



FRANKLIN TEMPLETON
INVESTMENTS

Annual Report

December 31, 2017

Franklin Templeton Variable Insurance Products Trust



Franklin Templeton Variable Insurance Products Trust Annual Report

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*Not part of the annual report. Retain for your records.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not

have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

Franklin Rising Dividends VIP Fund

This annual report for Franklin Rising Dividends VIP Fund covers the fiscal year ended December 31, 2017.

Class 2 Performance Summary as of December 31, 2017

Average annual total return of Class 2 shares* represents the average annual change in value, assuming reinvestment of dividends and capital gains. Average returns smooth out variations in returns, which can be significant; they are not the same as year-by-year results.

Periods ended 12/31/17	1-Year	5-Year	10-Year
Average Annual Total Return	+20.56%	+13.70%	+8.82%

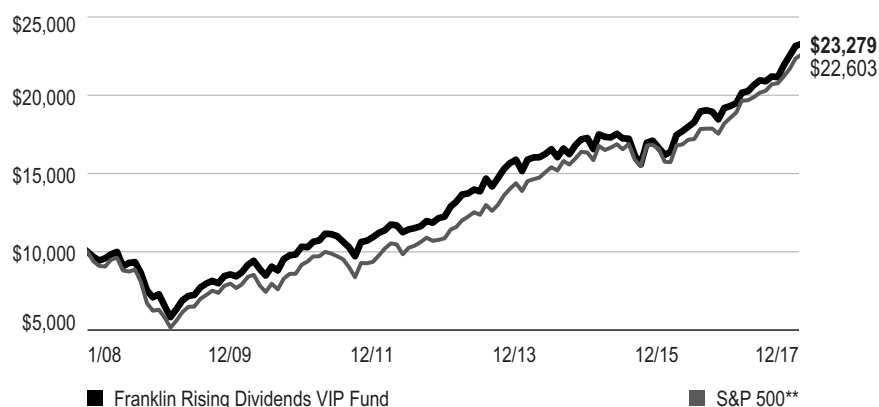
*The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/18. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

*Performance reflects the Fund's Class 2 operating expenses, but does **not** include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Total Return Index Comparison for a Hypothetical \$10,000 Investment (1/1/08–12/31/17)

The graph below shows the change in value of a hypothetical \$10,000 investment in the Fund over the indicated period and includes reinvestment of any income or distributions. The Fund's performance* is compared to the performance of the Standard & Poor's® 500 Index (S&P 500®). **One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Important Notes to Performance Information preceding the Fund Summaries.**



**Source: Morningstar. Please see Index Descriptions following the Fund Summaries.

Fund Goal and Main Investments

The Fund seeks long-term capital appreciation, with preservation of capital as an important consideration. Preservation of capital, while not a goal, is also an important consideration. Under normal market conditions, the Fund invests at least 80% of its net assets in equity securities of financially sound companies that have paid consistently rising dividends.

Fund Risks

All investments involve risks, including possible loss of principal. Value securities may not increase in price as anticipated or may decline further in value. For stocks paying dividends, dividends are not guaranteed, and can increase, decrease or be totally eliminated without notice. Securities issued by smaller and midsize companies may be more volatile in price than those of larger companies, involve substantial risks and should be considered speculative. To the extent that the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, the Fund may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks that are heightened in developing countries. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the S&P 500 rose +21.83% for the same period.¹ Please note the Fund employs a bottom-up stock selection process, and the managers invest in securities without regard to benchmark comparisons.

Economic and Market Overview

The US economy grew during the 12 months under review. After strengthening in 2017's second and third quarters, the economy moderated in the fourth quarter. The economy grew faster in 2017 than in 2016, however, largely due to growth in

consumer spending, business investment and exports. The manufacturing and services sectors expanded during the period. The unemployment rate declined from 4.7% in December 2016 to 4.1% at period-end.² Monthly retail sales were volatile but positive on average during the period. Annual inflation, as measured by the Consumer Price Index, was 2.1% in December 2016, and while it varied over the 12-month period, remained unchanged at period-end.²

The US Federal Reserve (Fed) raised its target range for the federal funds rate 0.25% at its March and June 2017 meetings, amid signs of a growing US economy, strengthening labor market and improving business spending. At its December meeting, the Fed raised its target range for the federal funds rate 0.25% to 1.25%–1.50%, as widely anticipated by the market. The Fed also confirmed that the monthly balance sheet reduction would increase from \$10 billion to \$20 billion beginning in January 2018.

US equity markets rose during the 12-month period, benefiting from mostly upbeat economic data, better US corporate earnings and improving global economic growth. Concerns about the terms of the UK's exit from the European Union (EU), political uncertainty in the US, tensions between the US and North Korea, and the progress of US health care and tax reform plans curbed market sentiment at times. However, the markets were also supported by investor optimism arising from pro-growth and pro-business policy plans in the US, the prospect for reforms in the EU with Emmanuel Macron's election as France's president, and the US Fed chair's comments indicating optimism about the US economy and the likelihood of gradual rate hikes. Furthermore, the Senate's approval of a budget plan in October and subsequent passage of a tax reform bill near period-end drove many US equity indexes to end 2017 near record highs. In this environment, the broad US stock market, as measured by the S&P 500 Index, generated a +21.83% total return for the period.¹

Investment Strategy

We are a research-driven, fundamental investment adviser, pursuing a disciplined value-oriented strategy. As bottom-up investors concentrating primarily on individual securities, we seek fundamentally sound companies that we believe meet our screening criteria, which include consistent, substantial

1. Source: Morningstar. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

2. Source: Bureau of Labor Statistics.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI).

dividend increases; reinvested earnings; and strong balance sheets. We attempt to acquire such stocks at attractive prices, often when they are out of favor with other investors. In following these criteria, we do not necessarily focus on companies whose securities pay a high dividend but rather on companies that consistently raise their dividends.

Manager's Discussion

During the fiscal year ended December 31, 2017, some holdings that contributed to absolute performance included Albemarle, Microsoft and Roper Technologies.

Shares of Albemarle, a specialty chemicals producer, experienced strong growth during the period as the company continued to report solid performance in its lithium business. Periodic market concerns regarding the possibility of excess lithium supply were more than offset by the industry consensus that pointed to demand outpacing supply growth. Analysts believe that demand for lithium battery technology could benefit from growth in electric vehicles. Management continued to focus on expanding the company's market-leading position in lithium. The company has increased its dividend for 23 consecutive years.

Microsoft, a software and information technology (IT) services company, saw its shares move higher in 2017 as the company's cloud-based initiatives continued to deliver solid results, led by Office 365 subscriber growth and Azure revenue growth. Additionally, prudent expense management and better margins in the hardware business led to better operating results and earnings-per-share growth, which exceeded consensus expectations. The company has raised its dividend for 14 consecutive years.

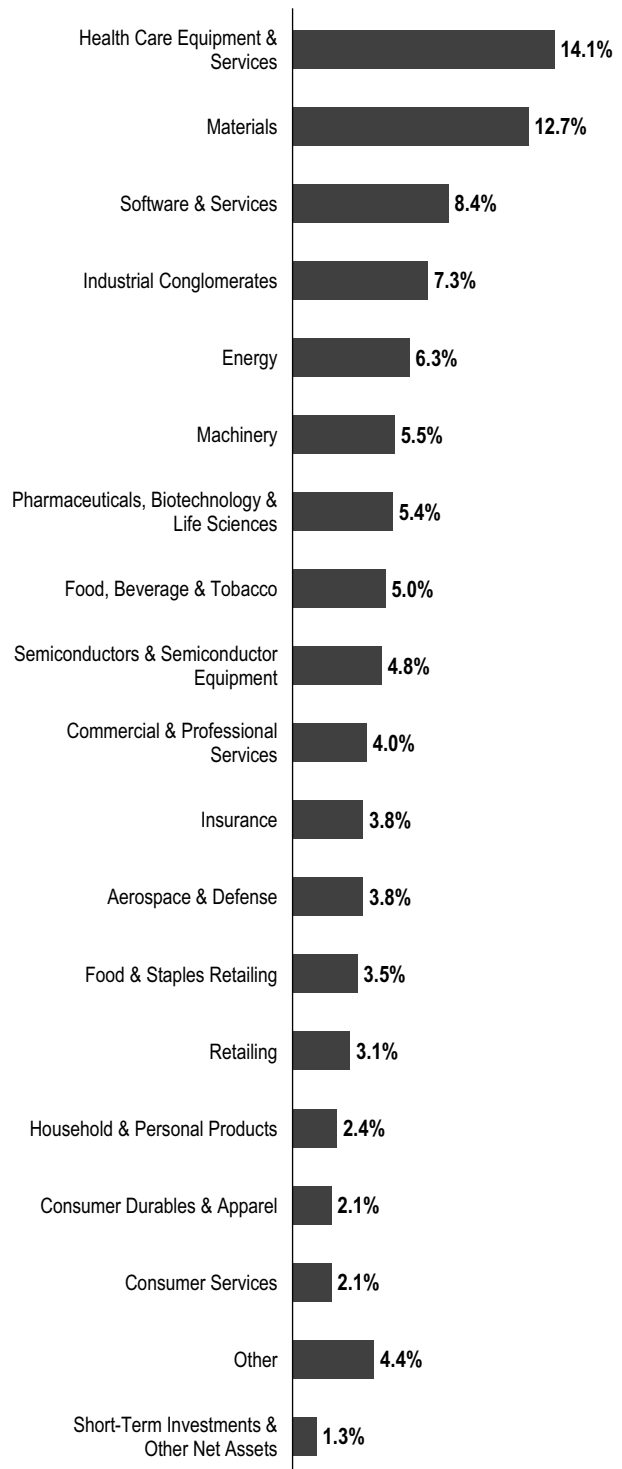
Roper Technologies, a diversified industrial company, enjoyed significant stock price appreciation in 2017 after reporting robust financial results during the period. The company posted strong organic growth across all four of its segments, with the industrial technology and energy segments leading the way. This performance drove better-than-expected operating results. The company is confident about its business plans heading into 2018 and expects to continue to achieve strong operating results. The company has grown its dividend for 25 consecutive years.

Conversely, some holdings that detracted from absolute performance included Schlumberger, Matthews International and Walgreens Boots Alliance.

Shares of Schlumberger, a global oilfield services company, were weak during the period due to ongoing industry

Portfolio Composition

Based on Total Net Assets as of 12/31/17



uncertainty about oil inventory surpluses and the prospect of a sustainable recovery in oil prices. Activity in the oil and gas services industry typically lags that of oil and gas producers, and the current concerns about the sustainability of production

activity has led to cautious sentiment about services companies. Schlumberger continued to perform well despite a challenging environment, and we believe that it could be well-positioned to benefit from the recent oil price recovery. The company has raised its dividend for five consecutive years.

Shares of Matthews International, a small industrial conglomerate, declined steadily during the fiscal year. Mixed performance, with several lackluster quarters driven by weakness in casket sales and softer North American and European markets for the SGK segment hurt earnings. We believe that possible stabilization in these markets, as well as possible innovation and new market-driven growth opportunities, could position Matthews for better performance going forward. In addition, we believe the company's lower operating expenses going forward could improve profitability. Matthews has raised its dividend for 23 consecutive years.

Shares of Walgreens Boots Alliance, a retail drugstore operator, declined in the latter half of the period due to investor concerns about Amazon entering the retail pharmacy industry. The company's proposed acquisition of Rite Aid, which experienced significant delays and changes, were finalized in 2017. The Rite Aid integration process now underway could, in our opinion, start to deliver on synergies and improve store productivity. Also, the company's beauty assortment and health care services initiatives could drive growth and improve profitability. Walgreens has increased its dividend for 42 years.

During the period, the Fund initiated a new position in Comcast, a telecommunications conglomerate (nine consecutive years of dividend increases). We added to existing positions including Analog Devices, an integrated circuits manufacturer (14 consecutive years of dividend increases), Accenture, a management consultant and professional services company (12 consecutive years of dividend increases) and Texas Instruments, a semiconductor designer and manufacturer (14 consecutive years of dividend increases), among others.

We exited positions in Hillenbrand, Qualcomm and Bemis, among others. We also reduced several holdings including Dover, United Technologies and Arthur J Gallagher & Company during the period.

Our 10 largest positions on December 31, 2017, represented 35.0% of the Fund's total net assets. It is interesting to note how these 10 companies would respond to the Fund's screening criteria based on a simple average of statistical measures. On average, these 10 companies have raised their dividends 29 years in a row and by 267% over the past 10 years. Their most recent year-over-year dividend increases averaged 8.4%

Top 10 Holdings

12/31/17

Company Sector/Industry	% of Total Net Assets
Microsoft Corp. Software & Services	5.0%
Albemarle Corp. Materials	4.6%
Roper Technologies Inc. Industrial Conglomerates	4.6%
Stryker Corp. Health Care Equipment & Services	3.4%
Praxair Inc. Materials	3.2%
Becton, Dickinson and Co. Health Care Equipment & Services	3.2%
Accenture PLC Software & Services	2.8%
Air Products and Chemicals Inc. Materials	2.8%
West Pharmaceutical Services Inc. Health Care Equipment & Services	2.8%
Dover Corp. Machinery	2.6%

with a yield of 1.5% on December 31, 2017, and a dividend payout ratio of 34.4%, based on estimates of calendar year 2018 operating earnings estimates. The average price/earnings ratio was 24.1 times calendar year 2018 estimates versus 18.3 for that of the unmanaged S&P 500.

Thank you for your participation in Franklin Rising Dividends VIP Fund. We look forward to continuing to serve your investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2017, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Class 2 Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract Level: (1) transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes; and (2) ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses. The table below shows Fund-level ongoing expenses and can help you understand these costs and compare them with those of other mutual funds offered through the Contract. The table assumes a \$1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The table below provides information about the actual account values and actual expenses in the columns under the heading “Actual.” In these columns the Fund’s actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the “Ending Account Value.” You can estimate the Fund-level expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). Then multiply the result by the number under the headings “Actual” and “Fund-Level Expenses Paid During Period” (*if Fund-Level Expenses Paid During Period were \$ 7.50, then $8.6 \times \$ 7.50 = \64.50*). In this illustration, the estimated expenses paid this period at the Fund level are \$64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Under the heading “Hypothetical” in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other mutual funds offered through the Contract. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds offered through the Contract.

Please note that expenses shown in the table are meant to highlight ongoing costs at the Fund level only and do not reflect any ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. In addition, while the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

Share Class	Beginning Account Value 7/1/17	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 12/31/17	Fund-Level Expenses Paid During Period 7/1/17–12/31/17 ^{1,2}	Ending Account Value 12/31/17	Fund-Level Expenses Paid During Period 7/1/17–12/31/17 ^{1,2}	
Class 2	\$1,000	\$1,114.30	\$4.64	\$1,020.82	\$4.43	0.87%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

**SUPPLEMENT DATED JUNE 8, 2017
TO THE PROSPECTUSES
DATED MAY 1, 2017
OF
FRANKLIN RISING DIVIDENDS VIP FUND
(a series of Franklin Templeton Variable Insurance Products Trust)**

Effective June 30, 2017, the Prospectus is amended as follows:

I. The section in the Fund Summary under the heading “Portfolio Managers” on page FRD-S4 is revised as follows:

Portfolio Managers

Donald G. Taylor, CPA President and Chief Investment Officer of Advisory Services and portfolio manager of the Fund since 1996.

Nicholas P. B. Getaz, CFA Research Analyst of Advisory Services and portfolio manager of the Fund since 2014.

II. In the Fund Details, under the heading “Management”, the portfolio manager information on page FRD-D6 is revised as follows:

Franklin Advisory Services, LLC (Advisory Services), 101 John F. Kennedy Parkway, Short Hills, NJ 07078, is the Fund’s investment manager.

The Fund is managed by a team of dedicated professionals focused on investments that have paid rising dividends. The portfolio managers of the team are as follows:

Donald G. Taylor, CPA

President and Chief Investment Officer of Advisory Services

Mr. Taylor has been the lead portfolio manager of the Fund since 1996. He has primary responsibility for the investments of the Fund. He has final authority over all aspects of the Fund’s investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio risk assessment, and the management of daily cash balances in accordance with anticipated investment management requirements. The degree to which he may perform these functions, and the nature of these functions, may change from time to time. He joined Franklin Templeton Investments in 1996.

Nicholas P. B. Getaz, CFA

Research Analyst of Advisory Services

Mr. Getaz has been portfolio manager of the Fund since 2014, providing support to the lead portfolio manager(s) as needed. He joined Franklin Templeton Investments in 2011.

Please retain this supplement with your prospectus for future reference.

Financial Highlights

Franklin Rising Dividends VIP Fund

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Class 1					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$25.51	\$25.26	\$29.63	\$28.14	\$22.03
Income from investment operations ^a :					
Net investment income ^b	0.40	0.42	0.45	0.45	0.40
Net realized and unrealized gains (losses)	4.76	3.45	(1.33)	2.03	6.16
Total from investment operations	5.16	3.87	(0.88)	2.48	6.56
Less distributions from:					
Net investment income	(0.48)	(0.44)	(0.48)	(0.44)	(0.45)
Net realized gains	(0.98)	(3.18)	(3.01)	(0.55)	—
Total distributions	(1.46)	(3.62)	(3.49)	(0.99)	(0.45)
Net asset value, end of year	\$29.21	\$25.51	\$25.26	\$29.63	\$28.14
Total return ^c	20.85%	16.33%	(3.42)%	9.01%	30.05%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.62%	0.63%	0.63%	0.62%	0.61%
Expenses net of waiver and payments by affiliates	0.62% ^{d,e}	0.62% ^d	0.63% ^e	0.62% ^e	0.61%
Net investment income	1.49%	1.67%	1.65%	1.58%	1.59%
Supplemental data					
Net assets, end of year (000's)	\$216,015	\$181,072	\$143,376	\$160,480	\$168,380
Portfolio turnover rate	3.36%	6.66%	4.74%	8.61%	0.07%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cTotal return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.

^dBenefit of expense reduction rounds to less than 0.01%.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
FINANCIAL HIGHLIGHTS

Franklin Rising Dividends VIP Fund (continued)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Class 2					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$24.89	\$24.72	\$29.06	\$27.62	\$21.64
Income from investment operations ^a :					
Net investment income ^b	0.33	0.35	0.37	0.37	0.33
Net realized and unrealized gains (losses)	4.63	3.37	(1.29)	1.99	6.04
Total from investment operations	4.96	3.72	(0.92)	2.36	6.37
Less distributions from:					
Net investment income	(0.41)	(0.37)	(0.41)	(0.37)	(0.39)
Net realized gains	(0.98)	(3.18)	(3.01)	(0.55)	—
Total distributions	(1.39)	(3.55)	(3.42)	(0.92)	(0.39)
Net asset value, end of year	\$28.46	\$24.89	\$24.72	\$29.06	\$27.62
Total return ^c	20.56%	16.04%	(3.65)%	8.72%	29.69%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.87%	0.88%	0.88%	0.87%	0.86%
Expenses net of waiver and payments by affiliates	0.87% ^{d,e}	0.87% ^d	0.88% ^e	0.87% ^e	0.86%
Net investment income	1.24%	1.42%	1.40%	1.33%	1.34%
Supplemental data					
Net assets, end of year (000's)	\$1,640,883	\$1,530,374	\$1,310,783	\$1,667,816	\$1,752,012
Portfolio turnover rate	3.36%	6.66%	4.74%	8.61%	0.07%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cTotal return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.

^dBenefit of expense reduction rounds to less than 0.01%.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Rising Dividends VIP Fund (continued)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Class 4					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$24.98	\$24.81	\$29.19	\$27.76	\$21.78
Income from investment operations ^a :					
Net investment income ^b	0.30	0.32	0.35	0.35	0.32
Net realized and unrealized gains (losses)	4.65	3.39	(1.31)	2.00	6.07
Total from investment operations	4.95	3.71	(0.96)	2.35	6.39
Less distributions from:					
Net investment income	(0.41)	(0.36)	(0.41)	(0.37)	(0.41)
Net realized gains	(0.98)	(3.18)	(3.01)	(0.55)	—
Total distributions	(1.39)	(3.54)	(3.42)	(0.92)	(0.41)
Net asset value, end of year	\$28.54	\$24.98	\$24.81	\$29.19	\$27.76
Total return ^c	20.40%	15.93%	(3.75)%	8.62%	29.57%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.97%	0.98%	0.98%	0.97%	0.96%
Expenses net of waiver and payments by affiliates	0.97% ^{d,e}	0.97% ^d	0.98% ^e	0.97% ^e	0.96%
Net investment income	1.14%	1.32%	1.30%	1.23%	1.24%
Supplemental data					
Net assets, end of year (000's)	\$36,407	\$28,579	\$20,453	\$15,503	\$12,028
Portfolio turnover rate	3.36%	6.66%	4.74%	8.61%	0.07%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cTotal return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.

^dBenefit of expense reduction rounds to less than 0.01%.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Statement of Investments, December 31, 2017

Franklin Rising Dividends VIP Fund

	Shares	Value
Common Stocks 98.7%		
Aerospace & Defense 3.8%		
General Dynamics Corp.	157,911	\$ 32,126,993
United Technologies Corp.	306,211	39,063,337
		<u>71,190,330</u>
Building Products 1.7%		
Johnson Controls International PLC	848,653	32,342,166
Commercial & Professional Services 4.0%		
ABM Industries Inc.	735,766	27,753,093
Brady Corp., A	93,079	3,527,694
Cintas Corp.	194,675	30,336,205
Matthews International Corp., A	251,442	13,276,138
		<u>74,893,130</u>
Consumer Durables & Apparel 2.1%		
Leggett & Platt Inc.	260,600	12,438,438
NIKE Inc., B	445,100	27,841,005
		<u>40,279,443</u>
Consumer Services 2.1%		
McDonald's Corp.	196,045	33,743,265
Yum! Brands Inc.	72,900	5,949,369
		<u>39,692,634</u>
Diversified Financials 0.5%		
State Street Corp.	106,800	10,424,748
Energy 6.3%		
Chevron Corp.	252,900	31,660,551
EOG Resources Inc.	33,600	3,625,776
Exxon Mobil Corp.	358,500	29,984,940
Occidental Petroleum Corp.	370,790	27,312,391
Schlumberger Ltd.	398,000	26,821,220
		<u>119,404,878</u>
Food & Staples Retailing 3.5%		
CVS Health Corp.	232,700	16,870,750
Wal-Mart Stores Inc.	269,500	26,613,125
Walgreens Boots Alliance Inc.	306,800	22,279,816
		<u>65,763,691</u>
Food, Beverage & Tobacco 5.0%		
Archer-Daniels-Midland Co.	489,200	19,607,136
Bunge Ltd.	307,700	20,640,516
McCormick & Co. Inc.	208,900	21,288,999
PepsiCo Inc.	279,500	33,517,640
		<u>95,054,291</u>
Health Care Equipment & Services 14.1%		
Abbott Laboratories	636,100	36,302,227
Becton, Dickinson and Co.	286,600	61,349,596
DENTSPLY SIRONA Inc.	65,900	4,338,197
Medtronic PLC	598,800	48,353,100
Stryker Corp.	412,800	63,917,952
West Pharmaceutical Services Inc.	527,618	52,060,068
		<u>266,321,140</u>

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Franklin Rising Dividends VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Household & Personal Products 2.4%		
Colgate-Palmolive Co.	202,300	\$ 15,263,535
The Procter & Gamble Co.	322,600	29,640,488
		<u>44,904,023</u>
Industrial Conglomerates 7.3%		
Carlisle Cos. Inc.	101,061	11,485,583
Honeywell International Inc.	257,900	39,551,544
Roper Technologies Inc.	333,043	86,258,137
		<u>137,295,264</u>
Insurance 3.8%		
Aflac Inc.	265,800	23,331,924
Arthur J. Gallagher & Co.	405,700	25,672,696
Erie Indemnity Co., A	162,347	19,780,359
Old Republic International Corp.	48,308	1,032,825
RLI Corp.	31,500	1,910,790
		<u>71,728,594</u>
Machinery 5.5%		
Donaldson Co. Inc.	299,268	14,649,169
Dover Corp.	483,976	48,876,736
Pentair PLC (United Kingdom)	569,700	40,232,214
		<u>103,758,119</u>
Materials 12.7%		
Air Products and Chemicals Inc.	318,400	52,243,072
Albemarle Corp.	678,700	86,798,943
Ecolab Inc.	115,600	15,511,208
Nucor Corp.	386,855	24,596,241
Praxair Inc.	397,660	61,510,049
		<u>240,659,513</u>
Media 1.5%		
Comcast Corp., A	286,000	11,454,300
John Wiley & Sons Inc., A	261,000	17,160,750
		<u>28,615,050</u>
Pharmaceuticals, Biotechnology & Life Sciences 5.4%		
AbbVie Inc.	192,700	18,636,017
Johnson & Johnson	338,300	47,267,276
Perrigo Co. PLC	180,500	15,732,380
Pfizer Inc.	550,600	19,942,732
Roche Holding AG, ADR (Switzerland)	25,000	789,500
		<u>102,367,905</u>
Retailing 3.1%		
The Gap Inc.	501,400	17,077,684
Ross Stores Inc.	185,000	14,846,250
Target Corp.	164,600	10,740,150
Tiffany & Co.	161,500	16,787,925
		<u>59,452,009</u>

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Franklin Rising Dividends VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Semiconductors & Semiconductor Equipment 4.8%		
Analog Devices Inc.	432,437	\$ 38,499,866
Texas Instruments Inc.	438,900	45,838,716
Versum Materials Inc.	182,000	6,888,700
		<u>91,227,282</u>
Software & Services 8.4%		
Accenture PLC, A	350,400	53,642,736
Microsoft Corp.	1,107,900	94,769,766
Visa Inc., A	89,500	10,204,790
		<u>158,617,292</u>
Trading Companies & Distributors 0.3%		
W.W. Grainger Inc.	28,100	6,638,625
Transportation 0.4%		
United Parcel Service Inc., B	64,800	7,720,920
		<u>1,868,351,047</u>
Short Term Investments (Cost \$13,833,792) 0.7%		
Money Market Funds 0.7%		
^{a,b} Institutional Fiduciary Trust Money Market Portfolio, 0.89%	13,833,792	13,833,792
		<u>1,882,184,839</u>
		<u>11,121,165</u>
		<u>\$1,893,306,004</u>

See Abbreviations on page FRD-22.

^aSee Note 3(e) regarding investments in affiliated management investment companies.

^bThe rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities

December 31, 2017

	Franklin Rising Dividends VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$ 944,832,449
Cost - Non-controlled affiliates (Note 3e)	13,833,792
Value - Unaffiliated issuers	\$1,868,351,047
Value - Non-controlled affiliates (Note 3e)	13,833,792
Receivables:	
Investment securities sold	11,106,317
Capital shares sold	194,104
Dividends	2,787,004
Other assets	203
Total assets	<u>1,896,272,467</u>
Liabilities:	
Payables:	
Capital shares redeemed	1,133,171
Management fees	959,095
Distribution fees	703,778
Accrued expenses and other liabilities	170,419
Total liabilities	<u>2,966,463</u>
Net assets, at value	<u>\$1,893,306,004</u>
Net assets consist of:	
Paid-in capital	\$ 842,423,016
Undistributed net investment income	18,555,375
Net unrealized appreciation (depreciation)	923,518,598
Accumulated net realized gain (loss)	108,809,015
Net assets, at value	<u>\$1,893,306,004</u>
Class 1:	
Net assets, at value	\$ 216,015,393
Shares outstanding	7,395,750
Net asset value and maximum offering price per share	<u>\$29.21</u>
Class 2:	
Net assets, at value	\$1,640,883,401
Shares outstanding	57,661,197
Net asset value and maximum offering price per share	<u>\$28.46</u>
Class 4:	
Net assets, at value	\$ 36,407,210
Shares outstanding	1,275,453
Net asset value and maximum offering price per share	<u>\$28.54</u>

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
FINANCIAL STATEMENTS

Statement of Operations

for the year ended December 31, 2017

	Franklin Rising Dividends VIP Fund
Investment income:	
Dividends: (net of foreign taxes)*	
Unaffiliated issuers	\$ 38,063,105
Non-controlled affiliates (Note 3e)	89,268
Total investment income	<u>38,152,373</u>
Expenses:	
Management fees (Note 3a)	10,923,258
Distribution fees: (Note 3c)	
Class 2	3,944,845
Class 4	112,390
Custodian fees (Note 4)	16,040
Reports to shareholders	175,600
Professional fees	83,829
Trustees' fees and expenses	7,614
Other	<u>71,115</u>
Total expenses	15,334,691
Expense reductions (Note 4)	(433)
Expenses waived/paid by affiliates (Note 3e)	<u>(64,042)</u>
Net expenses	15,270,216
Net investment income	<u>22,882,157</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	108,533,033
Foreign currency transactions	196
Net realized gain (loss)	<u>108,533,229</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	<u>207,698,448</u>
Net realized and unrealized gain (loss)	<u>316,231,677</u>
Net increase (decrease) in net assets resulting from operations	<u>\$339,113,834</u>

*Foreign taxes withheld on dividends \$ 4,506

Statements of Changes in Net Assets

	Franklin Rising Dividends VIP Fund	
	Year Ended December 31,	
	2017	2016
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 22,882,157	\$ 23,756,244
Net realized gain (loss)	108,533,229	65,501,800
Net change in unrealized appreciation (depreciation)	207,698,448	155,534,476
Net increase (decrease) in net assets resulting from operations.	339,113,834	244,792,520
Distributions to shareholders from:		
Net investment income:		
Class 1	(3,388,715)	(2,718,521)
Class 2	(24,052,908)	(20,665,957)
Class 4	(476,793)	(304,600)
Net realized gains:		
Class 1	(7,011,086)	(19,761,965)
Class 2	(57,291,559)	(177,746,237)
Class 4	(1,158,380)	(2,696,441)
Total distributions to shareholders	(93,379,441)	(223,893,721)
Capital share transactions: (Note 2)		
Class 1	7,492,496	33,560,724
Class 2	(103,411,809)	203,254,702
Class 4	3,465,199	7,699,850
Total capital share transactions	(92,454,114)	244,515,276
Net increase (decrease) in net assets.	153,280,279	265,414,075
Net assets:		
Beginning of year	1,740,025,725	1,474,611,650
End of year	\$1,893,306,004	\$1,740,025,725
Undistributed net investment income included in net assets:		
End of year	\$ 18,555,375	\$ 23,924,204

Notes to Financial Statements

Franklin Rising Dividends VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Franklin Rising Dividends VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share as of 4 p.m. Eastern time each day the New York Stock Exchange (NYSE) is open for trading. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The VC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are

valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Occasionally, events occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, the VC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against

Franklin Rising Dividends VIP Fund (continued)

established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign

exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of December 31, 2017, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

d. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or

Franklin Rising Dividends VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Security Transactions, Investment Income, Expenses and Distributions (continued)

temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

2. Shares of Beneficial Interest

At December 31, 2017, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31,			
	2017		2016	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	968,022	\$ 25,981,840	1,408,862	\$ 34,658,685
Shares issued in reinvestment of distributions	394,680	10,399,801	944,162	22,480,486
Shares redeemed	(1,064,640)	(28,889,145)	(931,787)	(23,578,447)
Net increase (decrease)	298,062	\$ 7,492,496	1,421,237	\$ 33,560,724
Class 2 Shares:				
Shares sold	2,058,817	\$ 54,342,881	9,423,278	\$ 238,665,574
Shares issued in reinvestment of distributions	3,163,923	81,344,467	8,526,523	198,412,194
Shares redeemed	(9,039,170)	(239,099,157)	(9,496,533)	(233,823,066)
Net increase (decrease)	(3,816,430)	\$(103,411,809)	8,453,268	\$ 203,254,702
Class 4 Shares:				
Shares sold	269,622	\$ 7,129,389	404,421	\$ 9,995,211
Shares issued in reinvestment of distributions	63,379	1,635,173	128,469	3,001,041
Shares redeemed	(201,530)	(5,299,363)	(213,254)	(5,296,402)
Net increase (decrease)	131,471	\$ 3,465,199	319,636	\$ 7,699,850

e. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

f. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

Franklin Rising Dividends VIP Fund (continued)

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Advisory Services, LLC (Advisory Services)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

Effective November 1, 2017, Advisers began serving as the Fund's investment manager. Prior to November 1, 2017, Advisory Services served as the Fund's investment manager.

Effective May 1, 2017, the Fund pays an investment management fee based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.750%	Up to and including \$500 million
0.625%	Over \$500 million, up to and including \$1 billion
0.500%	Over \$1 billion, up to and including \$5 billion
0.490%	In excess of \$5 billion

Prior to May 1, 2017, the Fund paid fees based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.750%	Up to and including \$500 million
0.625%	Over \$500 million, up to and including \$1 billion
0.500%	In excess of \$1 billion

For the year ended December 31, 2017, the gross effective investment management fee rate was 0.603% of the Fund's average daily net assets.

b. Administrative Fees

Effective November 1, 2017, under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund. Prior to November 1, 2017, the fee was paid by Advisory Services.

c. Distribution Fees

The Board has adopted distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% per year of its average daily net assets of each class. The Board has agreed to limit the current rate to 0.25% per year for Class 2. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

Franklin Rising Dividends VIP Fund (continued)

3. Transactions with Affiliates (continued)

d. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. Prior to January 1, 2014, the waiver was accounted for as a reduction to management fees. During the year ended December 31, 2017, the Fund held investments in affiliated management investment companies as follows:

	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Dividend Income	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)
Non-Controlled Affiliates								
Institutional Fiduciary Trust Money Market Portfolio, 0.89%	14,889,095	138,929,679	(139,984,982)	13,833,792	\$13,833,792	\$89,268	\$ —	\$ —

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2017, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

The tax character of distributions paid during the years ended December 31, 2017 and 2016, was as follows:

	2017	2016
Distributions paid from:		
Ordinary income	\$27,931,719	\$ 23,726,865
Long term capital gain	65,447,722	200,166,856
	<u>\$93,379,441</u>	<u>\$223,893,721</u>

Franklin Rising Dividends VIP Fund (continued)

At December 31, 2017, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

Cost of investments	<u>\$962,987,677</u>
Unrealized appreciation	\$953,749,645
Unrealized depreciation	<u>(34,552,483)</u>
Net unrealized appreciation (depreciation)	<u>\$919,197,162</u>
Undistributed ordinary income	\$ 28,674,500
Undistributed long term capital gains	<u>103,011,323</u>
Distributable earnings	<u>\$131,685,823</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of corporate actions.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2017, aggregated \$60,155,942 and \$229,451,753, respectively.

7. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matured on February 9, 2018. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 9, 2018, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 8, 2019, for a total of \$2 billion.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended December 31, 2017, the Fund did not use the Global Credit Facility.

8. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

Franklin Rising Dividends VIP Fund (continued)

8. Fair Value Measurements (continued)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

At December 31, 2017, all of the Fund's investments in financial instruments carried at fair value were valued using Level 1 inputs. For detailed categories, see the accompanying Statement of Investments.

9. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure other than those already disclosed in the financial statements.

Abbreviations

Selected Portfolio

ADR American Depositary Receipt

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Templeton Variable Insurance Products Trust and Shareholders of Franklin Rising Dividends VIP Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Franklin Rising Dividends VIP Fund (the "Fund") as of December 31, 2017, the related statement of operations for the year ended December 31, 2017, the statement of changes in net assets for each of the two years in the period ended December 31, 2017, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2017 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2017 and the financial highlights for each of the five years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2017 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California
February 15, 2018

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

Tax Information (unaudited)

Franklin Rising Dividends VIP Fund

Under Section 852(b)(3)(C) of the Internal Revenue Code (Code), the Fund hereby reports the maximum amount allowable but no less than \$65,447,722 as a long term capital gain dividend for the fiscal year ended December 31, 2017.

Under Section 854(b)(1)(A) of the Code, the Fund hereby reports 100% of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended December 31, 2017.

Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges.

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Bloomberg Barclays US Aggregate Bond Index is a market capitalization-weighted index representing the US investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

Bloomberg Barclays US Government Index: Intermediate Component is the intermediate component of the Barclays US Government Index, which includes public obligations of the US Treasury with at least one year to final maturity and publicly issued debt of US government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US government.

Citigroup World Government Bond Index is a market capitalization-weighted index consisting of investment-grade world government bond markets.

Consumer Price Index (CPI) is a commonly used measure of the inflation rate.

FTSE® EPRA®/NAREIT® Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

J.P. Morgan (JPM) Global Government Bond Index (GGBI) tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds Classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocation of assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including US and foreign governments, with a significant portion rated below investment grade. For the 12-month period ended 12/31/17, there were 316 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP Equity Income Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper Equity Income Funds classification in the Lipper VIP underlying funds universe. Lipper Equity Income Funds seek relatively high current income and growth of income through investing 60% or more of their portfolios in equities. For the 12-month period ended 12/31/17, there were 75 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General US Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General US Government Funds classification in the Lipper VIP underlying funds universe. Lipper General US Government Funds invest primarily in US government and agency issues. For the 12-month period ended 12/31/17, there were 56 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

MSCI All Country World Index (ACWI) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets.

MSCI All Country World Index (ACWI) ex USA Index captures large- and mid-capitalization representation across 22 of 23 developed markets countries (excluding the US) and 23 emerging markets countries. The index covers approximately 85% of the global equity opportunity set outside the US.

MSCI Emerging Markets (EM) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets.

MSCI Frontier Markets Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in frontier markets.

MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

Russell 1000® Value Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000® Index is market capitalization weighted and measures performance of the 2,000 smallest companies in the Russell 3000® Index, which represent a small amount of the total market capitalization of the Russell 3000® Index.

Russell 2000® Value Index is market capitalization weighted and measures performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500™ Index is market capitalization weighted and measures performance of the smallest companies in the Russell 3000® Index, which represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 3000® Growth Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Growth Index is market capitalization weighted and measures performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represents a modest amount of the Russell 1000® Index's total market capitalization.

Standard & Poor's® 500 Index (S&P 500®) is a market capitalization-weighted index of 500 stocks designed to measure total US equity market performance.

Standard & Poor's®/International Finance Corporation Investable (S&P/IFCI) Composite Index is a free float-adjusted, market capitalization-weighted index designed to measure equity performance in global emerging markets.

Special Meeting of Shareholders

MEETING OF SHAREHOLDERS: OCTOBER 30, 2017

(UNAUDITED)

A Special Meeting of Shareholders of Franklin Templeton Variable Insurance Products Trust was held at the offices of Franklin Templeton Investments, One Franklin Parkway, San Mateo, California on October 30, 2017. The purpose of the meeting was to elect Trustees of Franklin Templeton Variable Insurance Products Trust and to vote on the following proposals: for each of the Funds, except Franklin Founding Funds Allocation VIP Fund and Franklin VolSmart Allocation VIP Fund, to approve the use of a “manager of managers” structure whereby the Fund’s investment manager would be able to hire and replace subadvisers without shareholder approval; for Franklin Rising Dividends VIP Fund, to approve a new Investment Management Agreement with Franklin Advisers, Inc.; for Templeton Developing Markets VIP Fund, to approve a new Subadvisory Agreement with Franklin Templeton Investment Management Limited; and for each of the Funds, to approve an amended fundamental investment restriction regarding investments in commodities. At the meeting, (i) the following persons were elected by the shareholders to serve as Trustees of Franklin Templeton Variable Insurance Products Trust: Harris J. Ashton, Terrence J. Checki, Mary C. Choksi, Edith E. Holiday, Gregory E. Johnson, Rupert H. Johnson, Jr., J. Michael Luttig, Larry D. Thompson, and John B. Wilson; and (ii) all other proposals voted on were approved by shareholders. No other business was transacted at the meeting.

The results of the voting at the meeting are as follows:

Proposal 1. To elect a Board of Trustees:

Name	For	Withheld
Harris J. Ashton	1,483,931,005	63,700,507
Terrence J. Checki	1,487,851,289	59,780,222
Mary C. Choksi	1,487,649,087	59,982,424
Edith E. Holiday	1,487,786,345	59,845,166
Gregory E. Johnson	1,490,898,162	56,733,349
Rupert H. Johnson, Jr.	1,485,176,267	62,455,244
J. Michael Luttig	1,488,062,993	59,568,519
Larry D. Thompson	1,486,098,183	61,533,328
John B. Wilson	1,489,011,786	58,619,724

Total Trust Shares Outstanding*: 1,598,054,299

Proposal 2. To approve the use of a “manager of managers” structure whereby the Fund’s investment manager would be able to hire and replace subadvisers without shareholder approval:

Franklin Flex Cap Growth VIP Fund

	Shares
For	13,749,224
Against	879,952
Abstain	1,118,404
Total Fund Shares Voted	15,747,580
Total Fund Outstanding Shares*	15,802,049

* As of the record date.

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin Rising Dividends VIP Fund

	Shares
For	58,234,322
Against	5,102,328
Abstain	3,925,714
Total Fund Shares Voted	67,262,364
Total Fund Outstanding Shares*	69,031,623

Franklin Small-Mid Cap Growth VIP Fund

	Shares
For	23,115,445
Against	2,258,073
Abstain	1,396,522
Total Fund Shares Voted	26,770,040
Total Fund Outstanding Shares*	27,311,145

Franklin Small Cap Value VIP Fund

	Shares
For	53,566,894
Against	4,789,585
Abstain	3,897,280
Total Fund Shares Voted	62,253,759
Total Fund Outstanding Shares*	73,514,199

Franklin Strategic Income VIP Fund

	Shares
For	50,927,089
Against	5,281,784
Abstain	3,535,384
Total Fund Shares Voted	59,744,257
Total Fund Outstanding Shares*	60,841,388

Franklin U.S. Government Securities VIP Fund

	Shares
For	89,132,433
Against	7,353,649
Abstain	6,346,786
Total Fund Shares Voted	102,832,867
Total Fund Outstanding Shares*	109,725,751

Franklin Mutual Global Discovery VIP Fund

	Shares
For	27,411,088
Against	2,091,298
Abstain	2,391,763
Total Fund Shares Voted	31,894,149
Total Fund Outstanding Shares*	32,602,413

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin Mutual Shares VIP Fund

	Shares
For	173,288,690
Against	16,123,033
Abstain	11,727,399
Total Fund Shares Voted	201,139,121
Total Fund Outstanding Shares*	201,829,901

Templeton Developing Markets VIP Fund

	Shares
For	33,445,421
Against	2,083,042
Abstain	1,602,155
Total Fund Shares Voted	37,130,617
Total Fund Outstanding Shares*	38,665,160

Templeton Foreign VIP Fund

	Shares
For	90,056,367
Against	6,884,702
Abstain	5,875,891
Total Fund Shares Voted	102,816,960
Total Fund Outstanding Shares*	113,425,059

Templeton Global Bond VIP Fund

	Shares
For	153,662,270
Against	14,159,085
Abstain	9,838,114
Total Fund Shares Voted	177,659,469
Total Fund Outstanding Shares*	188,040,251

Templeton Growth VIP Fund

	Shares
For	77,388,057
Against	7,366,622
Abstain	5,511,620
Total Fund Shares Voted	90,266,300
Total Fund Outstanding Shares*	91,604,126

Franklin Growth and Income VIP Fund

	Shares
For	6,587,641
Against	468,056
Abstain	110,295
Total Fund Shares Voted	7,165,992
Total Fund Outstanding Shares*	7,208,893

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin Income VIP Fund

	Shares
For	331,527,467
Against	31,877,033
Abstain	26,008,222
Total Fund Shares Voted	389,412,722
Total Fund Outstanding Shares*	392,023,197

Franklin Large Cap Growth VIP Fund

	Shares
For	5,389,158
Against	481,087
Abstain	485,968
Total Fund Shares Voted	6,356,213
Total Fund Outstanding Shares*	6,415,938

Franklin Global Real Estate VIP Fund

	Shares
For	10,375,756
Against	709,592
Abstain	684,561
Total Fund Shares Voted	11,769,909
Total Fund Outstanding Shares*	11,847,583

Proposal 3. To approve a new Investment Management Agreement with Franklin Advisers, Inc:

Franklin Rising Dividends VIP Fund

	Shares
For	61,230,619
Against	1,892,274
Abstain	4,139,471
Total Fund Shares Voted	67,262,364
Total Fund Shares Outstanding*	69,031,623

Proposal 4. To approve a new Subadvisory Agreement with Franklin Templeton Investment Management Limited:

Templeton Developing Markets VIP Fund

	Shares
For	34,067,321
Against	1,503,503
Abstain	1,559,793
Total Fund Shares Voted	37,130,617
Total Fund Shares Outstanding*	38,665,160

Proposal 5. To approve an amended fundamental investment restriction regarding investments in commodities:

Franklin Flex Cap Growth VIP Fund

	Shares
For	13,865,526
Against	747,561
Abstain	1,134,493
Total Fund Shares Voted	15,747,580
Total Fund Outstanding Shares*	15,802,049

Franklin Rising Dividends VIP Fund

	Shares
For	59,751,082
Against	2,758,376
Abstain	4,752,906
Total Fund Shares Voted	67,262,364
Total Fund Outstanding Shares*	69,031,623

Franklin Small-Mid Cap Growth VIP Fund

	Shares
For	23,646,532
Against	1,565,814
Abstain	1,557,694
Total Fund Shares Voted	26,770,040
Total Fund Outstanding Shares*	27,311,145

Franklin Small Cap Value VIP Fund

	Shares
For	54,478,087
Against	3,057,279
Abstain	4,718,393
Total Fund Shares Voted	62,253,759
Total Fund Outstanding Shares*	73,514,199

Franklin Strategic Income VIP Fund

	Shares
For	52,089,907
Against	3,535,016
Abstain	4,119,335
Total Fund Shares Voted	59,744,257
Total Fund Outstanding Shares*	60,841,388

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin U.S. Government Securities VIP Fund

	Shares
For	90,516,652
Against	4,962,770
Abstain	7,353,445
Total Fund Shares Voted	102,832,867
Total Fund Outstanding Shares*	109,725,751

Franklin Mutual Global Discovery VIP Fund

	Shares
For	28,033,432
Against	1,252,638
Abstain	2,608,079
Total Fund Shares Voted	31,894,149
Total Fund Outstanding Shares*	32,602,413

Franklin Mutual Shares VIP Fund

	Shares
For	177,273,923
Against	10,129,961
Abstain	13,735,237
Total Fund Shares Voted	201,139,121
Total Fund Outstanding Shares*	201,829,901

Templeton Developing Markets VIP Fund

	Shares
For	34,011,236
Against	1,427,546
Abstain	1,691,835
Total Fund Shares Voted	37,130,617
Total Fund Outstanding Shares*	38,665,160

Templeton Foreign VIP Fund

	Shares
For	91,743,616
Against	4,425,178
Abstain	6,648,165
Total Fund Shares Voted	102,816,960
Total Fund Outstanding Shares*	113,425,059

Templeton Global Bond VIP Fund

	Shares
For	157,121,313
Against	8,459,106
Abstain	12,079,050
Total Fund Shares Voted	177,659,469
Total Fund Outstanding Shares*	188,040,251

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Templeton Growth VIP Fund

	Shares
For	79,782,773
Against	4,136,520
Abstain	6,347,006
Total Fund Shares Voted	90,266,300
Total Fund Outstanding Shares*	91,604,126

Franklin Growth and Income VIP Fund

	Shares
For	6,699,033
Against	291,508
Abstain	175,451
Total Fund Shares Voted	7,165,992
Total Fund Outstanding Shares*	7,208,893

Franklin Income VIP Fund

	Shares
For	338,299,973
Against	18,075,707
Abstain	33,037,042
Total Fund Shares Voted	389,412,722
Total Fund Outstanding Shares*	392,023,197

Franklin Large Cap Growth VIP Fund

	Shares
For	5,515,296
Against	284,582
Abstain	556,334
Total Fund Shares Voted	6,356,213
Total Fund Outstanding Shares*	6,415,938

Franklin Global Real Estate VIP Fund

	Shares
For	10,531,666
Against	347,186
Abstain	891,057
Total Fund Shares Voted	11,769,909
Total Fund Outstanding Shares*	11,847,583

Franklin Founding Funds Allocation VIP Fund

	Shares
For	122,854,798
Against	4,270,018
Abstain	14,343,426
Total Fund Shares Voted	141,468,242
Total Fund Outstanding Shares*	142,224,672

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin VolSmart Allocation VIP Fund

	Shares
For	13,979,495
Against	469,722
Abstain	1,491,733
Total Fund Shares Voted	15,940,951
Total Fund Outstanding Shares*	15,940,951

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of US registered portfolios overseen in the Franklin Templeton Investments fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	139	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since October 2017	113	Hess Corporation (exploration of oil and gas) (2014-present).
Principal Occupation During at Least the Past 5 Years: Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the Board of Trustees of the Economic Club of New York (2013-present); member of the Board of Trustees of the Foreign Policy Association (2005-present) and member of various other boards of trustees and advisory boards; and formerly , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
Mary C. Choksi (1950) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	139	Avis Budget Group Inc. (car rental) (2007-present), Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present)
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2005	139	Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (November 2016), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).
Principal Occupation During at Least the Past 5 Years: Director or Trustee of various companies and trusts; and formerly , Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison – United States Treasury Department (1988-1989).				
J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	139	Boeing Capital Corporation (aircraft financing) (2006-2013).
Principal Occupation During at Least the Past 5 Years: Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (aerospace company) (2006-present); and formerly , Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	139	The Southern Company (energy company) (2014-present; previously 2010-2012), Graham Holdings Company (education and media organization) (2011-present) and Cbeyond, Inc. (business communications provider) (2010-2012).

Principal Occupation During at Least the Past 5 Years:

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015; previously 2011-2012); and **formerly**, Executive Vice President – Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President – Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

John B. Wilson (1959) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2007 and Lead Independent Trustee since 2008	113	None
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Principal Occupation During at Least the Past 5 Years:

President and Founder, Hyannis Port Capital, Inc. (real estate and private equity investing) (2002-present); serves on private and non-profit boards; and **formerly**, President, Staples International and Head of Global Transformation (office supplies) (2012-2016); Chief Operating Officer and Executive Vice President, Gap, Inc. (retail) (1996-2000); Chief Financial Officer and Executive Vice President – Finance and Strategy, Staples, Inc. (1992-1996); Senior Vice President – Corporate Planning, Northwest Airlines, Inc. (airlines) (1990-1992); and Vice President and Partner, Bain & Company (consulting firm) (1986-1990).

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	153	None

Principal Occupation During at Least the Past 5 Years:

Chairman of the Board, Member – Office of the Chairman, Director and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 43 of the investment companies in Franklin Templeton Investments; Vice Chairman, Investment Company Institute; and **formerly**, President, Franklin Resources, Inc. (1994-2015).

**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, and Trustee	Chairman of the Board since 2013, and Trustee since 1988	139	None
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Principal Occupation During at Least the Past 5 Years:

Vice Chairman, Member – Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton Investments.

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 45 of the investment companies in Franklin Templeton Investments.

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Gaston Gardey (1967) One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton Investments; and officer of 28 of the investment companies in Franklin Templeton Investments.				
Aliya S. Gordon (1973) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since June 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of 45 of the investment companies in Franklin Templeton Investments; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton Investments (2009-2017).				
Edward B. Jamieson (1948) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2010	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: President and Director, Franklin Advisers, Inc.; Executive Vice President, Franklin Templeton Institutional, LLC; and officer and/or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 10 of the investment companies in Franklin Templeton Investments.				
Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Kimberly H. Novotny (1972) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton Investments; Vice President and Corporate Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 45 of the investment companies in Franklin Templeton Investments.				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 45 of the investment companies in Franklin Templeton Investments; and formerly , Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
Karen L. Skidmore (1952) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Since 2006	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 45 of the investment companies in Franklin Templeton Investments.				
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2011	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.				

*We base the number of portfolios on each separate series of the US registered investment companies within the Franklin Templeton Investments fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated John B. Wilson as its audit committee financial expert. The Board believes that Mr. Wilson qualifies as such an expert in view of his extensive business background and experience, including service as chief financial officer of Staples, Inc. from 1992 to 1996. Mr. Wilson has been a Member and Chairman of the Fund's Audit Committee since 2007. As a result of such background and experience, the Board believes that Mr. Wilson has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Mr. Wilson is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

Shareholder Information

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the US Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the US Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

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Annual Report
Franklin Templeton
Variable Insurance Products Trust

Investment Managers

Franklin Advisers, Inc.
Franklin Advisory Services, LLC
Franklin Mutual Advisers, LLC
Franklin Templeton Institutional, LLC
Templeton Asset Management Ltd.
Templeton Global Advisors Limited
Templeton Investment Counsel, LLC

Fund Administrator

Franklin Templeton Services, LLC

Distributor

Franklin Templeton Distributors, Inc.

Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.