

# **Prudential Health Limited**

**Annual FSA Insurance Returns for the 11 months ended  
31 December 2004**

**Appendices 9.1, 9.2, 9.6**

**Incorporated and registered in England and Wales. Registered No: 5051253  
Registered office: Laurence Pountney Hill, London, EC4R OHH**

# **Prudential Health Ltd**

**Period ended 31 December 2004**

## **Returns under the Accounts and Statements Rules**

<b>Contents</b>	<b>Page</b>
Appendix 9.1	
- Forms 1 to 16	1
Appendix 9.2	
- Forms 20 to 23, 31 and 36	12
Appendix 9.6	
- Supplementary notes to the Forms	19
- Directors' certificate	23
- Report of the auditors	24

Name of insurer      **Prudential Health Ltd**

Global business

Period ended      **31 December 2004**

.....

**Chief Executive**

.....

**Director**

.....

**Director**

**Date**

**Statement of solvency - general insurance business**Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

Solo solvency calculation

R1	Company registration number <b>5051253</b>	GL/UK/CM <b>GL</b>	Period ended			Units <b>£000</b>
			day	month	year	
			31	12	2004	
			As at end of this financial year			As at end of the previous year
			1			2

**Capital resources**

Capital resources arising outside the long-term insurance fund	<b>11</b>	<b>16088</b>	
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>		
Capital resources available to cover general insurance business capital resources requirement (11-12)	<b>13</b>	<b>16088</b>	

**Guarantee fund**

Guarantee fund requirement	<b>21</b>	<b>1391</b>	
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>	<b>14697</b>	

**Minimum capital requirement (MCR)**

General insurance capital requirement	<b>31</b>	<b>82</b>	
Base capital resources requirement	<b>33</b>	<b>1391</b>	
Minimum capital requirement	<b>34</b>	<b>1391</b>	
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>35</b>	<b>15393</b>	
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>36</b>	<b>15045</b>	

**Capital resources requirement (CRR)**

Capital resources requirement	<b>41</b>	<b>1391</b>	
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	<b>42</b>	<b>14697</b>	

**Contingent liabilities**

Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	<b>51</b>		
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**Components of capital resources**

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

R3	Company registration number 5051253	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2004	
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

**Core tier one capital**

Permanent share capital	11	300		300	
Profit and loss account and other reserves	12	(11513)		(11513)	
Share premium account	13	29700		29700	
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19	18487		18487	

**Tier one waivers**

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit Items	22				
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24				

**Other tier one**

Perpetual non-cumulative preference shares as restricted	25				
Perpetual non-cumulative preference shares in related undertakings	26				
Innovative tier one capital as restricted	27				
Innovative tier one capital in related undertakings	28				

<b>Total tier one capital before deductions</b> (19+24+25+26+27+28)	31	18487		18487	
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
<b>Total tier one capital after deductions</b> (31-37)	39	18487		18487	

**Components of capital resources**

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

R3	Company registration number <b>5051253</b>	GL/UK/CM <b>GL</b>	Period ended			Units <b>£000</b>
			day	month	year	
			<b>31</b>	<b>12</b>	<b>2004</b>	
		General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>	Total as at the end of the previous year <b>4</b>	

**Tier two capital**

Implicit items, (tier two waivers and amounts excluded from line 22)	<b>41</b>				
Perpetual non-cumulative preference shares excluded from line 25	<b>42</b>				
Innovative tier one capital excluded from line 27	<b>43</b>				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	<b>44</b>				
Perpetual cumulative preference shares	<b>45</b>				
Perpetual subordinated debt and securities	<b>46</b>				
Upper tier two capital in related undertakings	<b>47</b>				
<b>Upper tier two capital (44 to 47)</b>	<b>49</b>				

Fixed term preference shares	<b>51</b>				
Other tier two instruments	<b>52</b>				
Lower tier two capital in related undertakings	<b>53</b>				
<b>Lower tier two capital (51+52+53)</b>	<b>59</b>				

<b>Total tier two capital before restrictions (49+59)</b>	<b>61</b>				
Excess tier two capital	<b>62</b>				
Further excess lower tier two capital	<b>63</b>				
<b>Total tier two capital after restrictions, before deductions (61-62-63)</b>	<b>69</b>				

**Components of capital resources**

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

R3	Company registration number <b>5051253</b>	GL/UK/CM <b>GL</b>	Period ended			Units <b>£000</b>
			day	month	year	
			<b>31</b>	<b>12</b>	<b>2004</b>	
		General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>	Total as at the end of the previous year <b>4</b>	

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>				
<b>Total capital resources before deductions</b> (39+69+71)	<b>72</b>	18487		18487	
Inadmissible assets other than intangibles and own shares	<b>73</b>	2399		2399	
Assets in excess of market risk and counterparty limits	<b>74</b>				
Deductions for related ancillary services undertakings	<b>75</b>				
Deductions for regulated non-insurance related undertakings	<b>76</b>				
Total deductions of ineligible surplus	<b>77</b>				
<b>Total capital resources after deductions</b> (72-73-74-75-76-77)	<b>79</b>	16088		16088	

**Available capital resources for PRU tests**

Available capital resources for Guarantee Fund requirement	<b>81</b>	16088		16088	
Available capital resources for 50% MCR requirement	<b>82</b>	16088		16088	
Available capital resources for 75% MCR requirement	<b>83</b>	16088		16088	

**Financial engineering adjustments**

Implicit items	<b>91</b>				
Financial reinsurance - ceded	<b>92</b>				
Financial reinsurance - accepted	<b>93</b>				
Outstanding contingent loans	<b>94</b>				
Any other charges on future profits	<b>95</b>				
Sum of financial engineering adjustments (91+92-93+94+ 95)	<b>96</b>				

## Calculation of general insurance capital requirement - premiums amount and brought forward amount

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

General insurance business

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R11	5051253	GL	31	12	2004	£000
			This financial year			Previous year
			1			2
Gross premiums receivable		11	419			
Premium taxes and levies (included in line 11)		12				
Premiums receivable net of taxes and levies (11-12)		13	419			
Premiums for classes 11, 12 or 13 (included in line 13)		14				
Premiums for "actuarial health insurance" (included in line 13)		15				
<b>Sub-total A</b> (13 + $\frac{1}{2}$ 14 - $\frac{2}{3}$ 15)		16	419			
Gross premiums earned		21	32			
Premium taxes and levies (included in line 21)		22				
Premiums earned net of taxes and levies (21-22)		23	32			
Premiums for classes 11, 12 or 13 (included in line 23)		24				
Premiums for "actuarial health insurance" (included in line 23)		25				
<b>Sub-total H</b> (23 + $\frac{1}{2}$ 24 - $\frac{2}{3}$ 25)		26	32			
<b>Sub-total I</b> (higher of sub-total A and sub-total H)		30	419			
<b>Adjusted sub-total I</b> if financial year is not a 12 month period to produce an annual figure		31	457			
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	× 0.18	32	82			
	Excess (if any) over 50M EURO × 0.02	33				
<b>Sub-total J</b> (32-33)		34	82			
Claims paid in period of 3 financial years		41	2			
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42				
	For insurance business accounted for on an accident year basis	43	13			
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44				
	For insurance business accounted for on an accident year basis	45				
<b>Sub-total C</b> (41+42+43-44-45)		46	15			
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47				
<b>Sub-total D</b> (46-47)		48	15			
<b>Reinsurance Ratio</b> (Sub-total D / sub-total C or, if more, 50% or, if less, 100%)		49	1			
<b>Premiums amount</b> Sub-total J × reinsurance ratio		50	82			
Provision for claims outstanding (before discounting and net of reinsurance)		51	13			
<b>Brought forward amount</b> (12.43.2 × 51.1 / 51.2 or, if less, 12.43.2)		52				
Greater of lines 50 and 52		53	82			



**Calculation of general insurance capital requirement - claims amount and result**
Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

General insurance business

	Company registration number	GLUK/CM	Period ended			Units	
			day	month	year		
	<b>R12</b>	<b>5051253</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
				This financial year <b>1</b>			Previous year <b>2</b>
Reference period (No. of months) See PRU 7.2.63R			<b>11</b>	<b>11</b>			
Claims paid in reference period			<b>21</b>	<b>2</b>			
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis		<b>22</b>				
	For insurance business accounted for on an accident year basis		<b>23</b>	<b>13</b>			
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis		<b>24</b>				
	For insurance business accounted for on an accident year basis		<b>25</b>				
Claims incurred in reference period (21+22+23-24-25)			<b>26</b>	<b>15</b>			
Claims incurred for classes 11, 12 or 13 (included in 26)			<b>27</b>				
Claims incurred for "actuarial health insurance" (included in 26)			<b>28</b>				
<b>Sub-total E</b> (26 + <sup>1</sup> / <sub>2</sub> 27 - <sup>2</sup> / <sub>3</sub> 28)			<b>29</b>	<b>15</b>			
<b>Sub-total F</b> - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)			<b>31</b>	<b>16</b>			
Division of sub-total F (gross adjusted claims amount)	x 0.26		<b>32</b>	<b>4</b>			
	Excess (if any) over 35M EURO x 0.03		<b>33</b>				
<b>Sub-total G</b> (32-33)			<b>39</b>	<b>4</b>			
<b>Claims amount</b> Sub-total G x reinsurance ratio (11.49)			<b>41</b>	<b>4</b>			
Higher of premiums amount and brought forward amount (11.53)			<b>42</b>	<b>82</b>			
General insurance capital requirement (higher of lines 41 and 42)			<b>43</b>	<b>82</b>			

**Analysis of admissible assets**

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

Category of assets **Total other than long term insurance business assets**

		Company registration number	GLUK/CM	Period ended			Units	Category of assets
		R13	GL	day	month	year	£000	1
<b>Investments</b>							As at the end of this financial year	As at the end of the previous year
							<b>1</b>	<b>2</b>
Land and buildings				<b>11</b>				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	<b>21</b>					
		Debt securities issued by, and loans to, dependants	<b>22</b>					
	Other insurance dependants	Shares	<b>23</b>					
		Debt securities issued by, and loans to, dependants	<b>24</b>					
	Non-insurance dependants	Shares	<b>25</b>					
		Debt securities issued by, and loans to, dependants	<b>26</b>					
	Other group undertakings and participating interests	Shares	<b>27</b>					
		Debt securities issued by, and loans to, group undertakings	<b>28</b>					
		Participating interests	<b>29</b>					
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest	<b>30</b>					
Total sheet 1 (11 to 30)				<b>39</b>				

**Analysis of admissible assets**

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended day month year			Units	Category of assets	
		R13	5051253	GL	31	12	2004	£000	1
							As at the end of this financial year	As at the end of the previous year	
<b>Investments (continued)</b>									
<b>Deposits with ceding undertakings</b>									
<b>Assets held to cover linked liabilities</b>							<b>1</b>	<b>2</b>	
Other financial investments	Equity shares				<b>41</b>				
	Other shares and other variable yield securities				<b>42</b>				
	Holdings in collective investment schemes				<b>43</b>				
	Rights under derivative contracts				<b>44</b>				
	Debt securities and other fixed income securities	Fixed interest	Approved securities		<b>45</b>				
			Other		<b>46</b>				
		Variable interest	Approved securities		<b>47</b>				
			Other		<b>48</b>				
	Participation in investment pools				<b>49</b>				
	Loans secured by mortgages				<b>50</b>				
	Other loans	Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>			
		Loans secured by policies of insurance issued by the company				<b>52</b>			
		Other				<b>53</b>			
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less				<b>54</b>		17874	
		Withdrawal subject to a time restriction of more than one month				<b>55</b>			
	Other				<b>56</b>				
Deposits with ceding undertakings				<b>57</b>					
Assets held to match linked liabilities	Index linked				<b>58</b>				
	Property linked				<b>59</b>				
Reinsurers' share of technical provisions	Provision for unearned premiums				<b>60</b>				
	Claims outstanding				<b>61</b>				
	Provision for unexpired risks				<b>62</b>				
	Other				<b>63</b>				
Total sheet 2 (41 to 63)				<b>69</b>			17874		

**Analysis of admissible assets**

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		<b>R13</b>	<b>5051253</b>	<b>GL</b>	31	12	2004	<b>£000</b>	<b>1</b>
							As at the end of this financial year	As at the end of the previous year	
							<b>1</b>	<b>2</b>	
<b>Debtors</b>									
<b>Other assets</b>									
Debtors arising out of direct insurance operations	Policyholders				<b>71</b>		402		
	Intermediaries				<b>72</b>				
Salvage and subrogation recoveries					<b>73</b>				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			<b>74</b>					
	Due from reinsurers and intermediaries under reinsurance contracts ceded			<b>75</b>					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			<b>76</b>				
		Due more than 12 months after the end of the financial year			<b>77</b>				
	Other	Due in 12 months or less after the end of the financial year			<b>78</b>		2355		
		Due more than 12 months after the end of the financial year			<b>79</b>				
Tangible assets					<b>80</b>		388		
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			<b>81</b>					
	Cash in hand			<b>82</b>					
Other assets (particulars to be specified by way of supplementary note)					<b>83</b>				
Prepayments and accrued income	Accrued interest and rent			<b>84</b>		11			
	Deferred acquisition costs			<b>85</b>		121			
	Other prepayments and accrued income			<b>86</b>					
Deductions from the aggregate value of assets					<b>87</b>				
Total sheet 3 (71 to 86 less 87)					<b>88</b>		3277		
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)					<b>89</b>		21151		
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>									
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)					<b>91</b>		21151		
Assets in excess of market and counterparty limits					<b>92</b>				
Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings					<b>93</b>				
Other differences in the valuation of assets (other than for assets not valued above)					<b>94</b>				
Other inadmissible assets					<b>95</b>		2399		
Total assets determined in accordance with the insurance accounts rules (91-95)					<b>99</b>		23550		
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					<b>100</b>				

**Liabilities (other than long term insurance business)**Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R15</b>	<b>5051253</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
				As at the end of this financial year			As at the end of the previous year
				<b>1</b>	<b>2</b>		
Technical provisions (gross amount)	Provision for unearned premiums		<b>11</b>	387			
	Claims outstanding		<b>12</b>	13			
	Provision for unexpired risks		<b>13</b>				
	Equalisation provisions	Credit business	<b>14</b>				
		Other than credit business	<b>15</b>				
	Other		<b>16</b>				
Total (11 to 16)		<b>19</b>	400				
Provisions for other risks and charges	Taxation		<b>21</b>				
	Other		<b>22</b>				
Deposits received from reinsurers		<b>31</b>					
Creditors	Arising out of insurance operations	Direct insurance business	<b>41</b>				
		Reinsurance accepted	<b>42</b>				
		Reinsurance ceded	<b>43</b>				
	Debenture loans	Secured	<b>44</b>				
		Unsecured	<b>45</b>				
	Amounts owed to credit institutions		<b>46</b>	96			
	Other creditors	Taxation	<b>47</b>	83			
		Recommended dividend	<b>48</b>				
Other		<b>49</b>	3099				
Accruals and deferred income		<b>51</b>	1385				
Total (19 to 51)		<b>59</b>	5063				
Provision for "reasonably foreseeable adverse variations"		<b>61</b>					
Cumulative preference share capital		<b>62</b>					
Subordinated loan capital		<b>63</b>					
Total (59 to 63)		<b>69</b>	5063				
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance		<b>71</b>					

**Profit and loss account (non-technical account)**Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

		Company registration number	GL/UK/CM	Period ended			Units		
		R16	GL	day	month	year	£000		
			This financial year	Previous year			Source		
			1	2			Form	Line	Column
Transfer (to)/from the general insurance business technical account	From Form 20	11	(16569)				20	59	
	Equalisation provisions	12							
Transfer from the long term insurance business revenue account		13					40	26	
Investment income	Income	14	342						
	Value re-adjustments on investments	15							
	Gains on the realisation of investments	16							
Investment charges	Investment management charges, including interest	17							
	Value re-adjustments on investments	18							
	Loss on the realisation of investments	19							
Allocated investment return transferred to the general insurance business technical account		20					20	51	
Other income and charges (particulars to be specified by way of supplementary note)		21							
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(16227)						
Tax on profit or loss on ordinary activities		31	(4715)						
Profit or loss on ordinary activities after tax (29-31)		39	(11512)						
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41							
Tax on extraordinary profit or loss		42							
Other taxes not shown under the preceding items		43							
Profit or loss for the financial year (39+41-(42+43))		49	(11512)						
Dividends (paid and proposed)		51							
Profit or loss retained for the financial year (49-51)		59	(11512)						

**General insurance business : Technical account (excluding equalisation provisions)**Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**Accounting Class **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	Accounting class/summary	
			day	month	year			
	<b>R20</b>	<b>5051253</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>99</b>
Items to be shown net of reinsurance				This financial year		Previous year	Source	
				1		2	Form	Line
This year's underwriting (accident year accounting)	Earned premium	11	32			21	19	5
	Claims incurred	12	15			22	17	4
	Claims management costs	13				22	18	4
	Adjustment for discounting	14				22	52	4
	Increase in provision for unexpired risks	15				22	19	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	16	4					
	Net operating expenses	17	16590			22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(16569)					
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21				21	11	5
	Claims incurred	22				22	13	4
	Claims management costs	23				22	14	4
	Adjustment for discounting	24				22	51	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						
	Net operating expenses	26				22	41	4
	Balance (21-22-23+24+25-26)	29						
Balance from underwriting year accounting	Per Form 24	31				24	69	99-99
	Other technical income and charges (particulars to be specified by way of supplementary note)	32						
	Total	39						
Balance of all years' underwriting (19+29+39)	49	(16569)						
Allocated investment return	51							
Transfer to non-technical account (49+51)	59	(16569)						

**General insurance business : Technical account (excluding equalisation provisions)**

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

Accounting Class **Accident & Health**

	Company registration number	GL/UK/CM	Period ended			Units	Accounting class/summary			
			day	month	year					
	<b>R20</b>	<b>5051253</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>1</b>		
Items to be shown net of reinsurance				This financial year		Previous year	Source			
				<b>1</b>		<b>2</b>	Form	Line	Column	
This year's underwriting (accident year accounting)	Earned premium		<b>11</b>			32		21	19	5
	Claims incurred		<b>12</b>			15		22	17	4
	Claims management costs		<b>13</b>					22	18	4
	Adjustment for discounting		<b>14</b>					22	52	4
	Increase in provision for unexpired risks		<b>15</b>					22	19	4
	Other technical income or charges (particulars to be specified by way of supplementary note)		<b>16</b>			4				
	Net operating expenses		<b>17</b>			16590		22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)		<b>19</b>			(16569)				
Adjustment for prior years' underwriting (accident year accounting)	Earned premium		<b>21</b>					21	11	5
	Claims incurred		<b>22</b>					22	13	4
	Claims management costs		<b>23</b>					22	14	4
	Adjustment for discounting		<b>24</b>					22	51	4
	Other technical income or charges (particulars to be specified by way of supplementary note)		<b>25</b>							
	Net operating expenses		<b>26</b>					22	41	4
	Balance (21-22-23+24+25-26)		<b>29</b>							
Balance from underwriting year accounting	Per Form 24		<b>31</b>					24	69	99-99
	Other technical income and charges (particulars to be specified by way of supplementary note)		<b>32</b>							
	Total		<b>39</b>							
Balance of all years' underwriting (19+29+39)		<b>49</b>			(16569)					
Allocated investment return		<b>51</b>								
Transfer to non-technical account (49+51)		<b>59</b>			(16569)					



**General insurance business (accident year accounting) : Analysis of premiums**

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

Accounting class **Accident & Health**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
				day	month	year			
		<b>R21</b>	<b>5051253</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>1</b>
<b>Premiums receivable during the financial year</b>		Gross premiums written		Reinsurers share			Net of reinsurance		
		Earned in previous financial years		Earned in previous financial years		Earned in previous financial years			
		<b>1</b>		<b>3</b>		<b>5</b>			
In respect of risks incepted in previous financial years		<b>11</b>							
		Earned In this financial year	Unearned at end of this financial year	Earned In this financial year	Unearned at end of this financial year	Earned In this financial year	Unearned at end of this financial year		
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>		
In respect of risks Incepted in previous financial years		<b>12</b>							
In respect of risks incepted in this financial year	For periods of less than 12 months	<b>13</b>							
	For periods of 12 months	<b>14</b>	32	387			32	387	
	For periods of more than 12 months	<b>15</b>							
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		<b>16</b>							
Total (12 to 16)		<b>19</b>	32	387			32	387	



## General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**Accounting class **Accident & Health**

		Company registration number	GLUK/CM	Period ended			Units	Accounting class
		R225051253	GL	31	12	2004	£000	1
			Amount brought forward from previous financial year	Amount payable/receivable in this financial year			Amount carried forward to next financial year	Amount attributable to this financial year
			1	2			3	4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11						
	Reinsurers' share	12						
	Net (11-12)	13						
	Claims management costs	14						
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			2		13	15
	Reinsurers' share	16						
	Net (15-16)	17			2		13	15
	Claims management costs	18						
Provision for unexpired risks		19						
Net operating expenses	Commissions	21				31	11	20
	Other acquisition expenses	22				5768	110	5658
	Administrative expenses	23				10912		10912
	Reinsurance commissions and profit participations	24						
	Total (21+22+23-24)	29				16711	121	16590
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31						
	Reinsurers' share	32						
	Claims management costs	33						
	Total (31-32+33)	39						
Split of line 29	Prior financial years	41						
	This financial year	42				16711	121	16590
Split of line 39	Incidents occurring prior to this financial year	51						
	Incidents occurring in this financial year	52						

**General insurance business (accident year accounting) : Analysis of net claims and premiums**

Name of insurer **Prudential Health Ltd**

Global business

Financial year ended **31 December 2004**

Accounting class **Accident & Health**

Company registration number **GLUK/CM** Period ended **day month year** Units **Accounting class**

**R23** **5051253** **GL** **31 12 2004** **£000** **1**

Accident year ended			Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Balance on each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original reserve %	Claims ratio %
Month	Year						Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)					
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2004	<b>11</b>				2		13			15		32		46.9
12	2003	<b>12</b>													
12	2002	<b>13</b>													
12	2001	<b>14</b>													
12	2000	<b>15</b>													
12	1999	<b>16</b>													
12	1998	<b>17</b>													
12	1997	<b>18</b>													
12	1996	<b>19</b>													
12	1995	<b>20</b>													
Prior accident years		<b>21</b>													
Reconciliation		<b>22</b>													
Total (11 to 22)		<b>29</b>				2		13			15				

## General insurance business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

Name of insurer **Prudential Health Ltd**Accounting class **Accident & Health**

Global business

Currency **Sterling**Financial year ended **31 December 2004**Risk Group **Health Care**Company  
registration  
number

GL/UK/CM

Period ended  
day month yearMonetary  
units

Country

Accounting  
class

<b>R31</b>	<b>5051253</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>000</b>	<b>AA</b>	<b>1</b>
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Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>
12	2004	<b>11</b>	8	1		2		13			15	32	46.9
12	2003	<b>12</b>											
12	2002	<b>13</b>											
12	2001	<b>14</b>											
12	2000	<b>15</b>											
12	1999	<b>16</b>											
12	1998	<b>17</b>											
12	1997	<b>18</b>											
12	1996	<b>19</b>											
12	1995	<b>20</b>											
Prior accident years		<b>21</b>											
Total (11 to 22)		<b>29</b>		1		2		13			15		
Line 29 expressed in sterling		<b>30</b>				2		13			15		



# Prudential Health Limited

Period ended 31 December 2004

## Supplementary Notes to the Forms

### Appendix 9.1

*0301*	<u>Net admissible asset reconciliation</u>	£'000
	Net admissible assets (form 13 line 89 less form 15 line 69)	16,088
	Total capital resources after deductions (form 3 line 79)	16,088

### \*1305\* Counterparty limits

Under the Company's investment guidelines, the maximum permitted exposure to any one approved credit institution is set at 20% of the general business amount.

### \*1502\* Details of charges over assets and contingent liabilities

There are no charges over assets or contingent liabilities.

### \*1700\* Analysis of derivative contracts

This form has been omitted, as all entries (including comparatives) would be blank.

### Appendix 9.2

### \*2005\* Other technical income or charges

Other technical income represents those amounts received and receivable from policyholders in respect of health and wellness membership (such as gym membership fees). The total is paid over to vitality partners (such as gyms), and is included in line 23 column 2 of form 22.

### \*2102\* Basis of calculation of provision for unearned premiums

Premiums earned represent the proportion of written premiums relating to cover provided for the year. The proportion of premiums written in the year relating to periods of risk beyond the end of the year are carried forward as unearned premiums. These amounts are calculated on a time apportionment basis.

## Prudential Health Limited

### \*2202\* Claims management expenses

Claims management expenses have not been provided as the amount involved is considered to be immaterial in the opinion of the directors.

### \*2204\* Basis for determining acquisition expenses

Acquisition costs comprise fixed and variable costs arising from the completion of an insurance contract including commission, initial processing costs, underwriting costs and marketing costs. Other overhead costs are included in administrative expenses. Acquisition costs which relate to a subsequent period are deferred only where they are expected to be fully recoverable, and charged to accounting periods in which the related premiums are earned

### \*2600\* Analysis of net claims and premiums for treaty reinsurance

This form has been omitted, as all entries (including comparatives) would be blank.

### \*2700\* Analysis of gross claims and premiums for treaty reinsurance

This form has been omitted, as all entries (including comparatives) would be blank.

### \*3000\* Expected income and yield from admissible assets covering discounted provisions

This form has been omitted, as all entries (including comparatives) would be blank.

### \*3300\* Reconciliation of gross claims and premiums for direct insurance and facultative reinsurance

This form has been omitted, as all entries (including comparatives) would be blank.

### \*3700\* Equalisation provisions

This form has been omitted, as all entries (including comparatives) would be blank.

### \*3800\* Equalisation provisions technical account

This form has been omitted, as all entries (including comparatives) would be blank.



**Prudential Health Limited**

Rule 9.25 Additional information on general insurance business major treaty reinsurers

The Company had no major treaty reinsurers in the year

Rule 9.26 Additional information on general insurance business major facultative reinsurers

The Company had no major facultative reinsurers in the year

Rule 9.27 Additional information on general insurance business major reinsurance cedants

The Company had no major cedants in the year.

**Prudential Health Limited**

Statement required by Rule 9.29 of the Interim Sourcebook for Insurers

During 2004 no such contracts were used. Nor are any expected to be used in the future. Therefore there are no specific guidelines for the use of derivative contracts.

# Prudential Health Limited

Period ended 31 December 2004

## Certificate required by Rule 9.34 of the Accounts and Statements Rules

We certify that:

- (1) the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU.
- (2) the directors are satisfied that:
  - (i) throughout the 11 months ended 31 December 2004, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) and PRU; and
  - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.

\_\_\_\_\_

Chief Executive

\_\_\_\_\_

Director

\_\_\_\_\_

Director

# **Prudential Health Limited**

**Period ended 31 December 2004**

## **Report of the auditor to the Directors pursuant to rule 9.35 of the Accounts and Statements Rules.**

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 to the Interim Prudential Sourcebook for Insurers and PRU, the Integrated Prudential Sourcebook, (“the Rules”) made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 1, 3, 11 to 13, 15 to 16, 20 to 23, 31 and 36, (including the supplementary notes) on pages 1 to 20 (‘the Forms’);
- the statements required by rules 9.25, 9.26, 9.27 and 9.29 on pages 21 and 22 (‘the Statements’);

We are not required to examine and do not express an opinion on:

- the directors’ certificate signed in accordance with rule 9.34 on page 23 (‘the directors’ certificate’).

This report is made solely to the company’s directors, as a body, in accordance with the requirements of rule 9.35 of the Rules. We acknowledge that the directors are required to submit this report to the FSA, to enable the FSA to verify that an auditor’s report has been commissioned by the company’s directors and issued in accordance with the requirements of rule 9.35 of the Rules and to facilitate the discharge by the FSA of its regulatory functions in respect of the company, conferred on the FSA by or under the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the company’s directors those matters we are required to state to them in an auditor’s report issued pursuant to rule 9.35 of the Rules and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s directors as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the company and its auditors**

The company is responsible for the preparation of an annual return (including the Forms, Statements and the directors’ certificate) under the provisions of the Rules. Under rule 9.11 the Forms and Statements are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and Statements meet these requirements, and to report our opinions to you. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information we require for our examination.

## Basis of opinion

We conducted our work in accordance with Practice Note 20 “The audit of insurers in the United Kingdom” and Bulletin 2004/5 issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and Statements. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and Statements.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and Statements are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

## Opinion

In our opinion:

the Forms and Statements fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules.

KPMG Audit Plc  
Registered Auditor  
London

Date