement with ADM to incorporate procedures for safeguarding customer information in compliance with Department Regulation No. 173.</p> <p>The Company filed an amended service agreement with ADM that includes procedures for safeguarding customer information. The Company received approval for the agreement on July 26, 2004.</p>
E	<p>Comments regarding specific items noted during the examination, involving annual statement reporting, internal controls and internal audit.</p> <p>The Company has implemented steps to correct specific deficiencies in Annual Statement reporting. The Company has also established an internal audit function. The current examination did not reveal any instances of deficient reporting.</p>

- F The examiner recommends that the Company implement steps to correct the specific deficiencies noted.

The Company has implemented steps to correct specific deficiencies noted with regards to annual statement reporting and internal control. The examination did not reveal any instances of deficient reporting.

- G The examiner recommends that the Company establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the audit committee with ongoing assessments of the Company's risk management processes and the accompanying system of internal control.

The Company has established an internal audit function and has provided the audit reports completed during the examination period.

## 8. SUMMARY AND CONCLUSIONS

Following are the violations and recommendation contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Company violated its by-laws by failing to put in place a process for the election of a treasurer as required by its by-laws.	9
B	The examiner recommends that the Company either elect a treasurer or amend its by-laws to eliminate the position of treasurer.	9
C	The Company violated Section 243.2 of Department Regulation No. 152 by not maintaining information necessary for reconstructing the solicitation of various replacement policies.	18
D	The Company violated Section 3201(b)(1) of the New York Insurance Law by using an unapproved application form.	18

Respectfully submitted,

\_\_\_\_\_/s/  
Victor U. Agbu  
Associate Insurance Examiner

STATE OF NEW YORK     )  
  )SS:  
COUNTY OF NEW YORK    )

Victor U. Agbu, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

\_\_\_\_\_/s/  
Victor U. Agbu

Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

APPOINTMENT NO. 22663

**STATE OF NEW YORK**  
**INSURANCE DEPARTMENT**

I, ERIC R. DINALLO, Superintendent of Insurance of the State of New York,  
pursuant to the provisions of the Insurance Law, do hereby appoint:

**VICTOR AGBU**

as a proper person to examine into the affairs of the

**FIRST INVESTORS LIFE INSURANCE COMPANY**

and to make a report to me in writing of the condition of the said

**COMPANY**

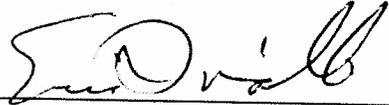
with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name  
and affixed the official Seal of the Department  
at the City of New York

this 16<sup>th</sup> day of July, 2007



ERIC R. DINALLO  
Superintendent of Insurance

  
Superintendent