STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

FIRST INVESTORS LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2002

DATE OF REPORT:	JULY 31, 2003
EXAMINER:	MARK MCLEOD

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

July 31, 2003

Honorable Gregory V. Serio
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 21991, dated January 21, 2003 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 home office located at 95 Wall Street, New York, New York 10005.

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, 2002 filed annual statement. (See item 5 of this report)

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. (See item 7 of this report)

The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the Superintendent before receiving marketing services from its parent. (See item 3B of this report)

The examiner's review of the Company's market conduct activities did not reveal significant instances which deviated from the New York Insurance Law, Department regulations and circular letters and the operating rules of the Company. (See item 6 of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 1998. This examination covers the period from January 1, 1999 through December 31, 2002. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2002 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, 2002 to determine whether the Company's 2002 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 violations contained in the prior report on examination. The results of the examiner's review are contained in item 8 of this report.

3. DESCRIPTION OF COMPANY

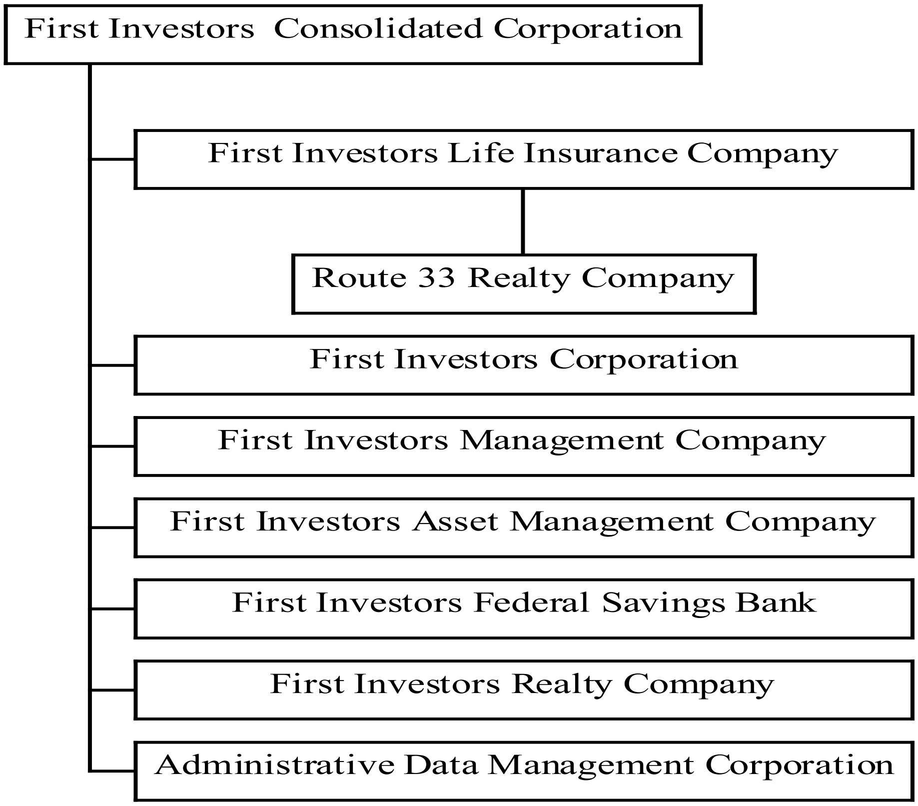
A. History

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, 2002, 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, 2002 follows:



The Company had ten service agreements in effect as of December 31, 2002.

1. An agreement with FIC, whereby FIC provides: administrative services including the operation of a human resources and personnel department and an offices services department; the services of its Chief Financial Offices; telephone facilities; photocopiers; warehousing; supply fulfillment; and insurance coverages. Under this agreement FIC and the Company will also share various expenses relating to postage, training conferences and sales conventions.

2. An agreement with FICC under which the Company reimburses First Investors Management Company ("FIM") for a portion of Glenn O. Head's salary as Chairman of FIL.

3. An agreement with Administrative Data Management ("ADM") under which ADM provides the Company with computer services.

4. An agreement with First Investors Asset Management Company ("FIAMCO") under which FIAMCO is responsible for investing the assets of the Company's profit sharing pension plan.

5. An agreement with FIAMCO under which FIAMCO administers the Company's general account investment portfolio.

6. A lockbox agreement with First Investors Federal Savings Bank ("FIFSB").

7. A general agent's agreement with FIC.

8. An agreement with FIFSB wherein premiums are collected electronically through the use of FIFSB's Automated Clearing House facilities.

9. An agreement with First Investors Realty Company ("FIRC") under which office space can be provided to the Company. Services are not currently being provided to the Company under this agreement.

10. An agreement with FICC providing for the filing of a consolidated tax return and the tax sharing derived from filing on that basis.

Section 1505(d) of the New York Insurance Law states, in part:

> "The following transactions between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, or such shorter period as he may permit, and he has not disapproved it within such period . . .
> (3) rendering of services on a regular or systematic basis . . . "

In 2002, FIC provided the Company with marketing services on a regular basis. The Company failed to obtain the Superintendent's prior approval for this transaction.

The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the Superintendent of its intention to enter into this transaction at least 30 days prior thereto.

On December 14, 1998, the Company amended their service agreement with FIC. The amendment to the agreement erroneously excluded office space from the services covered under the agreement. Office space was included as a service under the original service agreement that was approved in August 1992, and FIC has continued to provide office space to the Company since then.

The examiner recommends that the Company re-file their service agreement with FIC to include the receipt of office space services.

The Company is not in compliance with their service agreement with ADM. The Company is being billed for services received based on the number of network connections between companies on a quarterly basis. The service agreement states that the Company should be billed for the number of hours of computer time used by the Company on a monthly basis. In addition, the agreement does not include procedures for safeguarding customer information in compliance with Department Regulation No. 173. Section 421.2 of Department Regulation No. 173 requires each licensee to implement a comprehensive written information security program that includes administrative, technical and physical safeguards for the protection of customer information. Section 421.7(b) of Department Regulation No. 173 requires the Company to have its service providers implement appropriate measures designed to meet the objectives of the Regulation, and requires that the Company take appropriate steps to confirm that its service providers have satisfied such obligations.

The examiner recommends that the Company comply with their filed service agreement or re-file their service agreement with ADM to reflect more accurately the billing methods being used to charge for services between companies. The examiner also recommends that the Company amend the agreement with ADM to incorporate procedures for safeguarding customer information in compliance with Department Regulation No. 173.

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 grow to $1,500,000,000. 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, 2002, 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, 2002, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
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	President First Investors Life Insurance Company	1999
Richard H. Gaebler* Cold Spring Harbor, NY	Former President First Investors Life Insurance Company	1967
Glenn O. Head Madison, NJ	Chairman First Investors Consolidated Corporation	1962
Kathryn S. Head Summit, NJ	President First Investors Consolidated Corporation	1993
Scott Hodes* Chicago, IL	Partner Ross & Hardies	1968
Mary Jane W. Kruzan* Dacatur, GA	Retired	2001
Jeremiah J. Lyons* Chatham, NJ	Vice President Laksoft Technologies	2001
Jackson Ream* Dallas, TX	Retired	1978
Nelson Schaenen Jr.* Madison, NJ	Retired	1968

Name and Residence	Principal Business Affiliation	Year First Elected
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 May 2003, Jeremiah J. Lyons passed away and was not replaced as of the date of this report.

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, 2002:

Name	Title
William H. Drinkwater	President
Lawrence M. Falcon*	Senior Vice President and Comptroller
Joseph J. Rao	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

Elizabeth Ann Agostini replaced Lawrence M. Falcon as the Consumer Services Officer in April 2003.

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 Idaho, Kansas, Montana, New Hampshire, North Dakota, South Dakota, and Vermont. In 2002, 23% of life premiums, 66% of accident and health premiums and 30% of annuity considerations were received from New York. Policies are written on a participating and non-participating basis. 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 primarily writes individual variable life insurance and individual variable annuities. The Company also writes individual term life (10 15 and 20 year), whole life, interest sensitive whole life, and a small amount of individual accident and health (disability and hospital indemnity).

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.

E. Reinsurance

As of December 31, 2002, the Company had ten reinsurance treaties in effect with six 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 $100,000. The total face amount of life insurance ceded, as of December 31, 2002, was $1,035,720,479, which represents 24% of the total face amount of life insurance in force.

The total face amount of life insurance assumed, as of December 31, 2002, was $1,184,121,727, which represents the Servicemen's Group Life Insurance ("SEGLI").

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, 1998	December 31, 2002	Increase (Decrease)
Admitted assets	$990,987,954	$967,832,385	$(23,155,569)
Liabilities	$952,996,246	$899,518,995	$(53,477,251)
Common capital stock	$ 2,538,162	$ 2,538,162	$ 0
Gross paid in and contributed surplus	6,496,180	6,496,180	0
Variable annuity contingency reserve	750,000	0	(750,000)
Group life contingency reserve	200	50	(150)
Unassigned funds (surplus)	28,207,166	59,278,998	31,071,832
Total capital and surplus	$ 37,991,708	$ 68,313,390	$ 30,321,682
Total liabilities, capital and surplus	$990,987,954	$967,832,385	$(23,155,569)

The majority (76%) of the Company's admitted assets, as of December 31, 2002, was derived from Separate Accounts.

The Company's invested assets as of December 31, 2002, exclusive of Separate Accounts, were mainly comprised of bonds (80.5%) and policy loans (17.5%).

The majority (92.1%) of the Company's bond portfolio, as of December 31, 2002, was comprised of investment grade obligations.

The general decline in the equities market resulted in the decline of the Company's assets.

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:

	1999	2000	2001	2002
Ordinary:				
Life insurance	$5,564,201	$5,883,413	$5,054,387	$3,836,697
Individual annuities	3,241,648	3,658,414	2,888,610	1,906,625
Total ordinary	$8,805,849	$9,541,827	$7,942,997	$5,743,322
Group:				
Life	$ 7,968	$ 8,760	$ 10,753	$ 17,454
Annuities	(6,921)	122,461	122,582	27,722
Total group	$ 1,047	$ 131,221	$ 133,335	$ 45,176
Accident and health - Other	$ 6,617	$ (15,323)	$ (7,305)	$ (28,545)
Total	$8,813,513	$9,657,725	$8,069,027	$5,759,953

The Company's accident and health line is a small, closed block of business in run-off. Adverse claims experience resulted in the losses reported for this line of business.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital, surplus and other funds as of December 31, 2002, as contained in the Company's 2002 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, 2002 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL, SURPLUS AND OTHER FUNDS AS OF DECEMBER 31, 2002

Admitted Assets

Bonds	$177,715,060
Stocks:	
Common stocks	653,744
Policy loans	38,610,708
Cash and short term investments	3,764,816
Federal and foreign income tax recoverable and interest thereon	2,203,236
Life insurance premiums and annuity considerations deferred and uncollected on in force business	2,189,318
Accident and health premiums due and unpaid	402
Investment income due and accrued	3,609,000
Receivable from parent, subsidiaries and affiliates	798,319
From Separate Accounts statement	738,287,782
Total admitted assets	$967,832,385

Liabilities, Capital, Surplus and Other Funds

Aggregate reserve for life policies and contracts	$145,938,658
Aggregate reserve for accident and health policies	174,768
Liability for deposit-type contracts	14,332,314
Policy and contract claims:	
Life	1,435,620
Accident and health	6,675
Policyholders' dividends and coupons due and unpaid	585
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts:	
Dividends apportioned for payment	1,152,933
Premiums and annuity considerations for life and accident and health policies and contracts received in advance	145,784
Policy and contract liabilities	
Surrender values on canceled policies	1,965,344
Commissions to agents due or accrued	110,549
General expenses due or accrued	1,154,280
Transfers to Separate Accounts due or accrued	(7,524,779)
Taxes, licenses and fees due or accrued	415,787
Amounts withheld or retained by company as agent or trustee	(23,336)
Amounts held for agents' account	76,543
Remittances and items not allocated	529,113
Liability for benefits for employees and agents	856,444
Miscellaneous liabilities	
Asset valuation reserve	355,760
Liability for unclaimed funds	26,513
Accrued interest on unpaid claims	93,863
Capital stock purchase liability	7,780
Group life conversion cost	15
From Separate Accounts statement	738,287,782
Total liabilities	$899,518,995
Common capital stock	$ 2,538,162
Gross paid in and contributed surplus	6,496,180
Group life contingency reserve	50
Unassigned funds (surplus)	59,278,998
Total capital, surplus and other funds	$ 68,313,390
Total liabilities, capital, surplus and other funds	$967,832,385

B. CONDENSED SUMMARY OF OPERATIONS

	1999	2000	2001	2002
Premiums and considerations	$157,017,734	$173,919,481	$126,494,446	$106,264,864
Investment income	11,242,017	12,705,242	13,235,642	12,758,468
Net gain from operations from Separate Accounts	(26,034)	120,034	43,798	0
Commissions and reserve adjustments on reinsurance ceded	12,401	8,274	9,613	9,210
Miscellaneous income	61,249	58,121	34,359	49,406
Total income	$168,307,367	$186,811,152	$139,817,858	$119,081,948
Benefit payments	$ 73,868,211	$ 89,274,607	$ 84,882,225	$114,747,590
Increase in reserves	6,117,931	7,501,786	6,462,278	9,443,961
Commissions	7,648,665	8,162,732	6,931,103	6,642,305
General expenses and taxes	10,996,891	12,726,419	13,897,699	14,762,525
Increase in loading on deferred and uncollected premiums	(12,509)	22,177	48,639	10,720
Net transfers to (from) Separate Accounts	54,214,581	51,375,133	13,102,667	(34,771,267)
Total deductions	$152,833,770	$169,062,854	$125,324,611	$110,835,834
Net gain (loss)	$ 15,473,597	$ 17,748,298	$ 14,493,247	$ 8,246,114
Dividends	1,390,300	1,426,792	1,475,800	1,177,236
Federal and foreign income taxes incurred	5,269,784	6,663,781	4,948,420	1,308,925
Net gain (loss) from operations before net realized capital gains	$ 8,813,513	$ 9,657,725	$ 8,069,027	$ 5,759,953
Net realized capital gains (losses)	0	(1,037,582)	(905,902)	(1,047,529)
Net income	$ 8,813,513	$ 8,620,143	$ 7,163,125	$ 4,712,424

C. CAPITAL AND SURPLUS ACCOUNT

	1999	2000	2001	2002
Capital and surplus, December 31, prior year	$37,991,710	$45,872,816	$54,107,766	$61,112,480
Net income	$ 8,813,513	$ 8,620,143	$ 7,163,125	$ 4,712,424
Change in net unrealized capital gains (losses)	565	(277)	(11,542)	(23,184)
Change in non-admitted assets and related items	(559,289)	(997,175)	(693,604)	1,960,868
Change in asset valuation reserve	(373,683)	612,259	546,735	550,802
Surplus (contributed to) withdrawn from Separate Accounts during period	(500,000)	0	594,099	0
Other changes in surplus in Separate Accounts statement	500,000	0	(594,099)	0
Net change in capital and surplus	$ 7,881,106	$ 8,234,950	$ 7,004,714	$ 7,200,910
Capital and surplus, December 31, current year	$45,872,816	$54,107,766	$61,112,480	$68,313,390

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.

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

B. Underwriting and Policy Forms

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

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

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.

D. Response to Supplement No. 1 to Department Circular Letter No. 19 (2000)

Supplement No. 1 to Circular Letter No. 19 (2000) (the "Supplement"), issued by the Department on June 22, 2000, notified all licensed life insurers that the Department was investigating allegations of race-based underwriting of life insurance by its licensees. The Supplement directed, pursuant to Section 308 of the New York Insurance Law, each domestic and foreign life insurer to review its past and present underwriting practices regarding race-based underwriting and to report its findings to the Department.

The Company's response to the Supplement was filed by the Company on August 31, 2000.

The Company reported that their review was conducted relative to business directly issued by the First Investors Life Insurance Company since its inception in 1962. The review included an examination of available rate charts, mortality tables, policy form fillings, applications for life insurance, sales representative contracts, company procedures manuals, company administrative guidelines, underwriting manuals, board of director minutes, and outside vendors' reports.

With regard to the outside vendors' reports, it was noted that up until February of 1964, Retail Credit Company's "Special Life Report" contained a question concerning race. (The Department issued a Circular Letter on this practice in February of 1964.)

The Company's findings were that their review of past and current underwriting practices regarding race-based underwriting practices indicated that the Company does not now, nor has it ever, engaged in race-based underwriting practices. Although a race question appeared on the Retail Credit Company's "Special Life Report," the Company did not use this information for race-based underwriting practices including, but not limited to: refusing to insure; refusing to continue to insure or limiting of the amount; extent of kind of coverage available; charging or collecting higher premiums or rates; making or requiring any rebates; assigning of substandard risk classifications; crediting of or providing lower dividends; policy benefits or nonforfeiture values; making any distinctions as to policy terms or conditions; imposing greater underwriting requirements; and fixing of any fees or commissions in a manner as to encourage or discourage the writing or renewing of a specific type of policy.

A review was made into the affairs of the Company with respect to race-based underwriting and the findings reported pursuant to the Supplement. The examiner determined that the Company's review of its past and present underwriting practices complied with the requirements of the Supplement.

7. ANNUAL STATEMENT REPORTING, INTERNAL CONTROLS, AND INTERNAL AUDIT

The examiner noted the following during the examination:

a) The Company failed to include the commissions paid to FIC in Schedule Y of the annual statement in any of the years under examination;

b) The Company failed to report separately a new reinsurance contract that was entered into during 1999 on Schedule S of the 1999, 2000, 2001 and 2002 filed annual statements. The details were included with another reinsurance agreement;

c) The Company does not have documented procedures for: writing down impaired securities; monitoring and documenting "Provisionally Exempt" securities in accordance with the procedures prescribed by the NAIC; cash receipts; cash disbursements and lapse processing;

d) The Company has former employees authorized as signatories for one of their operating accounts;

e) The Company's information systems and records are provided, created, controlled, owned and maintained by ADM. However, the Company's service agreement with ADM does not give the Company the authority to audit ADM. The service agreement should provide the Company with the authority to audit the information systems and records created and maintained by ADM; and

f) There were various problems regarding intercompany transactions, including failing to provide prior notice to the Superintendent regarding affiliated transactions, as noted in section 3B of this report.

The examiner recommends that the Company implement steps to correct the deficiencies noted in paragraphs "a" through "f" above.

The examination also revealed that the Company does not have an internal audit function.

Internal audit is an integral part of corporate governance that also includes the audit committee, the board of directors, senior management and the external auditors. In particular, internal auditors and audit committees are mutually supportive. Consideration of the work of internal auditors is essential for the audit committee to gain a complete understanding of the

Company's operations. Internal audit identifies strategic, operational and financial risks facing the organization and assesses controls put in place by management to mitigate those risks.

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 agreed to establish and maintain an independent internal audit function. The Company has stated that a plan is currently being developed to establish this function.

8. 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:

Item	Description
A	The Company violated Section 4240(e) of the New York Insurance Law when it failed to obtain prior approval for an amendment to its plan of operations for its Separate Accounts. The Company filed the amendment to the respective plan of operations on September 23, 1999. The Company received approval for the amendment from the Department on September 28, 1999.
B	The Company violated Section 2611(b)(3) and (5) of the New York Insurance Law by requesting HIV testing of proposed insureds without providing the required information as prescribed by Sections 2611(b)(3) and (5) of the New York Insurance Law. The Company has revised their forms requesting HIV testing of proposed insureds to conform to the requirements prescribed by Sections 2611(b)(3) and (5) of the New York Insurance Law.

9. SUMMARY AND CONCLUSIONS

Following are the violation, recommendations and comment contained in this report:

Item	Description	Page No(s).
A	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.	6
B	The examiner recommends that the Company re-file their service agreement with FIC to include the receipt of office space services.	6 – 7
C	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.	7
D	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.	7
E	Comments regarding specific items noted during the examination, involving annual statement reporting, internal controls and internal audit.	19
F	The examiner recommends that the Company implement steps to correct the specific deficiencies noted.	19
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.	19 – 20

Respectfully submitted,

________/s/____________
Mark McLeod
Associate Insurance Examiner

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

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

________/s/__________________
Mark McLeod

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 21991

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, GREGORY V. SERIO, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

MARK MCLEOD

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 21st day of January, 2003

GREGORY V. SERIO
Superintendent of Insurance

Superintendent