

Principal Company Officers

William R. Hess, CLU
Chairman, President & Chief Executive Officer

Terence M. Mawhinney, FSA, MAAA
Senior Vice President – Chief Actuary

James M. Smith, CEBS
Vice President – Sales & Marketing

John F. Luchsinger, Jr., J.D., CLU
Vice President – General Counsel & Secretary

Frank J. D’Onofrio, Jr.
Vice President – Investments

Donald G. Cook, CPA
Vice President – Treasurer

Barbara F. Stepien
Vice President – Administrative Services

Scott A. Claffin, FSA, MAAA
Vice President – Actuary

Board of Directors

Robert J. Bennett
Richard S. Corriero
Paul W. de Lima
Roger J. Halbert
Jerry L. Harris
William R. Hess
James E. Introne
Darlene D. Kerr
John F. Luchsinger, Jr.
Mary Patricia Olikier
Alfred W. Popkess
F. Philip Prelli



A NEW YORK MUTUAL COMPANY

Farmers and Traders Life Insurance Company
960 James Street • P.O. Box 1056
Syracuse, NY 13201-1056
www.FTLife.com • (800) 347-0960

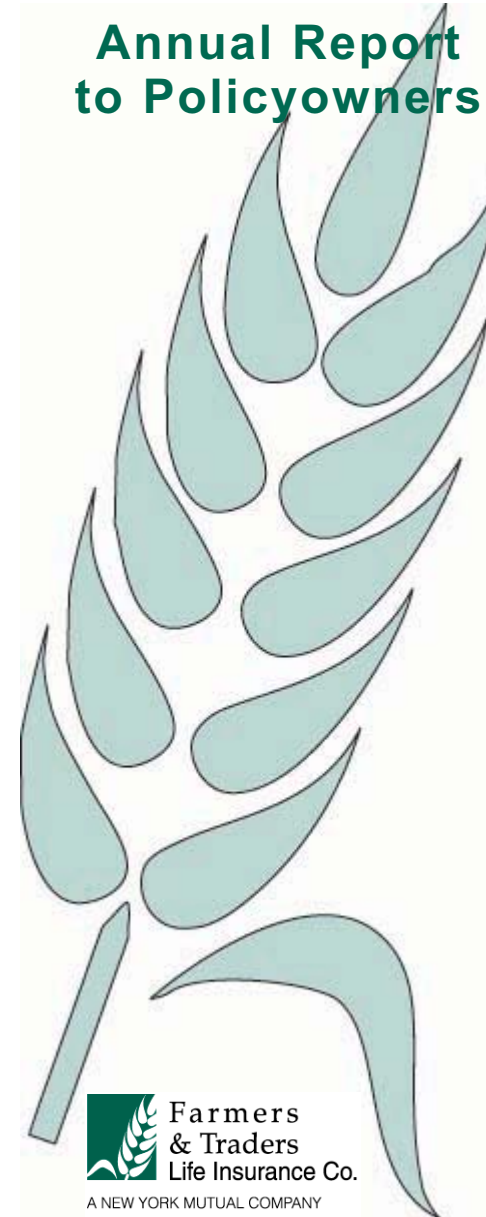
Farmers and Traders Life Insurance Company is licensed to do business in CT, DC, DE, FL, GA, IL, IN, KS, MA, MD, ME, MI, MN, MO, NC, NH, NJ, NV, NY, OH, OK, PA, RI, SC, TN, TX, VA, VT, WI, and WV.

Form No. 20-322

Rev. 02/07

Farmers and Traders Life Insurance Company 2006

Annual Report to Policyowners



Form No. 20-322

Rev. 02/07

GREETINGS FROM THE CHAIRMAN:

Our Company Mission Statement: “Farmers and Traders Life provides life insurance and annuity products that enable our policyowners to enhance their plans for financial security. Our business is to make and keep long-term commitments to our customers.” In support of this mission, we are committed to:

- Concentrating on niche markets that value our expertise and our personal service,
- Maintaining a reputation for excellence and integrity,
- Providing professional service, and
- Ensuring a financially-strong, growing company.

We strive to solve the financial needs of our customers by providing expertise in the sale of life insurance in qualified plans and business continuation planning and maintaining our strength in the niche market of worksite/payroll-deducted life insurance. We are currently updating our portfolio of Whole Life, Term, and Universal Life products and offer a diversity of outside products, including long-term care and disability income coverage through our in-house agency.

Farmers and Traders remains a strong New York mutual company with a dedicated Home Office staff providing outstanding customer service to our policyowners and support to the field force.

Thank you all for your continued trust in Farmers and Traders Life Insurance Company.

A handwritten signature in black ink that reads "William R. Hess".

William R. Hess, CLU
Chairman, President & CEO

Balance Sheet
December 31, 2006 and 2005
(Dollars in thousands)

Assets	<u>2006</u>	<u>2005</u>
Bonds	\$419,085	\$423,551
Stocks	1,848	1,932
Mortgage Loans	79	107
Real Estate	1,178	1,090
Policy Loans	27,662	26,509
Cash & Short-Term Investments	6,394	11,020
All Other Assets	17,115	16,330
Total Assets	\$473,361	\$480,539
Liabilities and Surplus		
Policy Reserves	\$408,962	\$417,688
Deposit-Type Contracts	20,009	20,424
Dividends Payable	3,675	3,980
Investment Reserves	1,925	1,736
Other Liabilities	6,960	5,506
Total Liabilities	441,531	449,334
Unassigned Surplus	31,830	31,205
Total	\$473,361	\$480,539

About the Company

Farmers and Traders Life Insurance Company is a New York mutual company, which has provided policyowners with life insurance since 1912.

Today, the company continues to deliver on its promises and is committed to measured growth, a high level of customer service, and financial stability.

Summary of Operations
Years Ended December 31, 2006 and 2005
(Dollars in thousands)

	<u>2006</u>	<u>2005</u>
Premiums and Annuity Considerations	\$41,276	\$40,640
Supplementary Contracts with Life Contingencies	242	298
Investment Income	25,284	25,946
Other	55	43
Total Income	66,857	66,927
Benefits Incurred	54,021	51,054
Increase in Reserves	(8,726)	(5,770)
Dividends	3,535	3,922
Expenses	16,098	16,280
Federal Income Taxes	694	460
Total Expenses	65,622	65,946
Gain from Operations	1,235	981
Realized Capital Losses	(42)	(260)
Net Income	\$1,193	\$721

Supplementary Information
As of December 31, 2006
(Dollars in thousands)

Life Insurance in Force	\$2,082,223
Life Policies in Force	75,522
Bond Quality:*	
Exempt or Highest Quality	90.2%
High Quality	8.1%
Medium Quality	1.4%
Low Quality	0.2%
Lower Quality	0.1%
In Default	0.0%

* As determined by the NAIC SVO rating system.

Products include:

1. Traditional Whole Life
2. Universal Life
3. 10-, 15-, and 20-Year Term
4. Simplified Issue and Guaranteed Issue Worksite Marketing
5. Guaranteed Issue Senior Life
6. Flexible Premium Deferred Annuity
7. Single Premium Deferred Annuity
8. Single Premium Immediate Annuity
9. Variety of Riders

Rated Excellent
by A.M. Best

A.M. Best Company ratings are used widely inside and outside the insurance industry as the standard for measuring the financial stability of insurance companies. Farmers and Traders Life Insurance Company's A- (Excellent) rating is truly a significant achievement.