ANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

December 31, 2022

FRANKLIN TEMPLETON

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 Income VIP Fund

This annual report for Franklin Income VIP Fund covers the fiscal year ended December 31, 2022.

Class 2 Performance Summary as of December 31, 2022

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.

Share Class	Average Annual Total Return
2	
1-Year	-5.47%
5-Year	+4.30%
10-Year	+5.51%

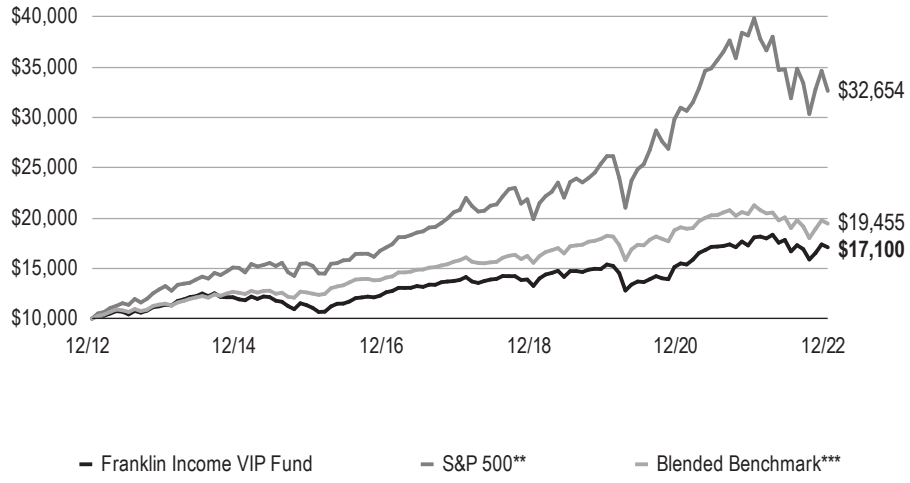
*The total annual operating expenses are as of the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

*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 (12/31/12–12/31/22)

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®) and the Fund's Blended Benchmark. 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: FactSet. Please see Index Descriptions following the Fund Summaries.
***Source: FactSet. The Blended Benchmark was calculated internally and was composed of 50% MSCI USA High Dividend Yield Index, 25% Bloomberg U.S. High Yield Very Liquid Index and 25% Bloomberg U.S. Aggregate Bond Index. Please see Index Descriptions following the Fund Summaries.

Franklin Income VIP Fund

Fund Goal and Main Investments

The Fund seeks to maximize income, while maintaining prospects for capital appreciation. Under normal market conditions, the Fund invests in a diversified portfolio of debt and equity securities.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's share price and yield will be affected by interest rate movements. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. These securities carry a greater degree of credit risk relative to investment-grade securities. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The manager's portfolio selection strategy is not solely based on ESG considerations, and therefore the issuers in which the Fund invests may not be considered ESG-focused companies. Integrating ESG considerations into the investment process is not a guarantee that better performance will be achieved. The Fund's prospectus also includes a description of the main investment risks.

Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The United States and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions, as well as any other economic consequences related to the invasion, such as additional sanctions, boycotts or changes in consumer or purchaser preferences or cyberattacks on governments, companies or individuals, may further decrease the value and liquidity of certain Russian securities and securities of issuers in other countries that are subject to economic sanctions related to the invasion.

Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the Fund's primary benchmark, the Standard & Poor's® 500 Index (S&P 500®), posted a -18.11% total return.[1] The Fund's secondary benchmark, the Blended Benchmark, posted a -8.56% total return.[2]

Portfolio Composition
12/31/22

	% of Total Net Assets
Diversified Financial Services	9.5%
Banks	9.1%
Semiconductors & Semiconductor Equipment	6.6%
Oil, Gas & Consumable Fuels	5.9%
Health Care Providers & Services	5.7%
Pharmaceuticals	5.6%
Electric Utilities	4.7%
Media	4.4%
Aerospace & Defense	4.0%
Metals & Mining	3.2%
Hotels, Restaurants & Leisure	2.5%
Consumer Finance	2.3%
Chemicals	2.2%
Capital Markets	2.0%
Other*	30.0%
Short-Term Investments & Other Net Assets	2.3%

*Categories within the Other category are listed in full in the Fund's Schedule of Investments (SOI), which can be found later in this report.

Economic and Market Overview

U.S. equities, as measured by the Standard & Poor's® 500 Index (S&P 500®), posted a -18.11% total return for the 12 months ended December 31, 2022.[1] High inflation, rising interest rates and geopolitical instability contributed to a sharp decline in equity prices and contracting economic growth in the first half of the reporting period. Nevertheless, consumer spending continued to rise, but deteriorating financial conditions and investors' expectations for slower growth continued to weigh on equity markets.

1. Source: Morningstar.
2. Source: FactSet. The Fund's Blended Benchmark was calculated internally and was composed of 50% MSCI USA High Dividend Yield Index + 25% Bloomberg U.S. High Yield Very Liquid Index + 25% Bloomberg U.S. Aggregate Bond Index.

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.

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

The U.S. bond market, as measured by the Bloomberg U.S. Aggregate Bond Index, posted a -13.01% total return for the 12 months ended December 31, 2022.[1] High inflation amid a strong labor market led to significantly tighter monetary policy, reducing the value of most bonds. Geopolitical instability disrupted financial markets following Russia's invasion of Ukraine, adding to the uncertainty surrounding the course of the global economy. While interest rates increased along the entire yield curve (yields for all Treasury maturities), relatively large increases in shorter-term interest rates led the yield curve to invert during the reporting period as investors became increasingly concerned about the economic outlook.

In an effort to control inflation, the U.S. Federal Reserve (Fed) raised the federal funds target rate seven times, beginning in March 2022. By the end of the period the federal funds target rate stood at a range of 4.25%–4.50%, a full 425 basis points higher than the beginning of the year. The Fed noted in its December 2022 meeting that inflation remained elevated amid robust job growth and low unemployment. In order to achieve its goal of 2% long-run inflation, the Fed stated it anticipates making additional increases to the federal funds target rate. Furthermore, the Fed indicated it would continue to reduce its U.S. Treasury (UST) and agency debt and mortgage-backed security holdings.

UST bonds, as measured by the Bloomberg U.S. Treasury Index, posted a -12.46% total return for the 12-month period.[1] The 10-year UST yield (which moves inversely to price) increased sharply amid high inflation and the Fed's tightening monetary stance. Mortgage-backed securities (MBS), as measured by the Bloomberg U.S. MBS Index, posted a -11.81% total return for the period as mortgage rates rose to the highest level in over two decades and modest prepayment rates led to increasing interest-rate sensitivity.[1]

Corporate bond prices also declined, constrained by inflation, rising interest rates and concerns about the impact of elevated interest rates on corporate borrowing costs and the wider economy. Corporate yield spreads, a measure of the difference in yields between corporate bonds and similarly-dated USTs, rose, reflecting investors' increased risk-aversion preferences. In this environment, high-yield corporate bonds, as represented by the Bloomberg U.S. Corporate High Yield Index, posted a -11.19% total return, while investment-grade corporate bonds, as represented by the Bloomberg U.S. Corporate Investment Grade Index, posted a -15.76% total return.[1]

Investment Strategy

We search for undervalued or out-of-favor securities we believe offer opportunities for income today and significant growth tomorrow. In analyzing corporate debt and equity securities, we consider such factors as a security's relative value based on anticipated cash flow, interest or dividend coverage, asset coverage and earnings prospects; the experience and strength of the company's management; the company's changing financial condition and market recognition of the change; the company's sensitivity to changes in interest rates and business conditions; and the company's debt maturity schedules and borrowing requirements. When choosing investments for the Fund, we apply a bottom-up, value oriented, long-term approach, focusing on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. We also consider a company's price/earnings ratio, profit margins and liquidation value, and we perform independent analysis of the debt securities being considered for the Fund's portfolio, rather than relying principally on the ratings assigned by rating organizations.

Manager's Discussion

The Fund posted a negative total return on an absolute basis during the period with outperformance relative to the Fund's blended benchmark across both equity and fixed income.

Dividend stocks, particularly value-oriented sectors, outperformed growth-oriented peers considerably during the period under review. The equity component of the Fund's blended benchmark decreased with the MSCI USA High Dividend Yield Index posting negative returns for the 12-month period. The Fund's equity positions outperformed the Fund's blended benchmark. Government bond yields increased, and corporate credit spreads widened during the period as inflationary concerns and aggressive monetary policy tightening elevated concerns around growth prospects globally. Fixed income returns for the Fund outperformed the Fund's blended benchmark. The Bloomberg U.S. Aggregate Bond Index posted negative returns, and the Bloomberg U.S. High Yield Very Liquid Index also posted negative returns during the period.

The Fund entered the period with an equity weighting of a little over two thirds with the remainder in fixed income and a modest position in cash equivalents. The Fund made meaningful shifts to its asset allocation over the period under review in response to the market conditions. The Fund decreased exposure to the equity market and increased exposure to the fixed income market as yields moved higher

and credit spreads increased. The Fund's equity weighting at period-end was well under one half, with the remainder in fixed income and modest holdings in cash equivalents.

Top Five Fixed Income Holdings
12/31/22

Company *Industry, Country*	% of Total Net Assets
U.S. Treasury Notes *Diversified Financial Services, United States*	7.2%
CHS/Community Health Systems, Inc. *Health Care Providers & Services, United States*	2.4%
Bausch Health Cos., Inc. *Pharmaceuticals, United States*	1.6%
Tenet Healthcare Corp. *Health Care Providers & Services, United States*	1.6%
U.S. Treasury Bonds *Diversified Financial Services, United States*	1.5%

Fixed Income

The Fund's fixed income holdings posted negative returns during the period with outperformance relative to the Fund's blended fixed income benchmark. As an asset class, fixed income underperformed the equity asset class, which benefited the Fund given its overweight allocation to equities relative to the Fund's blended benchmark at the start of the period under review. The Fund's duration positioning at the front end of the yield curve in the face of rising interest rates during the period was a key source driving the outperformance relative to the Fund's benchmark. Offsetting this duration positioning was widening credit spreads during the period under review. The Fund actively used this period to increase exposure to the fixed income asset class given increased yields and total return prospects which resulted in an overweight allocation to fixed income by period end.

Every corporate credit sector posted negative absolute returns during the period under review with the exception of energy. Health care, consumer discretionary and communication services were the notable absolute detractors. Relative to the Fund's blended benchmark, positive contributors included the financials and industrials sectors while the key detractor was health care. Our holdings in USTs and agency MBS were absolute detractors during the period, but these positions were shorter in duration and much smaller in size relative to the benchmark, so these sectors were positive contributors relative to the Fund's blended benchmark.

High-yield rated hospital company CHS/Community Health Systems was a key detractor as increased labor costs resulted in margin pressure for the company. Additional detractors in the health care space included pharmaceutical peers Bausch Health and Endo Pharmaceutical. Outside of health care, Diamond Sports (not held at period-end) and Clear Channel Outdoor Holdings in the communication services sector weighed on results.

Calumet Specialty Products Partners in the energy sector was a key contributor during the period as the company successfully launched its renewable diesel and sustainable aviation fuel businesses. Outside of energy, bond positions in Barclays Bank and Boeing were notable contributors with spread tightening prior to period-end.

Equity

Equity holdings posted negative returns during the period with outperformance relative to the Fund's equity benchmark. As an asset class, equities outperformed fixed income during the period. After beginning the period with an overweight allocation to equities, the Fund actively reduced exposure to the equity market during the period, particularly within common stocks.

The Fund saw mixed performance across sectors during the period under review with strong positive performance from the energy, health care, industrials and utilities sectors while seeing negative contributions from consumer discretionary, communication services, information technology (IT) and financials.

Top Five Equity Holdings
12/31/22

Company *Industry, Country*	% of Total Net Assets
Texas Instruments, Inc. *Semiconductors & Semiconductor Equipment, United States*	1.9%
JPMorgan Chase & Co. *Banks, United States*	1.6%
Chevron Corp. *Oil, Gas & Consumable Fuels, United States*	1.5%
Exxon Mobil Corp. *Oil, Gas & Consumable Fuels, United States*	1.4%
Lockheed Martin Corp. *Aerospace & Defense, United States*	1.4%

Energy peers Chevron and Exxon Mobil were notable positive contributors during the period as the companies saw increased profitability amid higher commodity prices.

Top performers in the Fund outside of energy were large-cap pharmaceutical players AbbVie, Bristol-Myers Squibb and Merck (not held at period-end) within the health care sector, Lockheed Martin in the industrial sector as well as Sempra Energy and American Electric Power within the utilities sector.

Key detractors included equity positions in the communication services sector with Amazon.com and Comcast generating negative returns. Additionally, IT players Intel and Workday weighed on results. Finally, Bank of America and JPMorgan Chase in the financials sector were also detractors as growth concerns outpaced the benefits of rising interest rates.

Despite positive absolute contributions, equity holdings in the health care sector were modest detractors in the period relative to the Fund's benchmark.

During the period, the Fund did not use any derivatives. At times the Fund will use derivatives such as equity call and put options to sell and reduce positions and/or to initiate and add to positions.

Thank you for your participation in Franklin Income VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2022, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 7/1/22	Ending Account Value 12/31/22	Fund-Level Expenses Paid During Period 7/1/22–12/31/22[1,2]	Ending Account Value 12/31/22	Fund-Level Expenses Paid During Period 7/1/22–12/31/22[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,024.30	$3.47	$1,021.78	$3.46	0.68%

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.

GOF VIP P1 P2 P4 P5 12/22

SUPPLEMENT DATED DECEMBER 23, 2022
TO THE CURRENTLY EFFECTIVE PROSPECTUSES
OF EACH FUND LISTED BELOW

FRANKLIN ALLOCATION VIP FUND
FRANKLIN DYNATECH VIP FUND
FRANKLIN GLOBAL REAL ESTATE VIP FUND
FRANKLIN GROWTH AND INCOME VIP FUND
FRANKLIN INCOME VIP FUND
FRANKLIN LARGE CAP GROWTH VIP FUND
FRANKLIN RISING DIVIDENDS VIP FUND
FRANKLIN SMALL-MID CAP GROWTH VIP FUND
FRANKLIN STRATEGIC INCOME VIP FUND
FRANKLIN U.S. GOVERNMENT SECURITIES VIP FUND
FRANKLIN VOLSMART ALLOCATION VIP FUND
TEMPLETON DEVELOPING MARKETS VIP FUND
TEMPLETON FOREIGN VIP FUND
TEMPLETON GLOBAL BOND VIP FUND
TEMPLETON GROWTH VIP FUND
(a series of Franklin Templeton Variable Insurance Products Trust)

I. For Franklin Allocation VIP Fund, Franklin Global Real Estate VIP Fund, Franklin Income VIP Fund, Franklin Strategic Income VIP Fund and Franklin VolSmart Allocation VIP Fund, the "ESG Considerations" risk in the "Fund Details – Principal Risks" section of the prospectus is replaced with the following:

ESG Considerations

ESG considerations are one of a number of factors that the investment manager examines when considering investments for the Fund's portfolio. In light of this, the issuers in which the Fund invests may not be considered ESG-focused issuers and may have lower or adverse ESG assessments. Consideration of ESG factors may affect the Fund's exposure to certain issuers or industries and may not work as intended. In addition, ESG considerations assessed as part of the Fund's investment process may vary across types of eligible investments and issuers. The investment manager does not assess every investment for ESG factors and, when it does, not every ESG factor may be identified or evaluated. The investment manager's assessment of an issuer's ESG factors is subjective and will likely differ from that of investors, third party service providers (e.g., ratings providers) and other funds. As a result, securities selected by the investment manager may not reflect the beliefs and values of any particular investor. The investment manager also may be dependent on the availability of timely, complete and accurate ESG data reported by issuers and/or third-party research providers, the timeliness, completeness and accuracy of which is out of the investment manager's control. ESG factors are often not uniformly measured or defined, which could impact the investment manager's ability to assess an issuer. While the investment manager views ESG considerations as having the potential to contribute to the Fund's long-term performance, there is no guarantee that such results will be achieved.

II. For Franklin Dynatech VIP Fund, Franklin Growth and Income VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small-Mid Cap Growth VIP Fund, Templeton Developing Markets VIP Fund, Templeton Global Bond VIP Fund, Templeton Foreign VIP Fund and Templeton Growth VIP Fund, the "ESG Considerations" risk in the "Fund Details – Principal Risks" section of the prospectus is replaced with the following:

ESG Considerations

ESG considerations are one of a number of factors that the investment manager examines when considering investments for the Fund's portfolio. In light of this, the issuers in which the Fund invests may not be considered ESG-focused issuers and may have lower or adverse ESG assessments. Consideration of ESG factors may affect

the Fund's exposure to certain issuers or industries and may not work as intended. In addition, ESG considerations assessed as part of the Fund's investment process may vary across types of eligible investments and issuers. In certain circumstances, there may be times when not every investment is assessed for ESG factors and, when they are, not every ESG factor may be identified or evaluated. The investment manager's assessment of an issuer's ESG factors is subjective and will likely differ from that of investors, third party service providers (e.g., ratings providers) and other funds. As a result, securities selected by the investment manager may not reflect the beliefs and values of any particular investor. The investment manager also may be dependent on the availability of timely, complete and accurate ESG data reported by issuers and/or third-party research providers, the timeliness, completeness and accuracy of which is out of the investment manager's control. ESG factors are often not uniformly measured or defined, which could impact the investment manager's ability to assess an issuer. While the investment manager views ESG considerations as having the potential to contribute to the Fund's long-term performance, there is no guarantee that such results will be achieved.

III. For Franklin U.S. Government Securities VIP Fund, the "ESG Considerations" risk in the "Fund Details – Principal Risks" section of the prospectus is replaced with the following:

Social and Governance Considerations

Social and/or governance considerations are not the only factors considered by the investment manager and may not be a determinative factor in the investment manager's selection of securities for the Fund. In addition, the investment manager may not be able to give such considerations meaningful weight if the availability of appropriate securities for the Fund's portfolio is limited. The investment manager does not assess every investment for ESG factors and, when it does, not every ESG factor may be identified or evaluated. The investment manager's assessment of certain investments may differ from that of investors, third party service providers, such as ratings providers, or other funds. While the investment manager views social and governance considerations as having the potential to contribute to the Fund's performance, there is no guarantee that such results will be achieved.

Please keep this supplement with your prospectus for future reference.

Financial Highlights

Franklin Income VIP Fund

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Class 1					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$17.47	$15.65	$16.52	$15.26	$16.72
Income from investment operations[a]:					
Net investment income[b]	0.62	0.53	0.59	0.75	0.71
Net realized and unrealized gains (losses)	(1.55)	2.09	(0.54)	1.68	(1.35)
Total from investment operations	(0.93)	2.62	0.05	2.43	(0.64)
Less distributions from:					
Net investment income	(0.83)	(0.80)	(0.91)	(0.91)	(0.82)
Net realized gains	(0.32)	—	(0.01)	(0.26)	—
Total distributions	(1.15)	(0.80)	(0.92)	(1.17)	(0.82)
Net asset value, end of year	$15.39	$17.47	$15.65	$16.52	$15.26
Total return[c]	(5.24)%	17.00%	0.97%	16.42%	(4.09)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.45%	0.47%	0.47%	0.46%	0.47%
Expenses net of waiver and payments by affiliates[d]	0.45%[e]	0.47%[e]	0.46%	0.45%	0.45%
Net investment income	3.82%	3.20%	3.96%	4.38%	4.33%
Supplemental data					
Net assets, end of year (000's)	$220,272	$243,732	$306,641	$309,330	$612,657
Portfolio turnover rate	64.51%	39.27%	45.93%	25.16%	43.22%

[a]The 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.
[b]Based on average daily shares outstanding.
[c]Total 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.
[d]Benefit of expense reduction rounds to less than 0.01%.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Income VIP Fund (continued)

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Class 2					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$16.76	$15.04	$15.91	$14.74	$16.17
Income from investment operations[a]:					
Net investment income[b]	0.55	0.47	0.53	0.64	0.65
Net realized and unrealized gains (losses)	(1.48)	2.02	(0.53)	1.66	(1.30)
Total from investment operations	(0.93)	2.49	—	2.30	(0.65)
Less distributions from:					
Net investment income	(0.78)	(0.77)	(0.86)	(0.87)	(0.78)
Net realized gains	(0.32)	—	(0.01)	(0.26)	—
Total distributions	(1.10)	(0.77)	(0.87)	(1.13)	(0.78)
Net asset value, end of year	$14.73	$16.76	$15.04	$15.91	$14.74
Total return[c]	(5.47)%	16.75%	0.69%	16.06%	(4.30)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.70%	0.72%	0.72%	0.71%	0.72%
Expenses net of waiver and payments by affiliates[d]	0.70%[e]	0.72%[e]	0.71%	0.70%	0.70%
Net investment income	3.56%	2.95%	3.73%	4.13%	4.08%
Supplemental data					
Net assets, end of year (000's)	$2,545,382	$3,026,228	$3,852,709	$4,318,156	$4,086,652
Portfolio turnover rate	64.51%	39.27%	45.93%	25.16%	43.22%

[a]The 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.
[b]Based on average daily shares outstanding.
[c]Total 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.
[d]Benefit of expense reduction rounds to less than 0.01%.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Income VIP Fund (continued)

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Class 4					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$17.23	$15.45	$16.32	$15.08	$16.53
Income from investment operations[a]:					
Net investment income[b]	0.55	0.46	0.53	0.64	0.64
Net realized and unrealized gains (losses)	(1.53)	2.07	(0.54)	1.71	(1.33)
Total from investment operations	(0.98)	2.53	(0.01)	2.35	(0.69)
Less distributions from:					
Net investment income	(0.77)	(0.75)	(0.85)	(0.85)	(0.76)
Net realized gains	(0.32)	—	(0.01)	(0.26)	—
Total distributions	(1.09)	(0.75)	(0.86)	(1.11)	(0.76)
Net asset value, end of year	$15.16	$17.23	$15.45	$16.32	$15.08
Total return[c]	(5.59)%	16.59%	0.58%	16.05%	(4.42)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.80%	0.82%	0.82%	0.81%	0.82%
Expenses net of waiver and payments by affiliates[d]	0.80%[e]	0.82%[e]	0.81%	0.80%	0.80%
Net investment income	3.49%	2.82%	3.62%	4.03%	3.98%
Supplemental data					
Net assets, end of year (000's)	$325,205	$333,522	$302,474	$323,582	$294,700
Portfolio turnover rate	64.51%	39.27%	45.93%	25.16%	43.22%

[a]The 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.
[b]Based on average daily shares outstanding.
[c]Total 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.
[d]Benefit of expense reduction rounds to less than 0.01%.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Schedule of Investments, December 31, 2022

Franklin Income VIP Fund

	Country	Shares	Value
Common Stocks 27.9%			
Aerospace & Defense 2.1%			
Lockheed Martin Corp.	United States	90,000	$43,784,100
Raytheon Technologies Corp.	United States	225,000	22,707,000
			66,491,100
Air Freight & Logistics 0.9%			
United Parcel Service, Inc., B	United States	157,700	27,414,568
Banks 4.3%			
Bank of America Corp.	United States	1,100,000	36,432,000
Citigroup, Inc.	United States	250,000	11,307,500
JPMorgan Chase & Co.	United States	360,000	48,276,000
Truist Financial Corp.	United States	495,000	21,299,850
US Bancorp	United States	325,000	14,173,250
			131,488,600
Biotechnology 0.6%			
AbbVie, Inc.	United States	115,000	18,585,150
Capital Markets 0.8%			
Morgan Stanley	United States	310,000	26,356,200
Chemicals 0.4%			
BASF SE	Germany	225,000	11,078,176
Diversified Telecommunication Services 0.9%			
BCE, Inc.	Canada	275,000	12,082,533
Verizon Communications, Inc.	United States	400,000	15,760,000
			27,842,533
Electric Utilities 2.6%			
American Electric Power Co., Inc.	United States	200,000	18,990,000
Duke Energy Corp.	United States	150,000	15,448,500
Edison International	United States	250,000	15,905,000
Southern Co. (The)	United States	400,000	28,564,000
			78,907,500
Health Care Equipment & Supplies 0.4%			
Medtronic plc	United States	160,000	12,435,200
Household Products 0.6%			
Procter & Gamble Co. (The)	United States	120,000	18,187,200
Insurance 0.3%			
MetLife, Inc.	United States	125,000	9,046,250
Media 0.6%			
Comcast Corp., A	United States	512,769	17,931,532
Metals & Mining 1.4%			
Barrick Gold Corp.	Canada	1,022,976	17,574,727
Rio Tinto plc, ADR	Australia	365,529	26,025,665
			43,600,392
Multiline Retail 0.2%			
Target Corp.	United States	50,000	7,452,000
Multi-Utilities 1.6%			
Dominion Energy, Inc.	United States	400,000	24,528,000
DTE Energy Co.	United States	100,000	11,753,000
Sempra Energy	United States	90,000	13,908,600
			50,189,600

Franklin Income VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Oil, Gas & Consumable Fuels 4.2%			
BP plc, ADR	United Kingdom	300,000	$10,479,000
Chevron Corp.	United States	250,000	44,872,500
Exxon Mobil Corp.	United States	400,000	44,120,000
Shell plc, ADR	Netherlands	200,000	11,390,000
TotalEnergies SE, ADR	France	300,000	18,624,000
			129,485,500
Pharmaceuticals 1.8%			
AstraZeneca plc, ADR	United Kingdom	300,000	20,340,000
[a]Bausch Health Cos., Inc.	United States	750,000	4,710,000
Johnson & Johnson	United States	100,000	17,665,000
Pfizer, Inc.	United States	275,000	14,091,000
			56,806,000
Road & Rail 0.1%			
Union Pacific Corp.	United States	20,000	4,141,400
Semiconductors & Semiconductor Equipment 3.1%			
Broadcom, Inc.	United States	53,000	29,633,890
QUALCOMM, Inc.	United States	45,000	4,947,300
Texas Instruments, Inc.	United States	363,966	60,134,463
			94,715,653
Specialty Retail 0.3%			
Home Depot, Inc. (The)	United States	32,000	10,107,520
Tobacco 0.7%			
Philip Morris International, Inc.	United States	200,000	20,242,000
Total Common Stocks (Cost $635,198,396)			**862,504,074**
[b]**Equity-Linked Securities 13.4%**			
Automobiles 0.4%			
[c]Citigroup Global Markets Holdings, Inc. into Ford Motor Co., 144A, 12.5%, 1/12/23	United States	877,000	10,817,286
Banks 1.5%			
[c]Barclays Bank plc into JPMorgan Chase & Co., 144A, 8%, 9/08/23	United States	187,500	24,109,598
[c]J.P. Morgan Structured Products BV into Bank of America Corp., 144A, 9.5%, 5/12/23	United States	250,000	8,588,083
[c]Royal Bank of Canada into Bank of America Corp., 144A, 8.5%, 8/14/23	United States	450,000	15,102,264
			47,799,945
Biotechnology 0.6%			
[c]BNP Paribas Issuance BV into AbbVie, Inc., 144A, 8%, 2/23/23	United States	125,000	19,326,600
Capital Markets 0.6%			
[c]BNP Paribas Issuance BV into Morgan Stanley, 144A, 8%, 5/22/23	United States	125,000	10,754,614
[c]J.P. Morgan Structured Products BV into Goldman Sachs Group, Inc. (The), 144A, 8.5%, 3/09/23	United States	26,000	9,041,270
			19,795,884
Chemicals 0.4%			
[c]Credit Suisse AG into Air Products and Chemicals, Inc., 144A, 8.5%, 5/15/23	United States	49,560	13,145,521
Communications Equipment 0.5%			
[c]Barclays Bank plc into Cisco Systems, Inc., 144A, 7.5%, 3/10/23	United States	350,000	16,868,571

Franklin Income VIP Fund (continued)

	Country	Shares	Value
[b]**Equity-Linked Securities** (continued)			
Containers & Packaging 0.5%			
[c]Mizuho Markets Cayman LP into International Paper Co., 144A, 10.5%, 12/15/23	United States	400,000	$14,139,903
Electric Utilities 0.3%			
[c]National Bank of Canada into NextEra Energy, Inc., 144A, 8.5%, 12/05/23	United States	102,000	8,067,430
Entertainment 0.4%			
[c]Royal Bank of Canada into Walt Disney Co. (The), 144A, 10%, 5/26/23	United States	139,700	12,758,448
Industrial Conglomerates 0.3%			
[c]Goldman Sachs International Bank into Honeywell International, Inc., 144A, 8.5%, 4/04/23	United States	45,400	9,300,302
Insurance 0.9%			
[c]Royal Bank of Canada into MetLife, Inc., 144A, 9%, 9/22/23	United States	420,000	29,022,526
Interactive Media & Services 0.3%			
[c]Citigroup Global Markets Holdings, Inc. into Alphabet, Inc., 144A, 9%, 6/22/23	United States	4,800	8,820,435
Internet & Direct Marketing Retail 0.7%			
[c]Merrill Lynch International & Co. CV into Amazon.com, Inc., 144A, 8.5%, 1/11/23	United States	11,700	20,498,811
IT Services 0.2%			
[c]UBS AG into Fidelity National Information Services, Inc., 144A, 10%, 10/19/23	United States	100,000	7,236,708
Machinery 0.5%			
[c]Goldman Sachs International Bank into Cummins, Inc., 144A, 8%, 1/10/23	United States	60,000	14,738,475
Media 0.8%			
[c]BNP Paribas Issuance BV into Comcast Corp., 144A, 8.5%, 8/10/23	United States	700,000	25,504,092
Metals & Mining 0.2%			
[c]Goldman Sachs International Bank into Newmont Corp., 144A, 10%, 7/05/23	United States	100,000	5,054,873
Oil, Gas & Consumable Fuels 0.3%			
[c]Merrill Lynch International & Co. CV into Chevron Corp., 144A, 10%, 12/04/23	United States	47,600	8,191,955
Pharmaceuticals 1.0%			
[c]Mizuho Markets Cayman LP into Bristol-Myers Squibb Co., 144A, 8.5%, 12/04/23	United States	240,000	17,990,788
[c]Societe Generale SA into Pfizer, Inc., 144A, 8.5%, 6/09/23	United States	260,000	13,476,583
			31,467,371
Road & Rail 0.3%			
[c]Merrill Lynch International & Co. CV into Union Pacific Corp., 144A, Reg S, 9%, 11/01/23	United States	50,750	10,624,217
Semiconductors & Semiconductor Equipment 2.7%			
[c]Goldman Sachs International Bank into Intel Corp., 144A, 10%, 8/09/23	United States	650,000	18,428,522
[c]Merrill Lynch International & Co. CV into Broadcom, Inc., 144A, 10%, 12/05/23	United States	35,000	18,238,859
[c]Mizuho Markets Cayman LP into Microchip Technology, Inc., 144A, 10%, 6/26/23	United States	100,000	7,027,965
[c]Mizuho Markets Cayman LP into Microchip Technology, Inc., 144A, 10%, 11/03/23	United States	144,400	9,745,123

Franklin Income VIP Fund (continued)

	Country	Shares	Value
[b]**Equity-Linked Securities** (continued)			
Semiconductors & Semiconductor Equipment (continued)			
[c]Royal Bank of Canada into Analog Devices, Inc., 144A, 10%, 5/19/23	United States	178,000	$28,875,437
			82,315,906
Total Equity-Linked Securities (Cost $453,830,044)			**415,495,259**
Convertible Preferred Stocks 1.2%			
Electric Utilities 1.1%			
NextEra Energy, Inc., 5.279%	United States	400,000	20,280,000
NextEra Energy, Inc., 6.219%	United States	230,200	11,622,798
			31,902,798
Thrifts & Mortgage Finance 0.1%			
FNMA, 5.375%	United States	475	3,443,750
Total Convertible Preferred Stocks (Cost $65,884,960)			**35,346,548**
		Principal Amount*	
Convertible Bonds 0.1%			
Media 0.1%			
DISH Network Corp., Senior Note, 2.375%, 3/15/24	United States	4,555,000	4,121,136
Total Convertible Bonds (Cost $4,414,954)			**4,121,136**
Corporate Bonds 46.1%			
Aerospace & Defense 1.9%			
Boeing Co. (The),			
Senior Note, 5.04%, 5/01/27	United States	11,500,000	11,391,478
Senior Note, 5.15%, 5/01/30	United States	25,000,000	24,452,292
Raytheon Technologies Corp., Senior Note, 3.95%, 8/16/25	United States	7,500,000	7,334,559
TransDigm, Inc.,			
Senior Note, 6.375%, 6/15/26	United States	10,000,000	9,744,147
[c] Senior Secured Note, 144A, 6.25%, 3/15/26	United States	6,000,000	5,930,340
			58,852,816
Airlines 0.7%			
[c]American Airlines Inc/AAdvantage Loyalty IP Ltd., Senior Secured Note, 144A, 5.5%, 4/20/26	United States	15,000,000	14,451,023
[c]Delta Air Lines, Inc. / SkyMiles IP Ltd., Senior Secured Note, 144A, 4.75%, 10/20/28	United States	8,775,000	8,261,746
			22,712,769
Auto Components 0.7%			
[c]Dornoch Debt Merger Sub, Inc., Senior Note, 144A, 6.625%, 10/15/29	United States	11,945,000	8,395,019
Goodyear Tire & Rubber Co. (The), Senior Note, 5%, 7/15/29	United States	15,000,000	12,531,744
			20,926,763
Automobiles 0.7%			
Ford Motor Co.,			
Senior Bond, 3.25%, 2/12/32	United States	3,000,000	2,255,165
Senior Bond, 6.1%, 8/19/32	United States	3,000,000	2,775,848
[d] Senior Note, 4.346%, 12/08/26	United States	7,000,000	6,653,781
General Motors Co.,			
Senior Bond, 5.6%, 10/15/32	United States	5,000,000	4,659,221
Senior Bond, 5.15%, 4/01/38	United States	7,500,000	6,497,255
			22,841,270

Franklin Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Banks 3.3%			
Bank of America Corp.,			
[e] AA, Junior Sub. Bond, 6.1% to 3/16/25, FRN thereafter, Perpetual	United States	8,000,000	$7,725,560
[e] X, Junior Sub. Bond, 6.25% to 9/04/24, FRN thereafter, Perpetual	United States	6,000,000	5,777,165
Senior Bond, 3.419% to 12/19/27, FRN thereafter, 12/20/28	United States	5,000,000	4,536,087
Barclays plc,			
Senior Bond, 5.746% to 8/08/32, FRN thereafter, 8/09/33	United Kingdom	15,000,000	14,212,624
Senior Bond, 7.437% to 11/01/32, FRN thereafter, 11/02/33	United Kingdom	10,000,000	10,508,600
Senior Note, 5.501% to 8/08/27, FRN thereafter, 8/09/28	United Kingdom	2,300,000	2,231,350
Citigroup, Inc.,			
Senior Bond, 6.27% to 11/16/32, FRN thereafter, 11/17/33	United States	12,000,000	12,417,689
Sub. Bond, 4.125%, 7/25/28	United States	12,500,000	11,657,988
[d,e] JPMorgan Chase & Co., R, Junior Sub. Bond, 6% to 7/31/23, FRN thereafter, Perpetual	United States	3,200,000	3,137,920
PNC Financial Services Group, Inc. (The), Senior Bond, 6.037% to 10/27/32, FRN thereafter, 10/28/33.	United States	8,000,000	8,354,575
Truist Financial Corp., Sub. Bond, 4.916% to 7/27/32, FRN thereafter, 7/28/33	United States	4,000,000	3,763,679
US Bancorp, Senior Bond, 5.85% to 10/20/32, FRN thereafter, 10/21/33	United States	10,000,000	10,413,725
Wells Fargo & Co., Senior Note, 3.196% to 6/16/26, FRN thereafter, 6/17/27	United States	8,000,000	7,430,507
			102,167,469
Biotechnology 0.3%			
AbbVie, Inc., Senior Note, 3.8%, 3/15/25	United States	10,500,000	10,242,289
Building Products 0.3%			
[c] Camelot Return Merger Sub, Inc., Senior Secured Note, 144A, 8.75%, 8/01/28	United States	8,000,000	7,351,400
Carrier Global Corp., Senior Note, 2.722%, 2/15/30	United States	2,500,000	2,110,259
			9,461,659
Capital Markets 0.6%			
[c] Coinbase Global, Inc., Senior Bond, 144A, 3.625%, 10/01/31	United States	2,171,790	1,048,783
Goldman Sachs Group, Inc. (The), Senior Note, 3.272% to 9/28/24, FRN thereafter, 9/29/25	United States	9,000,000	8,678,657
Morgan Stanley, Senior Bond, 6.342% to 10/17/32, FRN thereafter, 10/18/33	United States	8,650,000	9,091,179
			18,818,619
Chemicals 1.4%			
Celanese US Holdings LLC, Senior Note, 6.165%, 7/15/27	United States	12,000,000	11,855,170
[c] Consolidated Energy Finance SA, Senior Note, 144A, 6.5%, 5/15/26	Switzerland	10,000,000	9,363,730
[c] International Flavors & Fragrances, Inc., Senior Bond, 144A, 2.3%, 11/01/30	United States	10,000,000	7,956,670
[c] SCIH Salt Holdings, Inc.,			
Senior Note, 144A, 6.625%, 5/01/29	United States	10,000,000	8,067,795
Senior Secured Note, 144A, 4.875%, 5/01/28	United States	7,900,000	6,793,562
			44,036,927
Commercial Services & Supplies 0.4%			
[c] APX Group, Inc., Senior Note, 144A, 5.75%, 7/15/29	United States	15,000,000	12,442,302
Communications Equipment 1.1%			
[c] CommScope Technologies LLC,			
Senior Note, 144A, 6%, 6/15/25	United States	14,602,868	13,318,692
Senior Note, 144A, 5%, 3/15/27	United States	2,500,000	1,701,954

Franklin Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Communications Equipment (continued)			
[c]CommScope, Inc.,			
Senior Note, 144A, 8.25%, 3/01/27	United States	10,000,000	$7,765,800
Senior Note, 144A, 7.125%, 7/01/28	United States	7,141,000	5,116,482
Senior Secured Note, 144A, 6%, 3/01/26	United States	5,000,000	4,624,750
			32,527,678
Consumer Finance 2.3%			
Capital One Financial Corp.,			
Senior Note, 4.927% to 5/09/27, FRN thereafter, 5/10/28	United States	10,398,356	10,082,925
Senior Note, 3.273% to 2/28/29, FRN thereafter, 3/01/30	United States	7,000,000	5,998,325
Senior Note, 5.247% to 7/25/29, FRN thereafter, 7/26/30	United States	3,000,000	2,863,542
Sub. Note, 4.2%, 10/29/25	United States	8,000,000	7,739,131
Ford Motor Credit Co. LLC,			
Senior Note, 5.125%, 6/16/25	United States	20,000,000	19,270,832
Senior Note, 4.95%, 5/28/27	United States	15,000,000	14,021,550
General Motors Financial Co., Inc.,			
Senior Note, 2.4%, 4/10/28	United States	6,000,000	5,056,558
Senior Note, 4.3%, 4/06/29	United States	5,000,000	4,488,517
			69,521,380
Containers & Packaging 1.4%			
[c]Ardagh Packaging Finance plc / Ardagh Holdings USA, Inc., Senior Secured Note, 144A, 4.125%, 8/15/26	United States	5,000,000	4,341,315
[c]Mauser Packaging Solutions Holding Co.,			
Senior Note, 144A, 7.25%, 4/15/25	United States	20,432,000	18,935,902
Senior Secured Note, 144A, 5.5%, 4/15/24	United States	16,500,000	16,077,718
[c]Pactiv Evergreen Group Issuer, Inc./Pactiv Evergreen Group Issuer LLC, Senior Secured Note, 144A, 4%, 10/15/27	United States	5,000,000	4,443,252
			43,798,187
Diversified Financial Services 0.8%			
[c]MPH Acquisition Holdings LLC,			
[d] Senior Note, 144A, 5.75%, 11/01/28	United States	20,000,000	13,344,244
Senior Secured Note, 144A, 5.5%, 9/01/28	United States	8,890,000	6,953,225
[c]Woodside Finance Ltd., Senior Bond, 144A, 4.5%, 3/04/29	Australia	4,685,000	4,401,514
			24,698,983
Diversified Telecommunication Services 0.4%			
[c]Altice France SA, Senior Secured Note, 144A, 5.5%, 10/15/29	France	11,500,000	8,789,622
[c]CCO Holdings LLC / CCO Holdings Capital Corp., Senior Bond, 144A, 5%, 2/01/28	United States	5,153,000	4,690,235
			13,479,857
Electric Utilities 0.7%			
Pacific Gas and Electric Co., Senior Bond, 4.55%, 7/01/30	United States	5,000,000	4,543,699
Southern Co. (The), Senior Bond, 5.7%, 10/15/32	United States	10,000,000	10,260,330
[c]Vistra Operations Co. LLC, Senior Note, 144A, 4.375%, 5/01/29	United States	8,255,000	7,129,281
			21,933,310
Energy Equipment & Services 0.5%			
[c]Weatherford International Ltd.,			
Senior Note, 144A, 11%, 12/01/24	United States	1,255,000	1,284,836
Senior Note, 144A, 8.625%, 4/30/30	United States	14,500,000	13,950,352
			15,235,188

Franklin Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Entertainment 1.3%			
Netflix, Inc., Senior Bond, 4.875%, 4/15/28	United States	22,000,000	$21,292,400
[c]ROBLOX Corp., Senior Note, 144A, 3.875%, 5/01/30	United States	9,100,000	7,184,450
[c]Warnermedia Holdings, Inc.,			
Senior Bond, 144A, 4.279%, 3/15/32	United States	6,500,000	5,370,739
Senior Note, 144A, 3.755%, 3/15/27	United States	6,500,000	5,862,695
			39,710,284
Equity Real Estate Investment Trusts (REITs) 1.0%			
American Tower Corp., Senior Bond, 2.9%, 1/15/30	United States	8,000,000	6,792,410
Crown Castle, Inc., Senior Bond, 3.3%, 7/01/30	United States	5,000,000	4,385,776
MPT Operating Partnership LP / MPT Finance Corp.,			
Senior Bond, 5%, 10/15/27	United States	8,750,000	7,374,150
Senior Bond, 3.5%, 3/15/31	United States	5,000,000	3,437,868
VICI Properties LP, Senior Bond, 5.125%, 5/15/32	United States	10,000,000	9,278,750
			31,268,954
Food Products 0.3%			
[c]JBS USA LUX SA / JBS USA Food Co. / JBS USA Finance, Inc.,			
Senior Bond, 144A, 5.75%, 4/01/33	United States	8,000,000	7,650,240
Health Care Equipment & Supplies 1.2%			
[c]GE HealthCare Technologies, Inc., Senior Bond, 144A, 5.905%, 11/22/32	United States	7,500,000	7,795,310
[c]Medline Borrower LP,			
Senior Note, 144A, 5.25%, 10/01/29	United States	18,000,000	14,328,990
Senior Secured Note, 144A, 3.875%, 4/01/29	United States	16,800,000	13,570,116
			35,694,416
Health Care Providers & Services 5.7%			
Centene Corp., Senior Note, 4.625%, 12/15/29	United States	10,000,000	9,160,908
[c]CHS/Community Health Systems, Inc.,			
Secured Note, 144A, 6.875%, 4/15/29	United States	52,000,000	26,823,315
Senior Note, 144A, 6.875%, 4/01/28	United States	20,000,000	9,694,100
Senior Secured Note, 144A, 8%, 3/15/26	United States	22,500,000	20,531,250
Senior Secured Note, 144A, 8%, 12/15/27	United States	10,000,000	9,066,929
Senior Secured Note, 144A, 5.25%, 5/15/30	United States	10,000,000	7,558,222
CVS Health Corp., Senior Bond, 4.3%, 3/25/28	United States	8,000,000	7,752,854
[c]DaVita, Inc.,			
Senior Bond, 144A, 3.75%, 2/15/31	United States	2,500,000	1,871,387
Senior Note, 144A, 4.625%, 6/01/30	United States	20,000,000	16,130,834
HCA, Inc., Senior Note, 5%, 3/15/24	United States	10,400,000	10,345,202
[c]Tenet Healthcare Corp.,			
Secured Note, 144A, 6.25%, 2/01/27	United States	29,000,000	27,913,660
Senior Note, 144A, 6.125%, 10/01/28	United States	9,000,000	8,076,870
Senior Secured Note, 144A, 6.125%, 6/15/30	United States	12,500,000	11,931,938
UnitedHealth Group, Inc., Senior Bond, 5.35%, 2/15/33	United States	10,000,000	10,349,845
			177,207,314
Hotels, Restaurants & Leisure 2.5%			
[c]Boyd Gaming Corp., Senior Bond, 144A, 4.75%, 6/15/31	United States	3,130,000	2,726,793
[c]Caesars Entertainment, Inc., Senior Secured Note, 144A, 6.25%, 7/01/25	United States	20,000,000	19,474,110
Expedia Group, Inc., Senior Note, 5%, 2/15/26	United States	7,000,000	6,915,793
[c]Fertitta Entertainment LLC / Fertitta Entertainment Finance Co., Inc.,			
Senior Note, 144A, 6.75%, 1/15/30	United States	4,100,000	3,314,748
Senior Secured Note, 144A, 4.625%, 1/15/29	United States	7,000,000	5,932,745

Franklin Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Hotels, Restaurants & Leisure (continued)			
McDonald's Corp., Senior Bond, 4.6%, 9/09/32	United States	8,000,000	$7,847,679
[c]Penn Entertainment, Inc., Senior Note, 144A, 4.125%, 7/01/29	United States	8,000,000	6,330,429
[c]Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.,			
Senior Bond, 144A, 5.5%, 3/01/25	United States	18,518,000	17,618,136
[d] Senior Note, 144A, 5.25%, 5/15/27	United States	6,000,000	5,424,305
			75,584,738
Independent Power and Renewable Electricity Producers 0.7%			
[c]Calpine Corp.,			
Senior Note, 144A, 5.125%, 3/15/28	United States	5,000,000	4,471,639
Senior Secured Note, 144A, 4.5%, 2/15/28	United States	5,000,000	4,470,916
[c,e]Vistra Corp., Junior Sub. Bond, 144A, 7% to 12/14/26, FRN thereafter, Perpetual	United States	12,500,000	11,392,228
			20,334,783
Internet & Direct Marketing Retail 0.1%			
Amazon.com, Inc., Senior Bond, 3.6%, 4/13/32	United States	4,000,000	3,672,318
Media 2.9%			
[c]Clear Channel Outdoor Holdings, Inc.,			
Senior Note, 144A, 7.75%, 4/15/28	United States	2,800,000	2,047,652
Senior Note, 144A, 7.5%, 6/01/29	United States	10,500,000	7,729,522
Senior Secured Note, 144A, 5.125%, 8/15/27	United States	5,000,000	4,343,250
[c]CSC Holdings LLC, Senior Bond, 144A, 5.5%, 4/15/27	United States	15,000,000	12,615,396
[c]Directv Financing LLC / Directv Financing Co-Obligor, Inc., Senior Secured Note, 144A, 5.875%, 8/15/27	United States	9,500,000	8,517,320
DISH DBS Corp.,			
Senior Note, 5%, 3/15/23	United States	11,000,000	10,971,785
Senior Note, 5.875%, 11/15/24	United States	20,859,000	19,425,859
[c] Senior Secured Note, 144A, 5.25%, 12/01/26	United States	6,500,000	5,487,365
[c]Stagwell Global LLC, Senior Note, 144A, 5.625%, 8/15/29	United States	5,000,000	4,132,275
[c]Univision Communications, Inc.,			
Senior Secured Note, 144A, 5.125%, 2/15/25	United States	7,140,000	6,814,560
Senior Secured Note, 144A, 6.625%, 6/01/27	United States	8,500,000	8,218,948
			90,303,932
Metals & Mining 1.6%			
[c]Alcoa Nederland Holding BV, Senior Note, 144A, 4.125%, 3/31/29	United States	8,500,000	7,553,131
ArcelorMittal SA, Senior Bond, 6.8%, 11/29/32	Luxembourg	12,000,000	11,967,648
[c]Cleveland-Cliffs, Inc., Senior Secured Note, 144A, 6.75%, 3/15/26	United States	5,000,000	5,021,100
[c]FMG Resources August 2006 Pty. Ltd.,			
Senior Bond, 144A, 4.375%, 4/01/31	Australia	6,000,000	5,001,651
Senior Note, 144A, 5.875%, 4/15/30	Australia	5,000,000	4,664,862
Freeport-McMoRan, Inc., Senior Bond, 4.625%, 8/01/30	United States	8,000,000	7,464,596
[c]Glencore Funding LLC, Senior Bond, 144A, 2.5%, 9/01/30	Australia	10,000,000	8,139,781
			49,812,769
Multiline Retail 0.1%			
Target Corp., Senior Bond, 4.5%, 9/15/32	United States	4,000,000	3,894,752
Oil, Gas & Consumable Fuels 1.4%			
[c]Calumet Specialty Products Partners LP / Calumet Finance Corp.,			
Senior Note, 144A, 11%, 4/15/25	United States	15,000,000	15,657,574
Senior Note, 144A, 8.125%, 1/15/27	United States	8,820,000	8,257,725
Senior Secured Note, 144A, 9.25%, 7/15/24	United States	5,185,000	5,272,601

Franklin Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Oil, Gas & Consumable Fuels (continued)			
[a,c]Chesapeake Energy Corp., Senior Note, 144A, 5.875%, 2/01/29	United States	9,500,000	$9,014,836
Occidental Petroleum Corp., Senior Note, 6.625%, 9/01/30	United States	6,000,000	6,213,810
			44,416,546
Personal Products 0.2%			
GSK Consumer Healthcare Capital US LLC, Senior Note, 3.625%, 3/24/32	United States	8,500,000	7,485,725
Pharmaceuticals 2.8%			
[c]1375209 BC Ltd., Senior Secured Note, 144A, 9%, 1/30/28	Canada	6,374,000	6,238,553
[c]Bausch Health Cos., Inc.,			
Senior Secured Note, 144A, 5.5%, 11/01/25	United States	18,750,000	15,967,062
Senior Secured Note, 144A, 6.125%, 2/01/27	United States	23,409,673	16,173,275
Senior Secured Note, 144A, 5.75%, 8/15/27	United States	10,000,000	6,822,200
Senior Secured Note, 144A, 11%, 9/30/28	United States	13,865,000	10,881,871
[c]Bayer US Finance II LLC, Senior Note, 144A, 4.25%, 12/15/25	Germany	11,000,000	10,670,328
[c,f]Endo Dac / Endo Finance LLC / Endo Finco, Inc., Senior Secured Note, 144A, 5.875%, 10/15/24	United States	4,500,000	3,577,500
[c,f]Par Pharmaceutical, Inc., Senior Secured Note, 144A, 7.5%, 4/01/27	United States	8,429,000	6,423,738
Utah Acquisition Sub, Inc., Senior Note, 3.95%, 6/15/26	United States	10,000,000	9,360,965
			86,115,492
Road & Rail 0.4%			
[c]Ashtead Capital, Inc., Senior Note, 144A, 4.25%, 11/01/29	United Kingdom	4,500,000	4,043,224
Union Pacific Corp., Senior Bond, 4.5%, 1/20/33	United States	8,000,000	7,848,212
			11,891,436
Semiconductors & Semiconductor Equipment 0.8%			
[c]Broadcom, Inc.,			
Senior Bond, 144A, 2.45%, 2/15/31	United States	5,000,000	3,949,771
Senior Bond, 144A, 4.15%, 4/15/32	United States	10,000,000	8,805,964
Senior Note, 144A, 4%, 4/15/29	United States	5,000,000	4,552,505
Micron Technology, Inc., Senior Note, 6.75%, 11/01/29	United States	8,000,000	8,144,269
			25,452,509
Software 1.4%			
Oracle Corp.,			
Senior Bond, 3.25%, 11/15/27	United States	5,000,000	4,600,787
Senior Bond, 2.875%, 3/25/31	United States	15,000,000	12,473,763
Senior Bond, 6.25%, 11/09/32	United States	6,750,000	7,086,016
[c]Rocket Software, Inc., Senior Note, 144A, 6.5%, 2/15/29	United States	11,000,000	8,685,888
Workday, Inc., Senior Bond, 3.8%, 4/01/32	United States	10,000,000	8,855,319
			41,701,773
Specialty Retail 0.5%			
[d]Lowe's Cos., Inc., Senior Bond, 5%, 4/15/33	United States	13,000,000	12,732,820
[c]Michaels Cos., Inc. (The), Senior Secured Note, 144A, 5.25%, 5/01/28	United States	4,000,000	3,222,943
			15,955,763
Technology Hardware, Storage & Peripherals 0.7%			
Apple, Inc., Senior Bond, 3.35%, 8/08/32	United States	8,000,000	7,286,602
HP, Inc.,			
Senior Bond, 5.5%, 1/15/33	United States	10,000,000	9,424,039
Senior Note, 4%, 4/15/29	United States	5,000,000	4,574,324
			21,284,965

Franklin Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Tobacco 0.6%			
BAT Capital Corp., Senior Note, 3.557%, 8/15/27	United Kingdom	20,000,000	$18,303,003
Trading Companies & Distributors 1.1%			
United Rentals North America, Inc.,			
Senior Bond, 4.875%, 1/15/28	United States	11,300,000	10,733,361
[c] Senior Secured Note, 144A, 6%, 12/15/29	United States	8,000,000	7,965,400
[c]WESCO Distribution, Inc., Senior Note, 144A, 7.125%, 6/15/25	United States	14,000,000	14,205,970
			32,904,731
Wireless Telecommunication Services 1.3%			
Sprint LLC,			
Senior Note, 7.875%, 9/15/23	United States	12,500,000	12,702,325
Senior Note, 7.125%, 6/15/24	United States	8,200,000	8,378,268
Senior Note, 7.625%, 3/01/26	United States	7,500,000	7,908,795
T-Mobile USA, Inc.,			
Senior Bond, 5.2%, 1/15/33	United States	7,500,000	7,456,400
Senior Note, 3.375%, 4/15/29	United States	4,500,000	3,972,125
			40,417,913
Total Corporate Bonds (Cost $1,538,293,441)			**1,424,761,822**
U.S. Government and Agency Securities 8.7%			
U.S. Treasury Bonds,			
3.375%, 8/15/42	United States	15,000,000	13,410,938
3%, 8/15/52	United States	40,000,000	32,968,750
U.S. Treasury Notes,			
4.375%, 10/31/24	United States	10,000,000	9,972,265
4.5%, 11/30/24	United States	25,000,000	25,002,930
2.875%, 5/15/32	United States	130,000,000	119,843,750
2.75%, 8/15/32	United States	75,000,000	68,308,594
Total U.S. Government and Agency Securities (Cost $279,725,426)			**269,507,227**
Asset-Backed Securities 0.3%			
Airlines 0.3%			
United Airlines Pass-Through Trust, 2020-1, A, 5.875%, 10/15/27	United States	7,903,833	7,803,686
Total Asset-Backed Securities (Cost $7,903,833)			**7,803,686**
Mortgage-Backed Securities 0.0%†			
Federal National Mortgage Association (FNMA) Fixed Rate 0.0%†			
FNMA, 30 Year, 4%, 8/01/49	United States	1,585,956	1,514,138
Total Mortgage-Backed Securities (Cost $1,680,122)			**1,514,138**
Total Long Term Investments (Cost $2,986,931,176)			**3,021,053,890**

Short Term Investments 1.9%

	Country	Shares	Value
Money Market Funds 1.5%			
[g,h]Institutional Fiduciary Trust - Money Market Portfolio, 3.782%	United States	46,402,687	46,402,687
Total Money Market Funds (Cost $46,402,687)			**46,402,687**

Franklin Income VIP Fund (continued)

Short Term Investments (continued)

	Country	Shares	Value
[i]**Investments from Cash Collateral Received for Loaned Securities 0.4%**			
Money Market Funds 0.4%			
[g,h]Institutional Fiduciary Trust - Money Market Portfolio, 3.782%	United States	11,170,000	$11,170,000
Total Investments from Cash Collateral Received for Loaned Securities (Cost $11,170,000)			**11,170,000**
Total Short Term Investments (Cost $57,572,687)			**57,572,687**
Total Investments (Cost $3,044,503,863) 99.6%			**$3,078,626,577**
Other Assets, less Liabilities 0.4%			**12,232,494**
Net Assets 100.0%			**$3,090,859,071**

[*] The principal amount is stated in U.S. dollars unless otherwise indicated.
[†] Rounds to less than 0.1% of net assets.
[a] Non-income producing.
[b] See Note 1(d) regarding equity-linked securities.
[c] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At December 31, 2022, the aggregate value of these securities was $1,185,619,638, representing 38.4% of net assets.
[d] A portion or all of the security is on loan at December 31, 2022. See Note 1(e).
[e] Perpetual security with no stated maturity date.
[f] See Note 7 regarding credit risk and defaulted securities.
[g] See Note 3(e) regarding investments in affiliated management investment companies.
[h] The rate shown is the annualized seven-day effective yield at period end.
[i] See Note 1(e) regarding securities on loan.

Franklin Income VIP Fund (continued)

At December 31, 2022, the Fund had the following futures contracts outstanding. See Note 1(c).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Interest rate contracts					
U.S. Treasury 10 Year Notes	Long	550	$61,763,281	3/22/23	$(261,448)
Total Futures Contracts					$(261,448)

*As of year end.

See Note 10 regarding other derivative information.

See Abbreviations on page FI-38.

Statement of Assets and Liabilities

December 31, 2022

	Franklin Income VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$2,986,931,176
Cost - Non-controlled affiliates (Note 3e)	57,572,687
Value - Unaffiliated issuers (Includes securities loaned of $10,782,344)	$3,021,053,890
Value - Non-controlled affiliates (Note 3e)	57,572,687
Receivables:	
Capital shares sold	891,582
Dividends and interest	25,596,880
European Union tax reclaims (Note 1f)	1,715,279
Deposits with brokers for:	
Futures contracts	1,210,000
Total assets	3,108,040,318
Liabilities:	
Payables:	
Capital shares redeemed	3,526,108
Management fees	1,198,050
Distribution fees	646,157
Trustees' fees and expenses	615
Variation margin on futures contracts	77,341
Funds advanced by custodian	318,750
Payable upon return of securities loaned (Note 1e)	11,170,000
Accrued expenses and other liabilities	244,226
Total liabilities	17,181,247
Net assets, at value	$3,090,859,071
Net assets consist of:	
Paid-in capital	$2,718,079,775
Total distributable earnings (losses)	372,779,296
Net assets, at value	$3,090,859,071

	Franklin Income VIP Fund
Class 1:	
Net assets, at value	$220,271,980
Shares outstanding	14,313,286
Net asset value and maximum offering price per share	$15.39
Class 2:	
Net assets, at value	$2,545,382,381
Shares outstanding	172,814,988
Net asset value and maximum offering price per share	$14.73
Class 4:	
Net assets, at value	$325,204,710
Shares outstanding	21,445,493
Net asset value and maximum offering price per share	$15.16

Statement of Operations

for the year ended December 31, 2022

	Franklin Income VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $571,287)	
Unaffiliated issuers	$48,340,825
Non-controlled affiliates (Note 3e)	589,881
Interest:	
Unaffiliated issuers	91,713,882
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	70,090
Non-controlled affiliates (Note 3e)	141,968
Other income (Note 1f)	97,279
Total investment income	140,953,925
Expenses:	
Management fees (Note 3a)	15,118,754
Distribution fees: (Note 3c)	
Class 2	6,878,267
Class 4	1,146,872
Custodian fees (Note 4)	30,626
Reports to shareholders fees	(416,445)
Professional fees	99,954
Trustees' fees and expenses	36,439
Other	159,885
Total expenses	23,054,352
Expense reductions (Note 4)	(703)
Expenses waived/paid by affiliates (Note 3e)	(181,099)
Net expenses	22,872,550
Net investment income	118,081,375
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	238,011,679
Foreign currency transactions	9,152
Futures contracts	1,011,300
Net realized gain (loss)	239,032,131
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(551,428,753)
Translation of other assets and liabilities denominated in foreign currencies	(106,825)
Futures contracts	(261,448)
Net change in unrealized appreciation (depreciation)	(551,797,026)
Net realized and unrealized gain (loss)	(312,764,895)
Net increase (decrease) in net assets resulting from operations	$(194,683,520)

Statements of Changes in Net Assets

	Franklin Income VIP Fund	
	Year Ended December 31, 2022	Year Ended December 31, 2021
Increase (decrease) in net assets:		
Operations:		
Net investment income	$118,081,375	$119,675,102
Net realized gain (loss)	239,032,131	513,668,217
Net change in unrealized appreciation (depreciation)	(551,797,026)	10,214,847
Net increase (decrease) in net assets resulting from operations	(194,683,520)	643,558,166
Distributions to shareholders:		
Class 1	(15,259,288)	(16,108,181)
Class 2	(187,850,088)	(184,021,190)
Class 4	(21,816,089)	(14,055,725)
Total distributions to shareholders	(224,925,465)	(214,185,096)
Capital share transactions: (Note 2)		
Class 1	4,063,250	(92,365,384)
Class 2	(129,750,272)	(1,191,742,494)
Class 4	32,673,363	(3,607,701)
Total capital share transactions	(93,013,659)	(1,287,715,579)
Net increase (decrease) in net assets	(512,622,644)	(858,342,509)
Net assets:		
Beginning of year	3,603,481,715	4,461,824,224
End of year	$3,090,859,071	$3,603,481,715

Notes to Financial Statements

Franklin Income 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. The Trust follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946, Financial Services – Investment Companies (ASC 946) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. Franklin Income 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 each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Board has designated the Fund's investment manager as the valuation designee and has responsibility for oversight of valuation. The investment manager is assisted by the Fund's administrator in performing this responsibility, including leading the cross-functional Valuation Committee (VC). The Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities and derivative financial instruments 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.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

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 Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, 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

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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.

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. Events can 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, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At December 31, 2022, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

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 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. Derivative Financial Instruments

The Fund invested in derivative financial instruments in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statement of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities.

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

The Fund entered into exchange traded futures contracts primarily to manage and/or gain exposure to interest rate risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. Required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statement of Assets and Liabilities.

See Note 10 regarding other derivative information.

d. Equity-Linked Securities

The Fund invests in equity-linked securities. Equity-linked securities are hybrid financial instruments that generally combine both debt and equity characteristics into a single note form. Income received from equity-linked securities is recorded as realized gains in the Statement of Operations and may be based on the performance of an underlying equity security, an equity index, or an option position. The risks of investing in equity-linked securities include unfavorable price movements in the underlying security and the credit risk of the issuing financial institution. There may be no guarantee of a return of principal with equity-linked securities and the appreciation potential may be limited. Equity-linked securities may be more volatile and less liquid than other investments held by the Fund.

e. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund, and/or a joint repurchase agreement. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

f. 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.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. Any fees associated with these filings are reflected in other expenses in the Statement of Operations. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, when EU reclaims are received by the Fund and the Fund previously passed foreign tax credit on to its shareholders, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund’s shareholders.

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

f. Income and Deferred Taxes (continued)

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, 2022, 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.

g. 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. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Paydown gains and losses are recorded as an adjustment to interest income. 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 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 or based on the ratio of number of shareholders of each Fund to the combined number of shareholders 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.

h. 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.

i. 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 Income VIP Fund (continued)

2. Shares of Beneficial Interest

At December 31, 2022, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	948,516	$15,139,114	2,421,558	$40,162,495
Shares issued in reinvestment of distributions	1,008,545	15,259,288	964,562	16,108,181
Shares redeemed	(1,594,689)	(26,335,152)	(9,030,990)	(148,636,060)
Net increase (decrease)	362,372	$4,063,250	(5,644,870)	$(92,365,384)
Class 2 Shares:				
Shares sold	15,467,143	$244,219,618	8,261,102	$133,024,654
Shares issued in reinvestment of distributions	12,955,179	187,850,088	11,472,643	184,021,190
Shares redeemed	(36,169,026)	(561,819,978)	(95,307,859)	(1,508,788,338)
Net increase (decrease)	(7,746,704)	$(129,750,272)	(75,574,114)	$(1,191,742,494)
Class 4 Shares:				
Shares sold	4,620,551	$74,558,532	2,779,479	$45,895,938
Shares issued in reinvestment of distributions	1,461,225	21,816,089	851,346	14,055,725
Shares redeemed	(3,991,594)	(63,701,258)	(3,856,387)	(63,559,364)
Net increase (decrease)	2,090,182	$32,673,363	(225,562)	$(3,607,701)

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. 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 Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee, calculated daily and paid monthly, to Advisers based on the average daily net assets of the Fund as follows:

Subsidiary	Affiliation
0.625%	Up to and including $100 million
0.500%	Over $100 million, up to and including $250 million
0.450%	Over $250 million, up to and including $7.5 billion
0.440%	Over $7.5 billion, up to and including $10 billion
0.430%	Over $10 billion, up to and including $12.5 billion
0.420%	Over $12.5 billion, up to and including $15 billion
0.400%	In excess of $15 billion

Franklin Income VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

For the year ended December 31, 2022, the gross effective investment management fee rate was 0.458% of the Fund's average daily net assets.

b. Administrative Fees

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.

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.

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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of 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. During the year ended December 31, 2022, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Franklin Income VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 3.782%	$56,779,626	$1,353,325,002	$(1,363,701,941)	$—	$—	$46,402,687	46,402,687	$589,881
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 3.782%	$20,527,000	$207,987,000	$(217,344,000)	$—	$—	$11,170,000	11,170,000	$141,968
Total Affiliated Securities . . .	$77,306,626	$1,561,312,002	$(1,581,045,941)	$—	$—	$57,572,687		$731,849

Franklin Income VIP Fund (continued)

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, 2022, 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, 2022 and 2021, was as follows:

	2022	2021
Distributions paid from:		
Ordinary income	$224,925,465	$214,185,096

At December 31, 2022, 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	$3,051,498,234
Unrealized appreciation	$283,234,880
Unrealized depreciation	(256,367,985)
Net unrealized appreciation (depreciation)	$26,866,895
Distributable earnings:	
Undistributed ordinary income	$149,028,752
Undistributed long term capital gains	195,184,438
Total distributable earnings	$344,213,190

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of EU reclaims and equity-linked securities.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2022, aggregated $2,079,553,496 and 2,240,693,452, respectively.

At December 31, 2022, in connection with securities lending transactions, the Fund loaned equity investments and received $11,170,000 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

7. Credit Risk and Defaulted Securities

At December 31, 2022, the Fund had 25.2% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

The Fund held defaulted securities and/or other securities for which the income has been deemed uncollectible. At December 31, 2022, the aggregate value of these securities was $10,001,238, representing 0.3% of the Fund's net assets. The Fund discontinues accruing income on securities for which income has been deemed uncollectible and provides an estimate for losses on interest receivable. The securities have been identified in the accompanying Schedule of Investments.

Franklin Income VIP Fund (continued)

8. Geopolitical Risk

On February 24, 2022, Russia engaged in military actions in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and may also cause uncertainty for the global economy and broader financial markets. The ultimate fallout and long-term impact from these events are not known. The Fund will continue to assess the impact on valuations and liquidity and will take any potential actions needed in accordance with procedures approved by the Board.

9. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

10. Other Derivative Information

At December 31, 2022, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Franklin Income VIP Fund				
Interest rate contracts				
	Variation margin on futures contracts	$—	Variation margin on futures contracts	$261,448[a]
Total		$—		$261,448

[a]This amount reflects the cumulative appreciation (depreciation) of futures contracts as reported in the Schedule of Investments. Only the variation margin receivable/payable at year end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.

For the year ended December 31, 2022, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Operations Location**	**Net Realized Gain (Loss) for the Year**	**Statement of Operations Location**	**Net Change in Unrealized Appreciation (Depreciation) for the Year**
Franklin Income VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts				
	Futures contracts	$1,011,300	Futures contracts	$(261,448)
Total		$1,011,300		$(261,448)

For the year ended December 31, 2022, the average month end notional amount of futures contracts represented $14,231,911 respectively.

See Note 1(c) regarding derivative financial instruments.

Franklin Income VIP Fund (continued)

11. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling $2.675 billion (Global Credit Facility) which matured on February 3, 2023. 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 3, 2023, the Borrowers renewed the Global Credit Facility for a one-year term, maturing February 2, 2024, for a total of $2.675 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, 2022, the Fund did not use the Global Credit Facility.

12. 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)

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

A summary of inputs used as of December 31, 2022, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Income VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$66,491,100	$—	$—	$66,491,100
Air Freight & Logistics	27,414,568	—	—	27,414,568
Banks	131,488,600	—	—	131,488,600
Biotechnology	18,585,150	—	—	18,585,150
Capital Markets	26,356,200	—	—	26,356,200
Chemicals	—	11,078,176	—	11,078,176
Diversified Telecommunication Services	27,842,533	—	—	27,842,533
Electric Utilities	78,907,500	—	—	78,907,500
Health Care Equipment & Supplies	12,435,200	—	—	12,435,200
Household Products	18,187,200	—	—	18,187,200
Insurance	9,046,250	—	—	9,046,250
Media	17,931,532	—	—	17,931,532
Metals & Mining	43,600,392	—	—	43,600,392
Multiline Retail	7,452,000	—	—	7,452,000

Franklin Income VIP Fund (continued)

12. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Income VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Multi-Utilities	$50,189,600	$—	$—	$50,189,600
Oil, Gas & Consumable Fuels	129,485,500	—	—	129,485,500
Pharmaceuticals	56,806,000	—	—	56,806,000
Road & Rail	4,141,400	—	—	4,141,400
Semiconductors & Semiconductor Equipment	94,715,653	—	—	94,715,653
Specialty Retail	10,107,520	—	—	10,107,520
Tobacco	20,242,000	—	—	20,242,000
Equity-Linked Securities	—	415,495,259	—	415,495,259
Convertible Preferred Stocks:				
Electric Utilities	31,902,798	—	—	31,902,798
Thrifts & Mortgage Finance	—	3,443,750	—	3,443,750
Convertible Bonds	—	4,121,136	—	4,121,136
Corporate Bonds	—	1,424,761,822	—	1,424,761,822
U.S. Government and Agency Securities	—	269,507,227	—	269,507,227
Asset-Backed Securities	—	7,803,686	—	7,803,686
Mortgage-Backed Securities	—	1,514,138	—	1,514,138
Short Term Investments	57,572,687	—	—	57,572,687
Total Investments in Securities	$940,901,383	$2,137,725,194[a]	$—	$3,078,626,577
Liabilities:				
Other Financial Instruments:				
Futures contracts	$261,448	$—	$—	$261,448
Total Other Financial Instruments	$261,448	$—	$—	$261,448

[a]Includes foreign securities valued at $11,078,176, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

13. New Accounting Pronouncements

In June 2022, the FASB issued Accounting Standards Update (ASU) No. 2022-03, Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The amendments in the ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, should not be considered in measuring fair value. The ASU is effective for interim and annual reporting periods beginning after December 15, 2023, with the option of early adoption. Management has reviewed the requirements and believes that the adoption of the ASU will not have a material impact on the financial statements.

14. 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.

Franklin Income VIP Fund (continued)

Abbreviations

Selected Portfolio	
ADR	American Depositary Receipt
FNMA	Federal National Mortgage Association
FRN	Floating Rate Note

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Franklin Income VIP Fund (one of the funds constituting Franklin Templeton Variable Insurance Products Trust, referred to hereafter as the "Fund") as of December 31, 2022, the related statement of operations for the year ended December 31, 2022, the statement of changes in net assets for each of the two years in the period ended December 31, 2022, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2022 (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, 2022, 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, 2022 and the financial highlights for each of the five years in the period ended December 31, 2022 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, 2022 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 17, 2023

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 Income VIP Fund

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to www.franklintempleton.com for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Fund is required to be furnished to shareholders with respect to income earned and distributions paid during its fiscal year.

The Fund hereby reports the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended December 31, 2022:

	Pursuant to:	Amount Reported
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	$36,291,260
Interest Earned from Federal Obligations	Note (1)	$6,929,122

Note (1) - The Law varies in each state as to whether and what percentage of dividend income attributable to Federal obligations is exempt from state income tax. Shareholders are advised to consult with their tax advisors to determine if any portion of the dividends received is exempt from state income taxes.

Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Returns (NR) include income net of tax withholding when dividends are paid.

For Russell Indexes: Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

See www.franklintempletondatasources.com for additional data provider information.

Bloomberg 1-3 Month U.S. Treasury Bill Index measures the performance of U.S. Treasury bills that have a remaining maturity of greater than or equal to one month and less than three months. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

Bloomberg U.S. Aggregate Bond Index measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and nonagency).

Bloomberg U.S. Corporate Investment Grade Index measures the performance of the investment-grade, fixed-rate, taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg U.S. Corporate High Yield Index measures the performance of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Standard & Poor's, and Fitch is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets (EM) country of risk, based on Bloomberg EM country definition, are excluded.

Bloomberg U.S. Government - Intermediate Index is the intermediate component of the Bloomberg U.S. Government Index, which includes U.S. dollar-denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures (securities issued by U.S. government-owned or government-sponsored entities, and debt explicitly guaranteed by the U.S. government).

Bloomberg U.S. High Yield Very Liquid Index is a component of the Bloomberg U.S. Corporate High Yield Index that is designed to track a more liquid component of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market.

Bloomberg U.S. Mortgage-Backed Securities (MBS) Index tracks the performance of fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). Effective June 1, 2017, hybrid adjustable-rate mortgages were removed from the index.

Bloomberg U.S. Treasury Index measures the performance of U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with at least one year until final maturity. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

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.

FTSE World Government Bond Index (WGBI) measures the performance of fixed-rate, local currency, investment-grade sovereign bonds and is stated in U.S. dollar terms.

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.

MSCI All Country Asia Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed and emerging markets in Asia.

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

MSCI All Country World Index (ACWI) ex USA Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed and emerging markets, excluding the U.S.

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

MSCI Europe Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed markets in Europe.

MSCI USA High Dividend Yield Index is based on the MSCI USA Index, its parent index, and includes large- and mid-capitalization stocks. The index is designed to reflect the performance of equities in the parent index (excluding real estate investment trusts) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

MSCI USA Index is designed to measure the performance of the large- and mid-capitalization segments of the U.S. market. With 627 constituents, the index covers approximately 85% of the free float adjusted market capitalization in the U.S.

MSCI World ex USA Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed markets, excluding the U.S.

MSCI World Value Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the performance of stocks exhibiting overall value style characteristics in global developed markets.

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

Russell 1000® Index is market capitalization weighted and measures the performance of the approximately 1,000 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 the performance of those Russell 1000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.

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

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

Russell 2500™ Index is market capitalization weighted and measures the performance of the approximately 2,500 smallest companies in the Russell 3000® Index that represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 3000® Index is market capitalization weighted and measures the performance of the largest 3,000 U.S. companies representing the majority of the U.S. market's total capitalization.

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

Russell Midcap® Index is market capitalization weighted and measures the performance of the approximately 800 smallest companies in the Russell 1000® Index that represent 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 U.S. equity market performance.

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 U.S. registered portfolios overseen in the Franklin Templeton/Legg Mason 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	119	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 2017	119	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); member of the board of directors of Council of the Americas (2007-present) and the Tallberg Foundation (2018-present); 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	120	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and **formerly**, Avis Budget Group Inc. (car rental) (2007-2020).
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).				

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
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2005 and Lead Independent Trustee since 2019	120	Hess Corporation (exploration of oil and gas) (1993-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and **formerly**, Canadian National Railway (railroad) (2001-2021), White Mountains Insurance Group, Ltd. (holding company) (2004-2021), 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	120	Boeing Capital Corporation (aircraft financing) (2006-2010).

Principal Occupation During at Least the Past 5 Years:
Counselor and Special Advisor to the CEO and Board of Directors of the Coca-Cola Company (beverage company) (2021-present); and **formerly**, Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (2019-2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).

Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	120	Graham Holdings Company (education and media organization) (2011-2021); The Southern Company (energy company) (2014-2020; previously 2010-2012) 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); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-2020); 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, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

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
Valerie M. Williams (1956) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2021	111	Omnicom Group, Inc. (advertising and marketing communications services) (2016-present), DTE Energy Co. (gas and electric utility) (2018-present), Devon Energy Corporation (exploration and production of oil and gas) (January 2021-present); and **formerly**, WPX Energy, Inc. (exploration and production of oil and gas) (2018-2021).

Principal Occupation During at Least the Past 5 Years:
Director of various companies; and **formerly**, Regional Assurance Managing Partner, Ernst & Young LLP (public accounting) (2005-2016), various roles of increasing responsibility at Ernst & Young (1981-2005).

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	Chairman of the Board and Trustee	Chairman of the Board since January 2023 and Trustee since 2013	131	None

Principal Occupation During at Least the Past 5 Years:
Executive Chairman, Chairman of the Board and Director, 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 certain funds in the Franklin Templeton/Legg Mason fund complex; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015) Franklin Resources, Inc.

****Rupert H. Johnson, Jr. (1940)** One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	120	None

Principal Occupation During at Least the Past 5 Years:
Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:
Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

Breda M. Beckerle (1958) 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since 2020	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:
Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

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
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Distributors, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer - Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and **formerly**, Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Susan Kerr (1949) 620 Eighth Avenue New York, NY 10018	Vice President - AML Compliance	Since 2021	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Christopher Kings (1974) One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since January 2022	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Edward D. Perks (1970) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer - Investment Management	Since 2018	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: President and Director, Franklin Advisers, Inc.; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
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: Senior Associate General Counsel, Franklin Templeton; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				

Interested Board Members and Officers (continued)

*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton/Legg Mason 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 an 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 Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She served as a director of Avis Budget Group, Inc. (2007-2020) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi 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. Ms. Choksi 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 U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Schedule of Investments

The Trust files a complete schedule of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT 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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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.

FRANKLIN TEMPLETON

Annual Report
Franklin Templeton Variable Insurance Products Trust

Investment Managers
Franklin Advisers, Inc.
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 Distributors, LLC

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