STATE OF UTAH INSURANCE DEPARTMENT

REPORT OF FINANCIAL EXAMINATION

of

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY

of

Salt Lake City, Utah

as of

December 31, 2012

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December 11, 2013

Honorable Todd E. Kiser
Insurance Commissioner
State of Utah
3110 State Office Building
Salt Lake City, UT 84114

Commissioner:

Pursuant to your instructions and in compliance with Utah Code Annotated (U.C.A.) Title 31A, an examination, as of December 31, 2012, has been made of the financial condition and business affairs of:

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
Salt Lake City, Utah

hereinafter referred to in this report as the Company, and the following report of examination is respectfully submitted.

SCOPE OF EXAMINATION

Period Covered by Examination

The current examination covers the period from January 1, 2009 through December 31, 2012, including any material transactions and/or events occurring subsequent to the examination date noted during the course of the examination.

Certificates of representation attesting to the Company's ownership of all assets and to the nonexistence of unrecorded liabilities were signed by and received from the Company's management at the initiation and conclusion of the examination.

Examination Procedures Employed

The examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* to determine compliance with accounting practices and procedures in conformity with the applicable laws of the State of Utah, and insurance rules promulgated by the Utah Insurance Department (Department). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles (SSAPs) and annual statement instructions when applicable to domestic state regulations.

The Company retained the services of a certified public accounting firm, PricewaterhouseCoopers LLP, to audit its financial records for the years under examination. An unqualified opinion was rendered for all years under examination. The firm allowed the examiners access to requested work papers prepared in connection with its audits. The external audit work was relied upon where deemed appropriate.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The initial phase of the examination focused on evaluating the Company's corporate governance and control environment, as well as business approach, in order to develop an examination plan tailored to the Company's individual operating profile. A functional activity approach was determined to be appropriate.

The examination determined the inherent risks associated with each of the functional areas and assessed the residual risk for each of the areas after considering mitigating factors. The mitigating factors considered were corporate governance, control environment work performed by external audit functions, and work performed by the Company in support of the Model Audit Rule (MAR). Interviews were held with the senior management of the Company to gain an understanding of the entity's operating profile and control environment. Based on the assessment of residual risk, examination procedures were reduced where considered appropriate.

The examination relied on the findings of the actuarial firm contracted by the Department to verify the aggregate reserve for life policies and annuity contracts.

A letter of representation certifying that management disclosed all significant matters and records was obtained from management and included in the examination working papers.

Status of Prior Examination Findings

The previous examination was performed by the Department as of December 31, 2008. There were no adverse findings noted in the previous report of examination.

HISTORY

General

The Company was incorporated under the laws of the state of Pennsylvania on May 13, 1981, as Independence Square Pension Life Insurance Company. The Company's name was changed to Provident Mutual Variable Life Insurance Company on June 16, 1983. The Company was acquired by FMR Corp. on December 30, 1986, after ceding all in-force policies to Provident Mutual Life Insurance Company of Philadelphia. The Company's name was subsequently changed to Fidelity Investments Life Insurance Company, and was re-domesticated from Pennsylvania to Utah effective November 10, 1992. Effective October 1, 2007, FMR Corp. was merged with and into FMR LLC, making FMR LLC the Company's ultimate parent. The Company owns 100% of the common stock of Empire Fidelity Investments Life Insurance

Company, a New York domiciled life insurer licensed to write business only in the State of New York.

The Company's marketing emphasis was concentrated on the following major products: deferred variable annuities, single premium variable immediate annuities, and term life insurance. The variable annuity and term life insurance products were marketed, sold, and distributed through an affiliated insurance agency throughout the country. Sales were generally made via the Internet, phone, direct mail using telemarketing support, and through Fidelity's walk-in investment centers.

Capital Stock

The articles of domestication provide for authorized capitalization of 1,000,000 shares of common capital stock with a par value of $10 per share. As of December 31, 2012, the Company had 300,000 shares of authorized and outstanding capital stock with an aggregate par value of $3,000,000. The Company is a direct and wholly owned subsidiary of FMR LLC.

Dividends to Stockholder

The Company declared and paid a dividend in the amount of $300,000,000 to its parent company and sole shareholder, FMR LLC, on December 20, 2012. Of this amount, $43,000,000 was considered to be an ordinary dividend and $257,000,000 was considered to be an extraordinary dividend which was approved by the Utah Insurance Department. There were no other dividends declared or paid during the examination period.

Management

The bylaws of the Company indicated the number of directors may be not less than seven or more than fourteen.

The following persons served as directors of the Company as of December 31, 2012:

Name	**Principal Occupation**
Jon Joakim Skillman Weston, Massachusetts	Managing Director, Fidelity International Limited
Roger Theodore Servison Brookline, Massachusetts	President, Corporate and Strategic New Business Development, Fidelity Investments
William Robert Ebsworth[2] Weston, Massachusetts	Chief Investment Officer, Strategic Advisers, Inc.
Rodney Raymond Rohda Newton, Massachusetts	Retired; former President of Fidelity Investments Life Insurance Company
Kathleen Marie Graveline	Retired; former Senior Vice President John Hancock

Needham, Massachusetts	Financial Services
Peter George Johannsen Wellesley, Massachusetts	Retired; Partner of Sullivan and Worcester LLP
Malcolm MacKay New York , New York	Retired; former Managing Director of Russell Reynolds Associates
Floyd Leslie Smith New York, New York	Retired; former Chief Investment Officer, Mutual of New York
Kathleen Ann Murphy[1] Wellesley, Massachusetts	Acting President of Fidelity Investments Life Insurance Company; President, Personal Investing, Fidelity Investments
George Michael Slovak[3] Sunapee, New Hampshire	Executive Vice President of Risk and Compliance, Personal Investing, Fidelity Investments

[1] Cyrus Taraporevala was elected as President of Fidelity Investments Life Insurance Company; Executive Vice President of Investment Solutions – Personal Investing, Fidelity Investments and director effective April, 2013.

[2] William R. Ebsworth resigned as a director effective July, 2013. Derek L. Young, President of Global Asset Allocation of Strategic Advisers, Inc. was elected as director of Fidelity Investments Life Insurance Company effective July, 2013.

[3] G. Michael Slovak resigned as a director effective April, 2013. Norman L. Ashkenas, Senior Vice President and Chief Compliance Officer of Personal Investing, Fidelity Investments was elected as director of Fidelity Investments Life Insurance Company effective July, 2013.

Whereas the Company's bylaws authorize the Board of Directors to establish any committees as deemed necessary, the Company's Board of Directors adopted a resolution to establish an Audit Committee of the Board of Directors effective February 25, 2010. The members of the Audit Committee were appointed by the Board of Directors and were independent directors as of December 31, 2012:

Peter G. Johannsen, Chair of the Audit Committee
Kathleen M. Graveline, Member of the Audit Committee
Malcolm MacKay, Member of the Audit Committee
Floyd L. Smith, Member of the Audit Committee

Effective February 25, 2010, the Company's Board of Directors (Board) voted to terminate the Company's Investment Committee and resolved that the Company's full Board of Directors be responsible for the ratification of investment transactions engaged by the Company's officers.

The Company's bylaws provide for principal officers to consist of a president, one or more vice presidents, a secretary, a treasurer, and other officers as elected by the Board. The following persons served as officers of the Company as of December 31, 2012:

Principal Officer	Office
Kathleen A. Murphy [4]	Acting President
William J. Johnson, Jr.	Executive Vice President, Investment Product Development and Risk Management; Actuary
David A. Golino	Senior Vice President and Chief Financial Officer
Robert J. Cummings	Senior Vice President, Client Services and Sales
Brett Wollam	Senior Vice President, Marketing
Edward Cady [5]	Vice President, Systems and Technology
Edward Michael Shea	Vice President, General Counsel and Secretary
Felicia F. Tierney	Vice President, Human Resources
Brian N. Leary	Consumer Services Officer and Chief Compliance Officer
Miles Mei	Treasurer
Earl F. Martin	Appointed Actuary

[4] Kathleen A. Murphy was elected as Acting President in July, 2012, replacing Jeffrey K. Cimini who resigned from the position of President effective July, 2012. Ms. Murphy was elected to serve in this capacity until the next President was elected or until the next Annual Meeting of the Directors. Effective April, 2013, Cyrus Taraporevala was elected as President of the Company, and director of the Board of Directors. Currently Ms. Murphy is the President of Personal Investing, Fidelity Investments.

[5] Deborah Walsh was elected as Senior Vice President of Systems and Technology effective April, 2013, replacing Edward Cady. Currently Mr. Cady is the Vice President of Systems and Technology of Personal Investing, Fidelity Investments.

Conflict of Interest Procedure

During the period covered by the examination, directors and officers of the Company completed conflict of interest statements annually. No exceptions were noted.

Corporate Records

The meetings of the Board of Directors (Board) were conducted on a quarterly basis since February 2010. Prior to February 2010, meetings of the Board were conducted via written consents on at least an annual basis. The meetings of the sole shareholder were conducted via written consent on an annual basis. The elections of directors and officers for the Company were nominated and approved during these quarterly meetings. The minutes contained high-level descriptions of information discussed about the Company.

The Company's investment transactions for each quarter were reviewed, approved, and ratified during these quarterly Board meetings. Prior to February 2010, the Company's investment transactions were approved and ratified by written consent of the Investment Committee of the Board of Directors for each quarter.

The prior examination report as of December 31, 2008, was distributed to the Board in July, 2010, and reviewed at the Board of Directors meeting on July 15, 2010, in accordance with U.C.A. §31A-2-204(8).

Acquisitions, Mergers, Disposals, Dissolutions, and Purchases or Sales through Reinsurance

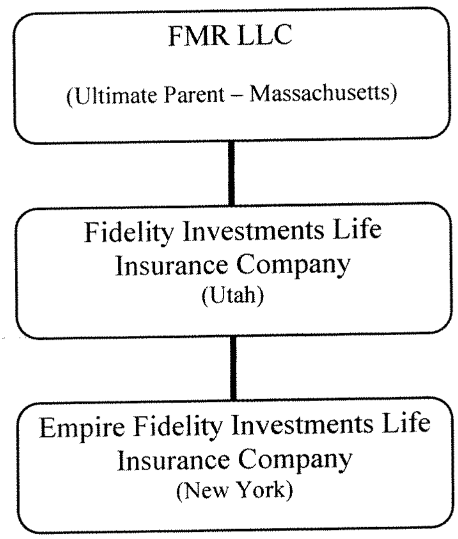
There were no acquisitions, mergers, disposals, dissolutions, or purchases or sales through reinsurance during the examination period.

Surplus Debentures

The Company did not have any surplus debentures issued or outstanding during the examination period.

AFFILIATED COMPANIES

The Company is wholly owned and controlled by FMR LLC. An abbreviated organizational chart illustrating the holding company system follows:



<u>Transactions with Affiliates</u>

Effective February 28, 2009, the Company issued a $200,000,000 unsecured revolving line of credit to its parent, FMR LLC. The revolving line of credit agreement (Agreement) was approved by the Utah Insurance Department and matures on an annual basis but may be extended for successive, one-year periods by mutual agreement of the parties, subject to the prior approval of the Utah Insurance Department. Under the terms of the Agreement, the Company receives a facility fee per year based on the unused amounts of the line of credit. In addition, the Company receives annual interest on any advances made under the Agreement at London Interbank Offer Rate (LIBOR) (based on Bloomberg quotations) plus a spread. There were no amounts advanced by the Company under the Agreement during 2012, 2011, or 2010. The Company earned facility fees of $109,000, $142,000, and $202,000 in 2012, 2011 and 2010, respectively from FMR LLC. Effective December 20, 2012, the Agreement was terminated as a condition of the Utah Insurance Department's approval of the dividend payment to FMR LLC. See Dividends to Stockholders.

As of December 31, 2012, the Company was party to various agreements with affiliated companies, which provided administrative, tax sharing, cost allocation, distribution, participation, and investment management arrangements, and/or services.

The more significant affiliated agreements are summarized as follows:

1. Administrative Services Agreement (Empire Fidelity Investments Life Insurance Company) effective March 10, 1992

This agreement specifies that the Company agrees to provide all accounting and administrative functions necessary for its subsidiary, Empire Fidelity Investments Life Insurance Company (Empire), to conduct its insurance operations. Provision is made for the Company to be reimbursed for the actual cost of services and facilities utilized by Empire in its operations.

2. Tax Sharing Agreement effective December 31, 1992

This agreement provides for the filing of a consolidated federal income tax return between the Company and Empire. The terms of this agreement provide for a defined method by which the annual tax liability will be properly allocated to the extent that each Company will pay an amount, which will be equal to that which would be paid as though the two entities had filed on a separate basis.

3. Service Agreement effective January 1, 1993

Under the terms of this agreement, the Company agrees to provide accounting, analysis, computer systems, and other administrative services to Fidelity Insurance Agency, Inc. (FIA), if FIA is to sell the Company's insurance products on behalf of the Company. Provision is made for the Company to be reimbursed for the actual cost of services provided to FIA.

4. Distribution Agreements effective: October 1, 1993 and October 9, 1996

The Company appointed Fidelity Brokerage Services, LLC (FBSI), as the principal underwriter for the sale of all variable life and variable annuity contracts. The agreement generally provides for the underwriting, marketing, sales and distribution of the Company's variable life and annuity contracts to FIA.

The terms of the agreements generally provide for the Company to compile periodic marketing reports summarizing sales reports to FIA and FBSI, and to keep them apprised of any developments in the various states with regard to registration requirements, regulatory matters, and SEC requests and amendments, and any other conditions which may affect the marketing of the insurance products. The compensation/commissions arrangements regarding the above are summarized in the individual agreements.

5. Administrative Services Agreement effective April 1, 1998

Under the terms of this agreement, FMR LLC, as provider, agrees to provide the Company and FIA services and resources as needed by the two companies to perform the operation of their businesses. The Company and FIA agree to reimburse FMR LLC its actual cost for the services and facilities, within 30 days of receipt of the statement of charges, which are submitted at the end of each calendar quarter.

6. Intercompany Netting Agreement effective March 27, 2000

This agreement involves FMR LLC, the Company, Fidelity Brokerage Services, Inc., National Financial Services Corporation, and other affiliates. The agreement generally provides that all amounts currently receivable/payable by and among FMR LLC, et al., and all affiliates shall be settled and cleared exclusively through FMR LLC. Each subsidiary shall settle its account on a monthly basis by payment to FMR LLC of the excess, if any, of the aggregate of its accounts payable over the aggregate of its accounts receivable as of the end of the month.

7. Incoming Mail Processing Agreement effective April 1, 2005

This agreement is between the Company and Fidelity Investments Institutional Operations Company, Inc. (FIIOC). Under the terms of this agreement, FIIOC will provide certain services including scanning incoming mail, transmitting scans to the Company, storage of scans and separate and deposit checks contained in incoming mail. FIIOC is compensated on a monthly basis for services rendered.

8. Separate Account Service Agreement effective August 15, 2005

This agreement is between the Company and FIIOC, the transfer agent for the Fidelity Variable Insurance Products Funds (VIP). Under the terms of this agreement, the parties agree that, for the Investor Class shares of VIP funds that FILI purchases for its contract holders, FILI will provide its own variable product fund administrative and recordkeeping services, thereby reducing the recordkeeping expenses incurred by FIIOC as compared to the costs of providing all services described in the Transfer Agency Agreement related to VIP Investor Class shares. In compensation for FIIOC's reduced costs, FIIOC will pay the Company a quarterly service fee.

9. Investment Management Agreement effective October 1, 2006

Pyramis Global Advisors Trust Company is a New Hampshire trust company that provides investment advice and management services to the Company, and acts in the capacity of investment manager for the Company. Pyramis has the power and authority to make purchases and sales, and to execute any and all related documents on such asset accounts as designated by the Company, in accordance with investment guidelines, and within the control of the Board. Pyramis is compensated according to a fee schedule, which involves the application of various percentages to the average month-end market values of the accounts at the close of the last business day at the end of each month.

10. Participation and Transfer Agent Agreements effective various dates

The Company and Fidelity Distributors Corporation (FDC), an affiliate underwriter, have entered into participation agreements with four unincorporated business trusts, the Variable Insurance Products Funds I, II, III and IV.

The Company invests its separate account proceeds of these trusts into mutual funds through FDC. Separate accounts are further discussed under the caption, "Territory and Plan of Operation." Fidelity Investments Institutional Services Company (FIIOC) is responsible for the administrative services as the transfer agent for each of the trusts portfolios.

FIDELITY BOND AND OTHER INSURANCE

The minimum fidelity coverage suggested by the National Association of Insurance Commissioners (NAIC) for an insurer of the Company's size and premium volume is not less than $3,500,000. As of December 31, 2012, the Company had sufficient fidelity bond coverage subject to a loss limit of $100,000,000.

The Company also had additional insurance protection against loss from property and liability risks.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company's retirement program consisted of participation in two plans sponsored by FMR LLC: the Profit Sharing Plan, which included a 401(k) feature, and the Retiree Health Reimbursement Plan.

The Profit Sharing Plan consisted of two parts: an annual profit sharing contribution made from available profits, and employees' voluntary 401(k) contributions and the Company matching contributions to the 401(k) portion of the plan (at a rate of dollar-for-dollar up to 7 percent of employee contribution). Both the profit sharing contributions and Company matching contributions were subject to the availability of sufficient Company profits and cash flow. Eligible newly hired employees were automatically enrolled in the Profit Sharing Plan, effective 30 days from date of hire, unless the employee opted out within 30 days of date of hire. Employees were 100 percent vested in the Company contributions of the Profit Sharing Plan at five or more years of vesting service.

The Retiree Health Reimbursement Plan was designed to provide eligible employees a way to pay for eligible medical expenses in retirement. The Company would make an annual credit for each eligible employee who satisfied the annual eligibility requirements, currently $3,000 for each full-time employee and $1,500 for each part-time employee. Employees became eligible after completing 12 consecutive months of service in which they are credited with 1,000 hours of service, measured from date of hire. Employees were eligible to access the Retiree Health Reimbursement Plan credits after retirement from the Company, having completed ten or more consecutive years of service, and having reached the age of 55.

Other benefits available to employees included medical, dental, disability, accident, life insurance coverage, employee assistance program, dependent care tax saver program, and tuition reimbursement.

STATUTORY DEPOSITS

Pursuant to U.C.A §31A-4-105, the Company was required to maintain a deposit in an amount equal to its minimum capital requirement. The Company's minimum capital requirement was $400,000 at December 31, 2012. The examination confirmed the Company maintained a statutory deposit with the State of Utah consisting of a U.S. Treasury Note with a par value of $1,500,000, which was adequate to cover the required deposit.

The special deposits maintained by or through regulatory agencies on the policyholders' behalf, as of December 31, 2012, were as follows:

State	Description	Statement Value	Fair Value
Arkansas	U.S. Treasury Notes	$ 149,725	$ 154,284
Georgia	U.S. Treasury Notes	34,936	36,000
Massachusetts	U.S. Treasury Notes	99,816	102,856
New Mexico	U.S. Treasury Notes	109,798	113,142
North Carolina	U.S. Treasury Notes	399,266	411,424
Utah	U.S. Treasury Notes	1,497,246	1,542,840
Total		$ 2,290,787	$2,360,546

INSURANCE PRODUCTS AND RELATED PRACTICES

Policy Forms and Underwriting

The Company marketed and sold variable annuity and term life products. During the examination period, the Company offered a deferred variable annuity, Fidelity Personal Retirement Annuity (FPRA), and a variable immediate annuity product, Fidelity Freedom Lifetime Income Annuity (FFLI), which have been sold since 2005. For a portion of the examination period, the Company also sold a guaranteed minimum withdrawal benefit deferred variable annuity, Fidelity Growth and Guaranteed Income Annuity (FGGI), which was launched in September 2007. In March 2009, the Company closed its FGGI product to new customers.

The Company serviced a legacy deferred variable annuity with a fixed account option with a guarantee period of at least three months but not exceeding 15 months, Fidelity New Retirement Reserves (NRR), and a legacy immediate variable annuity with a fixed income option, Fidelity Income Advantage (FIA), which were both closed to new investors in 2008. The Company also serviced a legacy fixed immediate annuity product with guaranteed income with life contingency or period certain, Fidelity Guaranteed Income Annuity (FGIA). This product was 100 percent reinsured.

The Company offered a term life insurance product with level premium paying periods of ten, fifteen, and twenty years. The Company also serviced a legacy variable universal life insurance product. Amounts invested in the variable universal life policies were allocated to the Variable

Life Separate Account. The Company retained the first $100,000 liability of the term life business and reinsured the balance.

Territory and Plan of Operation

As of December 31, 2012, the Company was licensed in all states, except New York, as well as in the District of Columbia. The Company's annuity and insurance products are marketed, sold, and distributed throughout the country by an affiliated insurance agency. Sales are generally made via the Internet, phone, direct mail using telemarketing support, and through Fidelity's walk-in investment centers located throughout the United States. The Company operates and distributes its products in the state of New York through Empire Fidelity Investments Life Insurance Company, a wholly owned subsidiary.

The Company's separate accounts business is administered exclusively for the variable life and annuity contract owners (U.S.). The separate accounts, which are unit investment trusts established to support the variable life and annuity contracts, are comprised of mutual fund stock portfolios from eight separate families of mutual funds (Funds). These Funds are available to act in the capacity as investment vehicles for the separate accounts in accordance with the provisions of each of the Funds' participation agreements. Variable life and annuity contract owners direct their investments into one or more of the underlying Funds whose value will vary with the investment performance of the Funds. The full benefit and investment risk is assumed by its contract owner on these separate accounts. The separate accounts assets are held for the exclusive benefit of the variable life and annuity contract owners.

REINSURANCE

Assumed

The Company neither maintained, nor entered into any assumed reinsurance arrangements during the examination period.

Ceded

As of December 31, 2012, the Company participated in numerous reinsurance agreements to protect the excess of its retention in all areas of coverage. The agreements are summarized as follows:

Annuity Products Reinsurance Agreements:

1. Connecticut General (1993) - The agreement with Connecticut General covered the immediate variable annuity (Policy Form FVIA-92100) and protected the Company from longevity risk on the product for issues on or before August 31, 2000. The deductible for this coverage is the accumulation of an annual charge of six basis points of the reserve and the reinsurance benefit is the "tabular less actual mortality" measured on a pricing basis.

2. Munich Re, formerly CNA (1998) - The annuity reinsurance agreement with Munich Re covered deferred variable annuities (Policy Forms VA-1/87, FVA-88200, FVA-88201, NRR-96100, and NRR-96101). For contracts issued on September 10, 1998 through February 29, 2000, the contract protected the Company from death benefits under the Guaranteed Minimum Death Benefit (GMDB). This benefit provided that upon the death of the annuitant prior to age 85 and during the accumulation period, the death benefit would be at least equal to the premiums paid adjusted for withdrawals. GMDB claims on all contracts covered under this agreement were 100 percent reimbursed by Munich Re.

   In addition, Munich Re will also reimburse the Company for 100 percent of GMDB claims on all deferred variable annuities issued prior to September 10, 1998, where the death of the annuitant is from attained age 70 to 85, during the accumulation period.

3. In 1999, the Company began reinsuring the fixed income portion of its immediate annuity (FVIA-92100 and FVIA-99100) and annuitization with Principal Life Insurance Company. In 2001, the Company began offering a fixed immediate annuity contract (FGIA-2001) that was 100 percent coinsured with Genworth Life Insurance Company (formerly known as General Electric Capital Assurance). As of May 1, 2008, sales of these two products were discontinued.

4. Munich Re (two reinsurance agreements in 2001) - In 2001, the Company entered into an agreement with Munich Re to cover the standard GMDB on contracts issued from March 1, 2000 to June 30, 2001, with net amount at risk. The standard GMDB provided upon the death of the annuitant prior to age 85 and during the accumulation period, a death benefit at least equal to the premiums paid adjusted for withdrawals. The Company's maximum retention is $100,000 per life, and Munich Re would cover the remaining loss, up to $6,000,000.

5. From 1999 to 2002, the Company offered an optional enhanced GMDB rider (NRR-96120) where the death benefit was the greater of the basic death benefit or the highest value on any contract anniversary adjusted for subsequent additional payments or withdrawals. For contracts issued with this rider prior to December 1, 2001, these benefits were 100 percent reinsured by Munich Re. For contracts issued from December 1, 2001 to December 31, 2002, Munich Re covered any GMDB claims under this rider exceeding 25 percent of the premium less any withdrawals, but no more than 75 percent of the premium less any withdrawals.

6. AXA Corporate Solutions (2001) - In 2001, the Company entered into an agreement with AXA to cover the standard GMDB (as outlined above) on contracts issued from July 1, 2001 to June 30, 2003. This agreement covered aggregate losses exceeding 10 basis

points of average assets for this block up to 200 basis points of average assets. In September 2012, the Company initiated recapture procedures under the terms of the agreement. The recapture will occur ratably over 36 months, concluding August 2015.

7. Genworth Life and Annuity Insurance Company (2007) - In 2007, the Company began offering a deferred variable annuity with a guaranteed minimum withdrawal benefit (GMWB) (DVA-GWB-2007). The GMWB benefit is reinsured 100 percent with Genworth Life and Annuity Insurance Company for contracts issued in 2007 or 2008.

8. Reinsurance Group of America (2009) – In 2009, the Company entered into a reinsurance agreement to cede 90% of the risk for GMWB policies issued from January 2009 through March 2009. The Company retains 10% of the risk for policies issued from January through March 2009 and 100% of the risk for the approximate 50 policies issued on or after April 1, 2009. Effective March 31, 2009, the Company discontinued its GMWB offering.

Life Products Reinsurance Agreements:

1. On the modest amount of variable life insurance which the Company has issued, the Company maintained reinsurance coverage with Lincoln National and Reinsurance Group of America (RGA) (formerly St. Louis Reinsurance and General American) on a monthly renewable term basis. The percentage of net amount at risk retained by the Company remained constant, and was determined on a contract-by-contract basis. The Company never retained more than $100,000 of initial net amount at risk on any life insurance policy.

2. The term insurance policies were reinsured with Lincoln National, Swiss Re, and Munich Re on a co-insurance basis. The Company reinsures amounts greater than $100,000 of face amount on any one life under its term insurance.

3. The Variable Universal Life (VUL) insurance policies were reinsured with Swiss Re on a co-insurance basis. The Company did not retain more than $100,000 of net amount at risk on any one life under its VUL insurance.

4. The Company Owned Life Insurance (COLI) policies were reinsured with Swiss Re, Munich American Reassurance Company, and RGA on a Yearly Renewable Term (YTR) basis. The Company did not retain more than $100,000 of net amount at risk on any one life under its COLI insurance.

ACCOUNTS AND RECORDS

The Company's general ledger was maintained on the corporate, Fidelity-wide Oracle general ledger system which received daily feeds from the Company's policy administrative system. The Company also used the corporate, Fidelity-wide Oracle Essbase reporting system for certain financial reporting. The Fidelity-wide Oracle general ledger and Oracle Essbase are maintained by Fidelity Corporate Information Technology.

An independent certified public accounting firm, PricewaterhouseCoopers LLP, audited the Company's records during the period covered by this examination. Audit reports generated by the auditors for the years 2009 through 2012 were made available for the examiners' use.

Custodial Agreement

The Company had investments held by a custodian pursuant to a written custodial agreement dated November 22, 1996, which was amended on August 31, 2009. As of December 31, 2012, this custodial agreement was in compliance with Utah Administrative Code (U.A.C.) Rule 590-178. The reported investments were considered admitted assets at December 31, 2012.

FINANCIAL STATEMENTS

The following financial statements were prepared from the Organization's accounting records and the valuations and determination made during the examination:

BALANCE SHEET as of December 31, 2012

STATEMENT OF REVENUE AND EXPENSES for the Year Ended December 31, 2012

RECONCILIATION OF CAPITAL AND SURPLUS – 2009 through 2012

The accompanying NOTES TO FINANCIAL STATEMENTS are an integral part of the financial statements.

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
BALANCE SHEET (ASSETS)
as of December 31, 2012

	Net Admitted Assets	Notes
Bonds	$ 570,150,533	
Preferred stock	50,000	
Common stock	64,924,965	
Cash and short-term investments	19,537,307	
Contract loans	614,161	
Receivables for securities	22,032	
Investment income due and accrued	4,862,676	
Uncollected premiums and agents' balances in course of collection	301,828	
Deferred premiums	4,621,559	
Amounts recoverable from reinsurers	1,356,889	
Other amounts receivable under reinsurance contracts	322,583	
Federal and foreign income tax recoverable and interest thereon	9,542,916	
Net deferred tax asset	27,710,775	
Fund administration fee receivable	1,484,422	
Recordkeeping fee receivable	5,671,385	
Other assets	571,131	
From Separate Accounts	18,269,607,416	
Total assets	$ 18,981,352,578	

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
BALANCE SHEET (LIABILITIES, SURPLUS, AND OTHER FUNDS)
as of December 31, 2012

Interest maintenance reserve	14,910,847	
Commissions to agents due or accrued	1,637,373	
General expenses due or accrued	1,737,801	
Transfers to separate accounts due or accrued	(31,828,996)	
Taxes, licenses and fees	4,085	
Amounts withheld or retained by company as agent or trustee	1,669,116	
Remittances and items not allocated	4,315,236	
Asset valuation reserve	4,392,637	
Payable to parent, subsidiaries and affiliates	8,280,426	
From separate accounts statement	18,220,831,498	
Total liabilities	18,426,904,625	
Common capital stock	3,000,000	
Gross paid in and contributed surplus	65,684,916	
Unassigned funds (surplus)	485,763,037	
Total capital and surplus	554,447,953	1
Total liabilities, capital and surplus	$ 18,981,352,578	

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
STATEMENT OF REVENUE AND EXPENSES
for the Year Ended December 31, 2012

Premium and annuity considerations for life contracts	$ 1,704,762,180
Net investment income	17,298,775
Amortization of interest maintenance reserve	5,258,517
Separate Accounts net gain from operations	4,778,898
Commissions and expense allowances on reinsurance ceded	6,944,192
Income from fees associated with investment management administration and contract guarantees from Separate Accounts	92,626,960
Aggregate write-ins for miscellanous income	31,698,410
Totals	1,863,367,932
Death benefits	1,424,578
Annuity benefits	186,993,169
Surrender benefits and withdrawals for life contracts	996,952,888
Interest and adjustments on contract or deposit-type contract funds	20,581
Increase in aggregate reserves for life and accident and health contracts	17,281,670
Totals	1,202,672,886
Commissions on premiums, annuity considerations and deposit-type contract funds	18,658,971
General insurance expenses	33,641,057
Insurance taxes, licenses and fees	2,120,075
Increase in loading on deferred and uncollected premiums	(20,501)
Net transfers to or (from) separate accounts net of reinsurance	516,216,482
Totals	1,773,288,970
Net gain from operations before dividends to policyholders	90,078,962
Dividends to policyholders	-
Net gain from operations after dividends to policyholders	90,078,962
Federal and foreign income taxes incurred	25,631,176
Net gain from operations after dividends to policyholders and federal income taxes	64,447,786
Net realized capital gains (losses)	(66,152)
Net income (loss)	$ 64,381,634

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
RECONCILIATION OF CAPITAL AND SURPLUS
2009 through 2012

	2009	2010	2011	Per Exam 2012
Capital and surplus prior reporting year	$ 648,121,449	$ 669,319,161	$ 739,299,564	$ 766,905,686
Net income	13,302,797	63,681,056	21,579,626	64,381,634
Change in net unrealized capital gains (loss)	2,787,551	3,087,983	3,143,591	4,232,480
Change in net deferred income tax	7,413,193	(3,200,799)	13,738,611	1,820,027
Change in nonadmitted assets	(1,231,616)	7,676,817	(9,789,797)	2,602,589
Change in asset valuation reserve	(1,074,213)	(1,264,654)	(1,065,909)	(954,678)
Cumulative effect of changes in accounting	-	-	-	15,460,215
Dividends to stockholder	-	-	-	(300,000,000)
Net change in capital and surplus	21,197,712	69,980,403	27,606,122	(212,457,733)
Capital and surplus end of reporting year	$ 669,319,161	$ 739,299,564	$ 766,905,686	$ 554,447,953

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NOTES TO FINANCIAL STATEMENTS

1. Capital and Surplus $554,447,953

The capital and surplus reported by the Company in its December 31, 2012 annual statement was $554,447,953.

The Company's minimum capital requirement was $400,000 as defined in U.C.A. § 31A-8-209. As defined by U.C.A. § 31A-17 Part 6, the Company reported total adjusted capital of $559,051,120, which exceeded the authorized control level risk-based capital (RBC) requirement of $21,335,971 as of December 31, 2012 by $537,715,149.

SUMMARY OF EXAMINATION FINDINGS

The capital and surplus reported by the Company in its December 31, 2012 annual statement was $554,447,953. The Company's minimum capital requirement was $400,000 as defined in U.C.A. § 31A-8-209. As defined by U.C.A. § 31A-17 Part 6, the Company reported total adjusted capital of $559,051,120, which exceeded the authorized control level risk-based capital (RBC) requirement of $21,335,971 as of December 31, 2012 by $537,715,149. No comments or adjustments were made as a result of this examination

SUBSEQUENT EVENTS

There were no subsequent events which would require disclosure.

ACKNOWLEDGEMENT

Frank G. Edwards Jr., ASA, MAAA, and Joseph C. Higgins, FSA, MAAA, of The INS Companies performed the actuarial phases of the examination. In addition to the undersigned, Michael E. Angelina, ACAS, MAAA, Alvin J. Burrell, CFE, AIE, MCM, Richard H. Kramer, CFE, David Gordon, MBA, CISA, CIA, CBA, CFE (Fraud), Robert Ficken, CISA, CIA, CFE, AES, of The INS Companies, participated in the examination representing the Utah Insurance Department. In addition, Cory L. Starley, examiner for the Utah Insurance Department also participated in the examination. Aaron C. Phillips, CFE, Audit Manager for the Utah Department of Insurance supervised the examination. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by officers, employees, and representatives of the Company.

Respectfully Submitted,

Neeraj Gupta

Neeraj Gupta, CFE
Examiner-in-Charge
Representing the Utah Insurance Department