

# **The Prudential Assurance Company Limited**

**Annual FSA Insurance Returns for the year ended**

**31 December 2005**

**Appendices 9.1, 9.2, 9.3 (forms 40-45), 9.5 & 9.6**

**Statement of solvency - general insurance business**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Adjusted solo solvency calculation

	Company registration number	GL/ UK/ CM	day month year			Units
	R1	15454	GL	31	12	2005
			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	11	1103368	1092406
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	1053368	872236
Capital resources available to cover general insurance business capital resources requirement (11-12)	13	50000	220170

**Guarantee fund**

Guarantee fund requirement	21	7118	8332
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	42882	211838

**Minimum capital requirement (MCR)**

General insurance capital requirement	31	18836	24301
Base capital resources requirement	33	2030	2087
Individual minimum capital requirement	34	18836	24301
Capital requirements of regulated related undertakings	35	839	695
Minimum capital requirement (34+35)	36	19675	24996
Excess (deficiency) of available capital resources to cover 50% of MCR	37	40163	207672
Excess (deficiency) of available capital resources to cover 75% of MCR	38	35244	201423

**Capital resources requirement (CRR)**

Capital resources requirement	41	19675	24996
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	30325	195174

**Contingent liabilities**

Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		
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Name of insurer      **The Prudential Assurance Company Limited**

Global business

Financial year ended      **31 December 2005**

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**Nick Prettejohn**  
**Chief Executive**

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**Rosie Harris**  
**Director**

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**David Belsham**  
**Director**

**Date**

**Statement of solvency - long-term insurance business**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Adjusted solo solvency calculation

Company registration number	GL/UK/CM	day	month	year	Units	
<b>R2</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
			<b>As at end of this financial year</b>		<b>As at end of the previous year</b>	
			<b>1</b>		<b>2</b>	

**Capital resources**

Capital resources arising within the long-term insurance fund	<b>11</b>	22352749	14518657
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>	1053368	872236
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	23406117	15390893

**Guarantee fund**

Guarantee fund requirement	<b>21</b>	2053644	1821689
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>	21352473	13569203

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>	2938344	2850486
Resilience capital requirement	<b>32</b>	4345000	3327000
Base capital resources requirement	<b>33</b>	2030	2087
Individual minimum capital requirement	<b>34</b>	7283344	6177486
Capital requirements of regulated related undertakings	<b>35</b>	1074196	872934
Minimum capital requirement (34+35)	<b>36</b>	8357540	7050420
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>	19227347	11865682
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>	17137962	10103077

**Enhanced capital requirement**

With-profits insurance capital component	<b>39</b>	9054969	3675455
Enhanced capital requirement	<b>40</b>	17412509	10725875

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>	17412509	10725875
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	5993608	4665018

**Contingent liabilities**

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	<b>51</b>	39019	42400
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Components of capital resources

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

	Company registration number	GL/UK/CM	day	month	year	Units	
	<b>R3</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year		
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		

Core tier one capital

Permanent share capital	<b>11</b>	193717		193717	74597
Profit and loss account and other reserves	<b>12</b>	988066	1527662	2515728	2300089
Share premium account	<b>13</b>				
Positive valuation differences	<b>14</b>		10969009	10969009	
Fund for future appropriations	<b>15</b>		11816735	11816735	16395708
Core tier one capital in related undertakings	<b>16</b>	(586328)	(23293)	(609621)	(586155)
Core tier one capital (sum of 11 to 16)	<b>19</b>	595455	24290113	24885568	18184239

Tier one waivers

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

Other tier one capital

Perpetual non-cumulative preference shares as restricted	<b>25</b>	68400		68400	
Perpetual non-cumulative preference shares in related undertakings	<b>26</b>				
Innovative tier one capital as restricted	<b>27</b>				
Innovative tier one capital in related undertakings	<b>28</b>				

<b>Total tier one capital before deductions (19+24+25+26+27+28)</b>	<b>31</b>	663855	24290113	24953968	18184239
Investments in own shares	<b>32</b>				
Intangible assets	<b>33</b>		209673	209673	251925
Amounts deducted from technical provisions for discounting	<b>34</b>				6566
Other negative valuation differences	<b>35</b>	31551		31551	1346370
Deductions in related undertakings	<b>36</b>	581779	490258	1072037	599140
Deductions from tier one (32 to 36)	<b>37</b>	613330	699931	1313261	2204001
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>	50526	23590182	23640707	15980238

**Components of capital resources**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

	Company registration number	GL/UK/CM	day	month	year	Units	
	<b>R3</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year		
		<b>1</b>	<b>2</b>	<b>3</b>	<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>				1000
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>				1000

Fixed term preference shares	<b>51</b>	1000		1000	
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>	1000		1000	

<b>Total tier two capital before restrictions (49+59)</b>	<b>61</b>	1000		1000	1000
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>	1000		1000	1000

**Components of capital resources**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

	Company registration number	GL/UK/CM	day	month	year	Units
<b>R3</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>				
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>	51526	23590182	23641707	15981238
Inadmissible assets other than intangibles and own shares	<b>73</b>	1525	184064	185589	370176
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>				
Deductions of ineligible surplus capital	<b>77</b>				
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>	50000	23406117	23456118	15611062

**Available capital resources for PRU tests**

Available capital resources for guarantee fund requirement	<b>81</b>	50000	23406117	23456118	15611062
Available capital resources for 50% MCR requirement	<b>82</b>	50000	23406117	23456118	15611062
Available capital resources for 75% MCR requirement	<b>83</b>	50000	23406117	23456118	15611062

**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>		38019	38019	25000
Any other charges on future profits	<b>95</b>				
<b>Sum of financial engineering adjustments (91+92-93+94+95)</b>	<b>96</b>		38019	38019	25000

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

General insurance business

	Company registration number	GL/UK/CM	day month year			Units	
	R11	15454	GL	31	12	2005	£000
				This financial year		1	Previous year
						2	
Gross premiums written			11	22541		21619	
Premiums taxes and levies (included in line 11)			12				
Premiums receivable net of taxes and levies (11-12)			13	22541		21619	
Premiums for classes 11, 12 or 13 (included in line 13)			14	3947			
Premiums for "actuarial health insurance" (included in line 13)			15				
<b>Sub-total A (13 + 1/2 14 - 2/3 15)</b>			16	24515		21619	
Gross premiums earned			21	21857		11835	
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23	21857		11835	
Premiums for classes 11, 12 or 13 (included in line 23)			24	3891			
Premiums for "actuarial health insurance" (included in line 23)			25				
<b>Sub-total H (23 + 1/2 24 - 2/3 25)</b>			26	23802		11835	
<b>Sub-total I (higher of sub-total A and sub-total H)</b>			30	24515		21619	
<b>Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure</b>			31				
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18		32	4413		3891	
	Excess (if any) over 50M EURO x 0.02		33				
<b>Sub-total J (32-33)</b>			34	4413		3891	
Claims paid in period of 3 financial years			41	278633		460525	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis		42	1066		44800	
	For insurance business accounted for on an accident year basis		43	112829		127393	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis		44	91940		96695	
	For insurance business accounted for on an accident year basis		45	222181		224635	
<b>Sub-total C (41+42+43-44-45)</b>			46	78407		311388	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47	56059		282322	
<b>Sub-total D (46-47)</b>			48	22348		29066	
<b>Reinsurance Ratio (Sub-total D /sub-total C or, if more, 50% or, if less, 100%)</b>			49	0.50		0.50	
<b>Premiums amount (Sub-total J x reinsurance ratio)</b>			50	2206		1946	
Provision for claims outstanding (before discounting and net of reinsurance)			51	72492		93522	
<b>Brought forward amount (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)</b>			52	18836		24301	
Greater of lines 50 and 52			53	18836		24301	

**Calculation of long-term insurance capital requirement - premiums amount and brought forward amount**

 Name of insurer **The Prudential Assurance Company Limited**

Global business

 Financial year ended **31 December 2005**

Long term insurance business

	Company registration number	GL/UK/CM	day month year			Units	
	R11	15454	GL	31	12	2005	£000
				This financial year		1	Previous year
						2	
Gross premiums written			11	552681		593957	
Premiums taxes and levies (included in line 11)			12				
Premiums receivable net of taxes and levies (11-12)			13	552681		593957	
Premiums for classes 11, 12 or 13 (included in line 13)			14				
Premiums for "actuarial health insurance" (included in line 13)			15	69645		58829	
<b>Sub-total A (13 + 1/2 14 - 2/3 15)</b>			16	506251		554738	
Gross premiums earned			21	123369		49867	
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23	123369		49867	
Premiums for classes 11, 12 or 13 (included in line 23)			24				
Premiums for "actuarial health insurance" (included in line 23)			25	69645		20098	
<b>Sub-total H (23 + 1/2 24 - 2/3 25)</b>			26	76939		36468	
<b>Sub-total I (higher of sub-total A and sub-total H)</b>			30	506251		554738	
<b>Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure</b>			31				
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18		32	91125		99853	
	Excess (if any) over 50M EURO x 0.02		33	9448		10399	
<b>Sub-total J (32-33)</b>			34	81677		89454	
Claims paid in period of 3 financial years			41	125334		102498	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis		42	38206		38140	
	For insurance business accounted for on an accident year basis		43	5455		4056	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis		44	33487		12021	
	For insurance business accounted for on an accident year basis		45	3553		1693	
<b>Sub-total C (41+42+43-44-45)</b>			46	131955		130980	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47	38905		27451	
<b>Sub-total D (46-47)</b>			48	93050		103529	
<b>Reinsurance Ratio (Sub-total D /sub-total C or, if more, 50% or, if less, 100%)</b>			49	0.71		1.00	
<b>Premiums amount (Sub-total J x reinsurance ratio)</b>			50	57596		89096	
Provision for claims outstanding (before discounting and net of reinsurance)			51	36533		42868	
<b>Brought forward amount (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)</b>			52	75929		12129	
Greater of lines 50 and 52			53	75929		89096	

**Calculation of general insurance capital requirement - claims amount and result**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	15454	GL	31	12	2005	£000
				This financial year 1			Previous year 2	
Reference period (No. of months) See PRU 7.2.63R				11	36			36
Claims paid in reference period				21	278633			460525
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22	1066			44800
	For insurance business accounted for on an accident year basis			23	112829			127393
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24	91940			96695
	For insurance business accounted for on an accident year basis			25	222181			224635
Claims incurred in reference period (21+22+23-24-25)				26	78407			311388
Claims incurred for classes 11, 12 or 13 (included in 26)				27	3286			
Claims incurred for "actuarial health insurance" (included in 26)				28				
<b>Sub-total E (26 +1/2 27 - 2/3 28)</b>				29	80050			311388
<b>Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)</b>				31	26683			103796
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	6938			26987
	Excess (if any) over 35M EURO x 0.03			33	90			2383
<b>Sub-total G (32-33)</b>				39	6848			24604
<b>Claims amount Sub-total G x reinsurance ratio (11.49)</b>				41	3424			12302
Higher of premiums amount and brought forward amount (11.53)				42	18836			24301
<b>General insurance capital requirement (higher of lines 41 and 42)</b>				43	18836			24301

### Calculation of long-term insurance capital requirement - claims amount and result

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	15454	GL	31	12	2005	£000
				This financial year 1			Previous year 2	
Reference period (No. of months) See PRU 7.2.63R				11	36			36
Claims paid in reference period				21	125334			102498
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22	38206			38140
	For insurance business accounted for on an accident year basis			23	5455			4056
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24	33487			12021
	For insurance business accounted for on an accident year basis			25	3553			1693
Claims incurred in reference period (21+22+23-24-25)				26	131955			130980
Claims incurred for classes 11, 12 or 13 (included in 26)				27				
Claims incurred for "actuarial health insurance" (included in 26)				28	66237			35605
<b>Sub-total E (26 +1/2 27 - 2/3 28)</b>				29	87797			107243
<b>Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)</b>				31	29266			35748
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	7609			9294
	Excess (if any) over 35M EURO x 0.03			33	167			342
<b>Sub-total G (32-33)</b>				39	7442			8952
<b>Claims amount Sub-total G x reinsurance ratio (11.49)</b>				41	5248			8952
Higher of premiums amount and brought forward amount (11.53)				42	75929			89096
<b>Insurance health risk capital requirement (higher of lines 41 and 42)</b>				43	75929			89096

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>1</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	
Land and buildings			<b>11</b>				

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>	136103	183236
	Debts and loans	<b>22</b>		
Other insurance dependants	Shares	<b>23</b>	158272	165800
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>	13720	178760
	Debts and loans	<b>26</b>		
Other group undertakings	Shares	<b>27</b>	6885	7349
	Debts and loans	<b>28</b>		
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares	<b>41</b>		14338	
Other shares and other variable yield securities	<b>42</b>			
Holdings in collective investment schemes	<b>43</b>	38931	24824	
Rights under derivative contracts	<b>44</b>			
Fixed interest securities	Approved	<b>45</b>	81632	97112
	Other	<b>46</b>		
Variable interest securities	Approved	<b>47</b>		
	Other	<b>48</b>		
Participation in investment pools	<b>49</b>			
Loans secured by mortgages	<b>50</b>			
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 loans	<b>53</b>		3000	
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	56466	273581
	More than one month withdrawal	<b>55</b>	6213	12593
Other financial investments	<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>		

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>1</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>	2154	1902
Claims outstanding	<b>61</b>	41791	73851
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		4158
	Intermediaries	<b>72</b>	4685	
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		1625
	Ceded	<b>75</b>	122	6274
Dependants	due in 12 months or less	<b>76</b>		
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	18959	124735
	due in more than 12 months	<b>79</b>	21361	

**Other assets**

Tangible assets	<b>80</b>	54	27
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	273862	80916
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	1254	1491
Deferred acquisition costs (general business only)	<b>85</b>	4023	3608
Other prepayments and accrued income	<b>86</b>	1182	16

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	867670	1259196
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**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2005	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	867670	1259196
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93	436405	
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94	1154864	
Inadmissible assets of regulated related insurance undertakings	95	550	
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98		
Reinsurers' share of technical provisions excluded from line 89	99		
Other asset adjustments (may be negative)	100	34975	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	2494463	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

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

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13					£000	
	15454	GL	31	12	2005		10
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11			10848029	11253218

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	21	513781	421521
	Debts and loans	22		
Other insurance dependants	Shares	23	31389	43813
	Debts and loans	24		
Non-insurance dependants	Shares	25	920306	489262
	Debts and loans	26	886335	645093
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

**Other financial investments**

Equity shares	41	47288654	35628002	
Other shares and other variable yield securities	42		3833	
Holdings in collective investment schemes	43	1779029	1261961	
Rights under derivative contracts	44	116748	476714	
Fixed interest securities	Approved	45	3454389	3215132
	Other	46	16932072	19068344
Variable interest securities	Approved	47	234	1822
	Other	48	1427118	1420616
Participation in investment pools	49	635292	488159	
Loans secured by mortgages	50	3001	3129	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	89175	93694	
Other loans	53	855052	1031965	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	4520421	3333226
	More than one month withdrawal	55	3055	349274
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	9643	8989
	Property linked	59	7254698	6420890

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>10</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</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>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	115233	46019
	Intermediaries	<b>72</b>	1344	767
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>	111	
	Ceded	<b>75</b>	26516	13045
Dependants	due in 12 months or less	<b>76</b>	9288	
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	732813	575562
	due in more than 12 months	<b>79</b>	25617	26461

**Other assets**

Tangible assets	<b>80</b>	11091	13934
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	98437	234532
Cash in hand	<b>82</b>	1	1
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	537847	554849
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>	66227	18254

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	99192948	87142082
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**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2005	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	99192948	87142082
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93	638630	
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94	513551	
Inadmissible assets of regulated related insurance undertakings	95	1900	
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97	599	
Deferred acquisition costs excluded from line 89	98	173707	
Reinsurers' share of technical provisions excluded from line 89	99	13408877	
Other asset adjustments (may be negative)	100	215816	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	114146028	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102	24477	3908

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **Scottish Amicable Insurance Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>11</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	
Land and buildings			<b>11</b>	1524364	1598562		

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>		
	Debts and loans	<b>22</b>		
Other insurance dependants	Shares	<b>23</b>		
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>	94082	39116
	Debts and loans	<b>26</b>	117030	79890
Other group undertakings	Shares	<b>27</b>		
	Debts and loans	<b>28</b>		
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares	<b>41</b>	7252807	5470576	
Other shares and other variable yield securities	<b>42</b>			
Holdings in collective investment schemes	<b>43</b>	264857	204225	
Rights under derivative contracts	<b>44</b>	56343	108924	
Fixed interest securities	Approved	<b>45</b>	1105112	1065788
	Other	<b>46</b>	3376800	3999792
Variable interest securities	Approved	<b>47</b>		
	Other	<b>48</b>	269823	280128
Participation in investment pools	<b>49</b>	62673	37688	
Loans secured by mortgages	<b>50</b>	71	99	
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>	16487	19005	
Other loans	<b>53</b>	224487	159085	
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	705882	491510
	More than one month withdrawal	<b>55</b>		
Other financial investments	<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>		

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **Scottish Amicable Insurance Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2005	£000	11
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					1	2	

**Reinsurers' share of technical provisions**

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

**Debtors and salvage**

Direct insurance business	Policyholders	71	629	1216
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	84314	87092
	due in more than 12 months	79		

**Other assets**

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	21379	79305
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	93143	88693
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	51555	5654

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89	15321839	13816349
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**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **Scottish Amicable Insurance Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2005	£000	11
					As at end of this financial year	As at end of the previous year	
					1	2	

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	15321839	13816349
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97	119	
Deferred acquisition costs excluded from line 89	98	6443	
Reinsurers' share of technical provisions excluded from line 89	99	1793628	
Other asset adjustments (may be negative)	100	2616	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	17124645	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **With-Profits Sub-Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	15454	GL	31	12	2005	£000
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11			9272469	9613187

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	21	513781	421521
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	821219	440842
	Debts and loans	26	769305	565203
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

**Other financial investments**

Equity shares	41	39381710	29743312	
Other shares and other variable yield securities	42		3833	
Holdings in collective investment schemes	43	1222344	920303	
Rights under derivative contracts	44	59860	367635	
Fixed interest securities	Approved	45	1692236	1635751
	Other	46	12648964	14336522
Variable interest securities	Approved	47	234	229
	Other	48	1150925	1134260
Participation in investment pools	49	572619	450471	
Loans secured by mortgages	50	2930	3030	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	72612	74608	
Other loans	53	630545	872805	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	3383758	2608382
	More than one month withdrawal	55	3055	328788
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	4207	3918
	Property linked	59		

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **With-Profits Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2005	£000	12
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					1	2	

**Reinsurers' share of technical provisions**

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

**Debtors and salvage**

Direct insurance business	Policyholders	71	94014	36619
	Intermediaries	72	1344	767
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	26483	12964
Dependants	due in 12 months or less	76	5620	
	due in more than 12 months	77		
Other	due in 12 months or less	78	501081	406479
	due in more than 12 months	79	25617	26461

**Other assets**

Tangible assets	80	11091	13934
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82	1	1
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	422434	446363
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	4846	4897

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89	73295306	64473085
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**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **With-Profits Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2005	£000	12
					As at end of this financial year	As at end of the previous year	
					1	2	

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	73295306	64473085
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93	592555	
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94	481815	
Inadmissible assets of regulated related insurance undertakings	95	1900	
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97	480	
Deferred acquisition costs excluded from line 89	98	28086	
Reinsurers' share of technical provisions excluded from line 89	99	8038979	
Other asset adjustments (may be negative)	100	19708	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	82458829	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102	15307	1533

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **Defined Charge Participating Sub-Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	15454	GL	31	12	2005	£000
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11			51196	41469

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

**Other financial investments**

Equity shares	41	654136	414114
Other shares and other variable yield securities	42		
Holdings in collective investment schemes	43	253595	128901
Rights under derivative contracts	44	545	155
Fixed interest securities	Approved	45	9482
	Other	46	165052
Variable interest securities	Approved	47	
	Other	48	3564
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	79953
	More than one month withdrawal	55	73890
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **Defined Charge Participating Sub-Fund**

Company registration number		GL/UK/CM	day month year			Units	Category of assets
<b>R13</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>13</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</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>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	10	50
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>		
Dependants	due in 12 months or less	<b>76</b>	3668	
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	83384	48964
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	1197	3311
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	1375	1147
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	1307158	852518
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**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **Defined Charge Participating Sub-Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	15454	GL	31	12	2005	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	1307158	852518
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98		
Reinsurers' share of technical provisions excluded from line 89	99		
Other asset adjustments (may be negative)	100	297	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	1307455	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102	3668	

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **Non-Profit Sub-Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	15454	GL	31	12	2005	£000
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11				

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23	31389	43813
	Debts and loans	24		
Non-insurance dependants	Shares	25	5005	9304
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

**Other financial investments**

Equity shares		41		
Other shares and other variable yield securities		42		
Holdings in collective investment schemes		43	38232	8532
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	647558	513593
	Other	46	741256	591513
Variable interest securities	Approved	47		1593
	Other	48	2806	6228
Participation in investment pools		49		
Loans secured by mortgages		50		
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	75	81
Other loans		53	20	75
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	350828	159444
	More than one month withdrawal	55		20486
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58	5436	5071
	Property linked	59	7254698	6420890

**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **Non-Profit Sub-Fund**

Company registration number		GL/UK/CM	day month year			Units	Category of assets
<b>R13</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>14</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</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>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	20581	8134
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>	111	
	Ceded	<b>75</b>	34	81
Dependants	due in 12 months or less	<b>76</b>		
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	64034	33027
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	75861	151916
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	20895	18646
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>	9826	7703

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	9268645	8000130
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**Analysis of admissible assets**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category of assets **Non-Profit Sub-Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	15454	GL	31	12	2005	£000	14
						As at end of this financial year	As at end of the previous year	
						1	2	

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	9268645	8000130
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93	46075	
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94	31736	
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98	139178	
Reinsurers' share of technical provisions excluded from line 89	99	3576269	
Other asset adjustments (may be negative)	100	193195	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	13255099	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102	5502	2375

**Long term insurance business liabilities and margins**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Total business/Sub fund **10 Summary**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	73540377	70342362
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>	926	
Balance of surplus/(valuation deficit)		<b>13</b>	53976	6756
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	73595278	70349118
Claims outstanding	Gross	<b>15</b>	440296	401822
	Reinsurers' share	<b>16</b>	1639	1600
	Net (15-16)	<b>17</b>	438657	400222
Provisions	Taxation	<b>21</b>	1810962	1283205
	Other risks and charges	<b>22</b>	117556	
Deposits received from reinsurers		<b>23</b>		9004
Creditors	Direct insurance business	<b>31</b>	56389	48882
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	6608	13700
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>		
Creditors	Taxation	<b>37</b>	273693	377198
	Other	<b>38</b>	1070328	583064
Accruals and deferred income		<b>39</b>	163337	156849
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	3937530	2872124
Excess of the value of net admissible assets		<b>51</b>	21660140	13920840
Total liabilities and margins		<b>59</b>	99192948	87142082

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>	234968	176790
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>	7254698	6420890

Total liabilities (11+12+49)		<b>71</b>	77478832	73214486
Increase to liabilities - DAC related		<b>72</b>	40894	
Reinsurers' share of technical provisions		<b>73</b>	13408877	
Other adjustments to liabilities (may be negative)		<b>74</b>	10926400	
Capital and reserves and fund for future appropriations		<b>75</b>	12291025	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		<b>76</b>	114146028	

**Long term insurance business liabilities and margins**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Total business/Sub fund **21 Scottish Amicable Insurance Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	11921274	11671836
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>		
Balance of surplus/(valuation deficit)		<b>13</b>		
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	11921274	11671836
Claims outstanding	Gross	<b>15</b>	80257	77101
	Reinsurers' share	<b>16</b>	2	746
	Net (15-16)	<b>17</b>	80255	76355
Provisions	Taxation	<b>21</b>	217653	117072
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	1794	1055
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>		
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>		
Creditors	Taxation	<b>37</b>	37437	15502
	Other	<b>38</b>	301544	230373
Accruals and deferred income		<b>39</b>	13009	670
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	651693	441027
Excess of the value of net admissible assets		<b>51</b>	2748873	1703486
Total liabilities and margins		<b>59</b>	15321839	13816349

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>	106459	105269
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>		

Total liabilities (11+12+49)		<b>71</b>	12572966	12112863
Increase to liabilities - DAC related		<b>72</b>		
Reinsurers' share of technical provisions		<b>73</b>	1793628	
Other adjustments to liabilities (may be negative)		<b>74</b>	2758051	
Capital and reserves and fund for future appropriations		<b>75</b>		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		<b>76</b>	17124646	

**Long term insurance business liabilities and margins**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Total business/Sub fund **22 With-Profits Sub-Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	51344992	50029868
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>	926	
Balance of surplus/(valuation deficit)		<b>13</b>		
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	51345918	50029868
Claims outstanding	Gross	<b>15</b>	334527	292196
	Reinsurers' share	<b>16</b>	1291	813
	Net (15-16)	<b>17</b>	333236	291383
Provisions	Taxation	<b>21</b>	1679888	1251626
	Other risks and charges	<b>22</b>	117500	
Deposits received from reinsurers		<b>23</b>		9004
Creditors	Direct insurance business	<b>31</b>	34966	41625
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	5683	12916
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>		
Creditors	Taxation	<b>37</b>	295601	317191
	Other	<b>38</b>	631415	255725
Accruals and deferred income		<b>39</b>	149835	153820
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	3248124	2333290
Excess of the value of net admissible assets		<b>51</b>	18701263	12109927
Total liabilities and margins		<b>59</b>	73295306	64473085

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>	72670	54617
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>		

Total liabilities (11+12+49)		<b>71</b>	54594043	52363158
Increase to liabilities - DAC related		<b>72</b>	5201	
Reinsurers' share of technical provisions		<b>73</b>	8038979	
Other adjustments to liabilities (may be negative)		<b>74</b>	8162448	
Capital and reserves and fund for future appropriations		<b>75</b>	11658157	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		<b>76</b>	82458828	

**Long term insurance business liabilities and margins**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Total business/Sub fund **23 Defined Charge Participating Sub-Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	<b>11</b>	1143132	793531
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>		
Balance of surplus/(valuation deficit)	<b>13</b>		
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	1143132	793531
Claims outstanding	Gross	<b>15</b>	81
	Reinsurers' share	<b>16</b>	
	Net (15-16)	<b>17</b>	81
Provisions	Taxation	<b>21</b>	
	Other risks and charges	<b>22</b>	56
Deposits received from reinsurers	<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	102
	Reinsurance accepted	<b>32</b>	
	Reinsurance ceded	<b>33</b>	
Debenture loans	Secured	<b>34</b>	
	Unsecured	<b>35</b>	
Amounts owed to credit institutions	<b>36</b>		
Creditors	Taxation	<b>37</b>	
	Other	<b>38</b>	5165
Accruals and deferred income	<b>39</b>		
Provision for "reasonably foreseeable adverse variations"	<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	5404	2941
Excess of the value of net admissible assets	<b>51</b>	158623	56046
Total liabilities and margins	<b>59</b>	1307158	852518

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>		1171
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>		

Total liabilities (11+12+49)	<b>71</b>	1148536	796472
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>		
Other adjustments to liabilities (may be negative)	<b>74</b>	133319	
Capital and reserves and fund for future appropriations	<b>75</b>	25601	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	<b>76</b>	1307456	

**Long term insurance business liabilities and margins**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Total business/Sub fund **31 Non-Profit Sub-Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	9130978	7847127
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>		
Balance of surplus/(valuation deficit)		<b>13</b>	53976	6756
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	9184954	7853883
Claims outstanding	Gross	<b>15</b>	25431	32507
	Reinsurers' share	<b>16</b>	346	41
	Net (15-16)	<b>17</b>	25085	32466
Provisions	Taxation	<b>21</b>	(86579)	(85493)
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	19526	6202
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	924	784
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>		
Creditors	Taxation	<b>37</b>	(59345)	44505
	Other	<b>38</b>	132205	94043
Accruals and deferred income		<b>39</b>	493	2359
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	32309	94866
Excess of the value of net admissible assets		<b>51</b>	51381	51381
Total liabilities and margins		<b>59</b>	9268645	8000130

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>	55839	15733
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>	7254698	6420890

Total liabilities (11+12+49)		<b>71</b>	9163288	7941993
Increase to liabilities - DAC related		<b>72</b>	35693	
Reinsurers' share of technical provisions		<b>73</b>	3576269	
Other adjustments to liabilities (may be negative)		<b>74</b>	(127419)	
Capital and reserves and fund for future appropriations		<b>75</b>	607268	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		<b>76</b>	13255098	

**Liabilities (other than long term insurance business)**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	<b>R15</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
						<b>As at end of this financial year 1</b>	<b>As at end of the previous year 2</b>

**Technical provisions (gross amount)**

Provisions for unearned premiums	<b>11</b>	11697	9785
Claims outstanding	<b>12</b>	114283	165803
Provision for unexpired risks	<b>13</b>	2	44
Equalisation provisions	Credit business	<b>14</b>	
	Other than credit business	<b>15</b>	14018
Other technical provisions	<b>16</b>		
Total gross technical provisions (11 to 16)	<b>19</b>	128642	189650

**Provisions and creditors**

Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>	13243	26900
Deposits received from reinsurers		<b>31</b>		
Creditors	Direct insurance business	<b>41</b>	1830	3765
	Reinsurance accepted	<b>42</b>		435
	Reinsurance ceded	<b>43</b>	1513	1038
Debenture loans	Secured	<b>44</b>		
	Unsecured	<b>45</b>		
Amounts owed to credit institutions		<b>46</b>		
Creditors	Taxation	<b>47</b>		91
	Recommended dividend	<b>48</b>		
	Other	<b>49</b>	33415	191353
Accruals and deferred income		<b>51</b>	8	
Total (19 to 51)		<b>59</b>	178651	413232
Provision for "reasonably foreseeable adverse variations"		<b>61</b>	22051	20044
Cumulative preference share capital		<b>62</b>	1000	1000
Subordinated loan capital		<b>63</b>		
Total (59 to 63)		<b>69</b>	201702	434276

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	<b>71</b>		
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Reinsurers' share of DAC	<b>81</b>		
Amounts deducted from technical provisions for discounting	<b>82</b>		
Other adjustments (may be negative)	<b>83</b>	(11794)	
Capital and reserves	<b>84</b>	2304555	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69+81-82+83+84)	<b>85</b>	2494463	

**Profit and loss account (non-technical account)**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		<b>R16</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20	<b>11</b>		5377		<b>(14155)</b>		
	Equalisation provisions	<b>12</b>		11358		9225		
Transfer from the long term insurance business revenue account		<b>13</b>		208207		198407		
Investment income	Income	<b>14</b>		25147		51560		
	Value re-adjustments on investments	<b>15</b>		355035		264696		
	Gains on the realisation of investments	<b>16</b>		8829				
Investment charges	Investment management charges, including interest	<b>17</b>		356		348		
	Value re-adjustments on investments	<b>18</b>						
	Loss on the realisation of investments	<b>19</b>				1478		
Allocated investment return transferred to the general insurance business technical account		<b>20</b>						
Other income and charges (particulars to be specified by way of supplementary note)		<b>21</b>		19646		<b>(38995)</b>		
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		<b>29</b>		633243		468912		
Tax on profit or loss on ordinary activities		<b>31</b>		10371		5109		
Profit or loss on ordinary activities after tax (29-31)		<b>39</b>		622872		463803		
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		<b>41</b>						
Tax on extraordinary profit or loss		<b>42</b>						
Other taxes not shown under the preceding items		<b>43</b>						
Profit or loss for the financial year (39+41-(42+43))		<b>49</b>		622872		463803		
Dividends (paid and proposed)		<b>51</b>		382730		309030		
Profit or loss retained for the financial year (49-51)		<b>59</b>		240142		154773		

**Analysis of derivative contracts**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		<b>R17</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>1</b>
		As at the end of this financial year			As at the end of the previous year				
		Assets		Liabilities		Assets		Liabilities	
		<b>1</b>		<b>2</b>		<b>3</b>		<b>4</b>	
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	<b>11</b>							
	Equity shares	<b>12</b>							
	Land	<b>13</b>							
	Currencies	<b>14</b>							
	Other	<b>15</b>							
Options	Fixed-interest securities	<b>21</b>							
	Equity shares	<b>22</b>							
	Land	<b>23</b>							
	Currencies	<b>24</b>							
	Other	<b>25</b>							
Contracts for differences	Fixed-interest securities	<b>31</b>							
	Equity shares	<b>32</b>							
	Land	<b>33</b>							
	Currencies	<b>34</b>							
	Other	<b>35</b>							
Adjustment for variation margin		<b>41</b>							
Total (11 to 41)		<b>49</b>							

**Analysis of derivative contracts**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		<b>R17</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>10</b>
		As at the end of this financial year				As at the end of the previous year			
		Assets		Liabilities		Assets		Liabilities	
		<b>1</b>		<b>2</b>		<b>3</b>		<b>4</b>	
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	<b>11</b>							
	Equity shares	<b>12</b>							
	Land	<b>13</b>							
	Currencies	<b>14</b>	3461	168729	362054	55489			
	Other	<b>15</b>							
Options	Fixed-interest securities	<b>21</b>							
	Equity shares	<b>22</b>	11355	1073	14677				
	Land	<b>23</b>							
	Currencies	<b>24</b>							
	Other	<b>25</b>	44621						
Contracts for differences	Fixed-interest securities	<b>31</b>	446	9174	31379	467			
	Equity shares	<b>32</b>	15216	5325	13242	16319			
	Land	<b>33</b>		79935					
	Currencies	<b>34</b>	5886		8799				
	Other	<b>35</b>	51295		60443				
Adjustment for variation margin		<b>41</b>	(15532)	(14404)	(13880)	(17488)			
Total (11 to 41)		<b>49</b>	116748	249832	476714	54787			

**Analysis of derivative contracts**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Category of assets **Scottish Amicable Insurance Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		<b>R17</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>11</b>
		As at the end of this financial year				As at the end of the previous year			
		Assets		Liabilities		Assets		Liabilities	
		<b>1</b>		<b>2</b>		<b>3</b>		<b>4</b>	
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	<b>11</b>							
	Equity shares	<b>12</b>							
	Land	<b>13</b>							
	Currencies	<b>14</b>	529	32422	64756	10908			
	Other	<b>15</b>							
Options	Fixed-interest securities	<b>21</b>							
	Equity shares	<b>22</b>	1907	181	2259				
	Land	<b>23</b>							
	Currencies	<b>24</b>							
	Other	<b>25</b>	44621						
Contracts for differences	Fixed-interest securities	<b>31</b>	59	1746	31379				
	Equity shares	<b>32</b>	564	1003	1217	2443			
	Land	<b>33</b>		13048					
	Currencies	<b>34</b>							
	Other	<b>35</b>	9273			10571			
Adjustment for variation margin		<b>41</b>	(610)	(2733)	(1258)	(2556)			
Total (11 to 41)		<b>49</b>	56343	45667	108924	10795			

**Analysis of derivative contracts**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Category of assets **With-Profits Sub-Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		<b>R17</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>12</b>
		As at the end of this financial year				As at the end of the previous year			
		Assets		Liabilities		Assets		Liabilities	
		<b>1</b>		<b>2</b>		<b>3</b>		<b>4</b>	
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	<b>11</b>							
	Equity shares	<b>12</b>							
	Land	<b>13</b>							
	Currencies	<b>14</b>	2387	136259	297186	44019			
	Other	<b>15</b>							
Options	Fixed-interest securities	<b>21</b>							
	Equity shares	<b>22</b>	9448	892	12418				
	Land	<b>23</b>							
	Currencies	<b>24</b>							
	Other	<b>25</b>							
Contracts for differences	Fixed-interest securities	<b>31</b>	387	7428	467				
	Equity shares	<b>32</b>	10612	4026	13790	9705			
	Land	<b>33</b>		66887					
	Currencies	<b>34</b>	5886		8799				
	Other	<b>35</b>	42022		49872				
Adjustment for variation margin		<b>41</b>	(10882)	(11375)	(10345)	(14796)			
Total (11 to 41)		<b>49</b>	59860	204117	367635	43480			

**Analysis of derivative contracts**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Category of assets **Defined Charge Participating Sub-Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		<b>R17</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>13</b>
		As at the end of this financial year				As at the end of the previous year			
		Assets		Liabilities		Assets		Liabilities	
		<b>1</b>		<b>2</b>		<b>3</b>		<b>4</b>	
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	<b>11</b>							
	Equity shares	<b>12</b>							
	Land	<b>13</b>							
	Currencies	<b>14</b>	545		48		112		562
	Other	<b>15</b>							
Options	Fixed-interest securities	<b>21</b>							
	Equity shares	<b>22</b>							
	Land	<b>23</b>							
	Currencies	<b>24</b>							
	Other	<b>25</b>							
Contracts for differences	Fixed-interest securities	<b>31</b>							
	Equity shares	<b>32</b>	4040		296		2320		86
	Land	<b>33</b>							
	Currencies	<b>34</b>							
	Other	<b>35</b>							
Adjustment for variation margin		<b>41</b>	(4040)		(296)		(2277)		(136)
Total (11 to 41)		<b>49</b>	545		48		155		512

**Analysis of derivative contracts**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**Category of assets **Non-Profit Sub-Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		<b>R17</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>14</b>
			As at the end of this financial year			As at the end of the previous year			
			Assets <b>1</b>	Liabilities <b>2</b>	Assets <b>3</b>	Liabilities <b>4</b>			
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	<b>11</b>							
	Equity shares	<b>12</b>							
	Land	<b>13</b>							
	Currencies	<b>14</b>							
	Other	<b>15</b>							
Options	Fixed-interest securities	<b>21</b>							
	Equity shares	<b>22</b>							
	Land	<b>23</b>							
	Currencies	<b>24</b>							
	Other	<b>25</b>							
Contracts for differences	Fixed-interest securities	<b>31</b>							
	Equity shares	<b>32</b>							
	Land	<b>33</b>							
	Currencies	<b>34</b>							
	Other	<b>35</b>							
Adjustment for variation margin		<b>41</b>							
Total (11 to 41)		<b>49</b>							

**With-profits insurance capital component for the fund**Name of insurer **The Prudential Assurance Company Limited**With-profits fund **Summary**Financial year ended **31 December 2005**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	89924303	79141952
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of non-profit insurance contracts written in the fund	<b>13</b>	1855249	1742896
	Long-term admissible assets of the fund covering the long-term insurance capital requirement allocated in respect of non-profit insurance contracts written in the fund	<b>14</b>	179906	140933
	Long-term admissible assets of the fund covering the resilience capital requirement allocated in respect of non-profit insurance contracts written in the fund	<b>15</b>	92663	119780
	Total (11+12-(13+14+15))	<b>19</b>	87796485	77138343
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	62554148	60752340
	Regulatory current liabilities of the fund	<b>22</b>	3906148	2777259
	Total (21+22)	<b>29</b>	66460296	63529599
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	2508842	2511664
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>	4233337	3207220
Sum of regulatory value of liabilities, long-term insurance capital requirement and resilience capital requirement (29+31+32)		<b>39</b>	73202475	69248483
Regulatory excess capital (19-39)		<b>49</b>	14594010	7889860

**Realistic excess capital**

Realistic excess capital	<b>51</b>	5539041	4242360
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	9054969	3647500
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63 and zero, else greater of 61 and zero)	<b>64</b>	9054969	3647500

**With-profits insurance capital component for the fund**Name of insurer **The Prudential Assurance Company Limited**With-profits fund **21 Scottish Amicable Insurance Fund**Financial year ended **31 December 2005**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	15321839	13816349
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of non-profit insurance contracts written in the fund	<b>13</b>	903427	771293
	Long-term admissible assets of the fund covering the long-term insurance capital requirement allocated in respect of non-profit insurance contracts written in the fund	<b>14</b>	64365	59933
	Long-term admissible assets of the fund covering the resilience capital requirement allocated in respect of non-profit insurance contracts written in the fund	<b>15</b>		14780
	Total (11+12-(13+14+15))	<b>19</b>	14354047	12970343
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	11017847	10900543
	Regulatory current liabilities of the fund	<b>22</b>	651693	441028
	Total (21+22)	<b>29</b>	11669540	11341571
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	396363	371000
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>	320000	260220
Sum of regulatory value of liabilities, long-term insurance capital requirement and resilience capital requirement (29+31+32)		<b>39</b>	12385903	11972791
Regulatory excess capital (19-39)		<b>49</b>	1968144	997552

**Realistic excess capital**

Realistic excess capital	<b>51</b>	(644977)	189831
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	2613121	807721
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63 and zero, else greater of 61 and zero)	<b>64</b>	2613121	807721

**With-profits insurance capital component for the fund**Name of insurer **The Prudential Assurance Company Limited**With-profits fund **22 With-Profits Sub-Fund**Financial year ended **31 December 2005**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	73295306	64473085
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of non-profit insurance contracts written in the fund	<b>13</b>	951822	971603
	Long-term admissible assets of the fund covering the long-term insurance capital requirement allocated in respect of non-profit insurance contracts written in the fund	<b>14</b>	115541	81000
	Long-term admissible assets of the fund covering the resilience capital requirement allocated in respect of non-profit insurance contracts written in the fund	<b>15</b>	92663	105000
	Total (11+12-(13+14+15))	<b>19</b>	72135280	63315482
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	50393169	49058265
	Regulatory current liabilities of the fund	<b>22</b>	3249051	2333290
	Total (21+22)	<b>29</b>	53642220	51391555
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	2066754	2108664
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>	3807337	2895000
Sum of regulatory value of liabilities, long-term insurance capital requirement and resilience capital requirement (29+31+32)		<b>39</b>	59516311	56395219
Regulatory excess capital (19-39)		<b>49</b>	12618968	6920263

**Realistic excess capital**

Realistic excess capital	<b>51</b>	6184017	4052529
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	6434951	2867734
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63 and zero, else greater of 61 and zero)	<b>64</b>	6434951	2867734

**With-profits insurance capital component for the fund**Name of insurer **The Prudential Assurance Company Limited**With-profits fund **23 Defined Charge Participating Sub-Fund**Financial year ended **31 December 2005**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	1307158	852518
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of non-profit insurance contracts written in the fund	<b>13</b>		
	Long-term admissible assets of the fund covering the long-term insurance capital requirement allocated in respect of non-profit insurance contracts written in the fund	<b>14</b>		
	Long-term admissible assets of the fund covering the resilience capital requirement allocated in respect of non-profit insurance contracts written in the fund	<b>15</b>		
	Total (11+12-(13+14+15))	<b>19</b>	1307158	852518
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	1143132	793532
	Regulatory current liabilities of the fund	<b>22</b>	5404	2941
	Total (21+22)	<b>29</b>	1148536	796473
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	45725	32000
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>	106000	52000
Sum of regulatory value of liabilities, long-term insurance capital requirement and resilience capital requirement (29+31+32)		<b>39</b>	1300261	880473
Regulatory excess capital (19-39)		<b>49</b>	6897	(27955)

**Realistic excess capital**

Realistic excess capital	<b>51</b>		
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	6897	(27955)
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63 and zero, else greater of 61 and zero)	<b>64</b>	6897	

**Realistic balance sheet**

Name of insurer **The Prudential Assurance Company Limited**  
 With-profits fund **Summary**  
 Financial year ended **31 December 2005**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Realistic value of assets available to the fund**

Regulatory value of assets	11	87796485	77138343
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13	513781	421521
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	1116358	1074727
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24	909981	802917
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	89309043	78594466
Support arrangement assets	27		
Assets available to the fund (26+27)	29	89309043	78594466

**Realistic value of liabilities of fund**

With-profits benefit reserve	31	73798817	66757403	
Future policy related liabilities	Part miscellaneous surplus attributed to with-profits benefits reserve	32		
	Part miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	1263121	599150
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	1476379	1487557
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	66857	
	Future costs of contractual guarantees (other than financial options)	41	1585692	1717340
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	670821	539125
	Future costs of smoothing (possibly negative)	44	549267	794970
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	1230628	1038132
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	3756293	3201160	
Realistic current liabilities of the fund	51	3775239	2595207	
Realistic value of liabilities of fund (31+49+51)	59	81330348	72553770	

**Realistic balance sheet**

Name of insurer **The Prudential Assurance Company Limited**

With-profits fund **Summary**

Financial year ended **31 December 2005**

Units **£000**

As at end of this financial year	As at end of the previous year
1	2

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	83770002	74352104
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	83770002	74352104
Risk capital margin for fund (62-59)	<b>65</b>	2439654	1798334
Realistic excess capital for fund (26-(59+65))	<b>66</b>	5539041	4242362
Realistic excess available capital for fund (29-(59+65))	<b>67</b>	5539041	4242362
Working capital for fund (29-59)	<b>68</b>	7978695	6040696
Working capital ratio for fund (68/29)	<b>69</b>	0.09	0.08

**Other assets potentially available if required to cover the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Realistic balance sheet**

Name of insurer **The Prudential Assurance Company Limited**  
 With-profits fund **21 Scottish Amicable Insurance Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Realistic value of assets available to the fund**

Regulatory value of assets	11	14354047	12970343
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	450651	400796
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	14804698	13371139
Support arrangement assets	27		
Assets available to the fund (26+27)	29	14804698	13371139

**Realistic value of liabilities of fund**

With-profits benefit reserve	31	12608691	11646805	
Future policy related liabilities	Part miscellaneous surplus attributed to with-profits benefits reserve	32		
	Part miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	894212	211373
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	331627	469439
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	174855	244094
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	618821	490421
	Future costs of smoothing (possibly negative)	44	68155	59665
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	134045	83932
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	1558461	620046	
Realistic current liabilities of the fund	51	637546	427162	
Realistic value of liabilities of fund (31+49+51)	59	14804698	12694013	

**Realistic balance sheet**

Name of insurer **The Prudential Assurance Company Limited**  
 With-profits fund **21 Scottish Amicable Insurance Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

As at end of this financial year	As at end of the previous year
1	2

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	15449675	13181307
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	15449675	13181307
Risk capital margin for fund (62-59)	<b>65</b>	644977	487294
Realistic excess capital for fund (26-(59+65))	<b>66</b>	(644977)	189832
Realistic excess available capital for fund (29-(59+65))	<b>67</b>	(644977)	189832
Working capital for fund (29-59)	<b>68</b>		677126
Working capital ratio for fund (68/29)	<b>69</b>		0.05

**Other assets potentially available if required to cover the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Realistic balance sheet**

Name of insurer **The Prudential Assurance Company Limited**  
 With-profits fund **22 With-Profits Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Realistic value of assets available to the fund**

Regulatory value of assets	11	72135280	63315482
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13	513781	421521
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	665707	673931
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24	909981	802917
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	73197186	64370809
Support arrangement assets	27		
Assets available to the fund (26+27)	29	73197186	64370809

**Realistic value of liabilities of fund**

With-profits benefit reserve	31	59888372	54261021	
Future policy related liabilities	Part miscellaneous surplus attributed to with-profits benefits reserve	32		
	Part miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	368909	387777
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	1104534	990922
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	66857	
	Future costs of contractual guarantees (other than financial options)	41	1397819	1464750
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	52000	48704
	Future costs of smoothing (possibly negative)	44	481112	735305
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	1069383	935500
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	2197831	2581114
Realistic current liabilities of the fund	51	3132289	2165104	
Realistic value of liabilities of fund (31+49+51)	59	65218492	59007239	

**Realistic balance sheet**

Name of insurer **The Prudential Assurance Company Limited**

With-profits fund **22 With-Profits Sub-Fund**

Financial year ended **31 December 2005**

Units **£000**

As at end of this financial year	As at end of the previous year
1	2

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	67013169	60318279
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	67013169	60318279
Risk capital margin for fund (62-59)	<b>65</b>	1794677	1311040
Realistic excess capital for fund (26-(59+65))	<b>66</b>	6184017	4052530
Realistic excess available capital for fund (29-(59+65))	<b>67</b>	6184017	4052530
Working capital for fund (29-59)	<b>68</b>	7978695	5363570
Working capital ratio for fund (68/29)	<b>69</b>	0.11	0.08

**Other assets potentially available if required to cover the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Realistic balance sheet**

Name of insurer **The Prudential Assurance Company Limited**  
 With-profits fund **23 Defined Charge Participating Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Realistic value of assets available to the fund**

Regulatory value of assets	11	1307158	852518
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	1307158	852518
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1307158	852518

**Realistic value of liabilities of fund**

With-profits benefit reserve	31	1301754	849577	
Future policy related liabilities	Part miscellaneous surplus attributed to with-profits benefits reserve	32		
	Part miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	40218	27196
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	13018	8496
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44		
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
Other long-term insurance liabilities	47	27200	18700	
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49			
Realistic current liabilities of the fund	51	5404	2941	
Realistic value of liabilities of fund (31+49+51)	59	1307158	852518	

**Realistic balance sheet**

Name of insurer **The Prudential Assurance Company Limited**  
 With-profits fund **23 Defined Charge Participating Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

As at end of this financial year	As at end of the previous year
1	2

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	1307158	852518
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	1307158	852518
Risk capital margin for fund (62-59)	<b>65</b>		
Realistic excess capital for fund (26-(59+65))	<b>66</b>		
Realistic excess available capital for fund (29-(59+65))	<b>67</b>		
Working capital for fund (29-59)	<b>68</b>		
Working capital ratio for fund (68/29)	<b>69</b>		

**Other assets potentially available if required to cover the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

General insurance business : Summary of business carried on

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

		Company registration number	GL/UK/CM	day month year			units	
		R20A	15454	GL	31	12	2005	£000
Category number	FSA return general insurance business reporting category		Gross Premium written in this financial year  1	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of the financial year  4		
				Reported  2	Incurred but not reported  3			
1	Total business	1	22541	55395	56017	11003		
2	Total primary (direct) and facultative business	2	22541	55395	56017	11003		
3	Total treaty reinsurance accepted business	3						
110	Total primary (direct) and facultative accident and health (category numbers 111 to 114)	4	13340	842	556	6642		
120	Total primary (direct) and facultative personal lines motor business (category numbers 121 to 123)	5	1397	19528	8157	744		
160	Primary (direct) and facultative household and domestic all risks	6	1882	10213	4204	937		
180	Total primary (direct) and facultative personal lines financial loss (category numbers 181 to 187)	7	565	6	35	63		
220	Total primary (direct) and facultative commercial motor business (category numbers 221 to 223)	8	88	348	7	47		
260	Total primary (direct) and facultative commercial lines property (category numbers 261 to 263)	9	951	497	1666	461		
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10	3974	22869	41365	1938		
280	Total primary (direct) and facultative commercial lines financial loss (category numbers 281 to 284)	11	110	17	16	53		
330	Total primary (direct) and facultative aviation (category numbers 331 to 333)	12						
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13		1038				
350	Total primary (direct) and facultative goods in transit	14	234	37	11	118		
400	Miscellaneous primary (direct) and facultative business	15						
500	Total non-proportional treaty reinsurance business accepted (category numbers 510 to 590)	16						
600	Total proportional treaty reinsurance business accepted (category numbers 610 to 690)	17						
700	Miscellaneous treaty reinsurance accepted business	18						
	Total (lines 4 to 18)	20	22541	55395	56017	11003		

General insurance business : Summary of business carried on

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

		Company registration number	GL/UK/CM	day month year			units	
		R20A	15454	GL	31	12	2005	£000
Category number	FSA return general insurance business reporting category	Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of the financial year			
			Reported	Incurred but not reported				
		1	2	3	4			

Primary (direct) and facultative personal lines business

111	Medical insurance	21	7882	268	335	4151
112	HealthCare cash plans	22	30	2	1	17
113	Travel	23	1146	77	23	594
114	Personal accident or sickness	24	4282	495	197	1880
121	Private motor - comprehensive	25	1111	16553	7019	592
122	Private motor - non-comprehensive	26	286	2975	1138	152
123	Motor cycle	27				
160	Household and domestic all risks (equals line 6)	28	1882	10213	4204	937
181	Assistance	29				
182	Creditor	30				
183	Extended warranty	31				
184	Legal expenses	32				
185	Mortgage indemnity	33				
186	Pet insurance	34				
187	Other personal financial loss	35	565	6	35	63

Primary (direct) and facultative commercial lines business

221	Fleets	41				
222	Commercial vehicles (non-fleet)	42	88	348	7	47
223	Motor other	43				
261	Commercial property	44	825	206	56	399
262	Consequential loss	45	98	285	1609	49
263	Contractors or engineering all risks	46	28	6	1	13
271	Employers liability	47	3258	11143	38271	1589
272	Professional indemnity	48	27	1101	384	13
273	Public and products liability	49	689	10625	2710	336
274	Mixed commercial package	50				
281	Fidelity and contract guarantee	51	110	17	16	53
282	Credit	52				
283	Suretyship	53				
284	Commercial contingency	54				

Primary (direct) and facultative aviation

331	Aviation liability	61				
332	Aviation hull	62				
333	Space and satellite	63				

General insurance business : Summary of business carried on

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

Category number	FSA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	15454	GL	31	12	2005
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year			Provision for gross unearned premium at the end of the financial year	
			Reported	Incurred but not reported			
		1	2	3		4	

**Primary (direct) and facultative marine and transport**

341	Marine liability	64				
342	Marine hull	65		1038		
343	Energy (on and off-shore)	66				
344	Protection and indemnity	67				
345	Freight demurrage and defence	68				
346	War risks	69				
347	Yacht	70				
350	Total primary (direct) and facultative goods in transit (equals line 14)	71	234	37	11	118

**Primary (direct) and facultative miscellaneous**

400	Miscellaneous primary (direct) and facultative business (equals line 15)	72				
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**Non-proportional treaty**

510	Non-proportional accident and health	81				
520	Non-proportional motor	82				
530	Non-proportional aviation	83				
540	Non-proportional marine	84				
550	Non-proportional transport	85				
560	Non-proportional property	86				
570	Non-proportional liability (non-motor)	87				
580	Non-proportional financial lines	88				
590	Non-proportional aggregate cover	89				

**Proportional treaty**

610	Proportional accident and health	91				
620	Proportional motor	92				
630	Proportional aviation	93				
640	Proportional marine	94				
650	Proportional transport	95				
660	Proportional property	96				
670	Proportional liability (non-motor)	97				
680	Proportional financial lines	98				
690	Proportional aggregate cover	99				

**Treaty Reinsurance Miscellaneous**

700	Miscellaneous treaty reinsurance accepted business (equals line 18)	101				
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	<b>Total (lines 21 to 101)</b>	<b>111</b>	<b>22541</b>	<b>55395</b>	<b>56017</b>	<b>11003</b>
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**General insurance business : Technical account (excluding equalisation provisions)**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		<b>R20</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>001</b>
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year accounting)	Earned premium	(21.19.5)	11				17339	14871	
	Claims incurred	(22.17.4)	12				8091	6684	
	Claims management costs	(22.18.4)	13				292	348	
	Adjustment for discounting	(22.52.4)	14						
	Increase in provision for unexpired risks (22.19.4)		15				(45)	44	
	Other technical income or charges (particulars to be specified by way of supplementary note)		16				12		
	Net operating expenses	(22.42.4)	17				7844	5594	
	Balance of year's underwriting (11-12-13+14-15+16-17)		19				1169	2201	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	(21.11.5)	21						
	Claims incurred	(22.13.4)	22				13066	13550	
	Claims management costs	(22.14.4)	23				(225)	443	
	Adjustment for discounting	(22.51.4)	24				(726)	(36)	
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses	(22.41.4)	26				681	634	
	Balance (21-22-23+24+25-26)		29				(14248)	(14663)	
Balance from underwriting year accounting	Per Form 24	(24.69.99-99)	31				18457	(1693)	
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39				18457	(1693)	
Balance of all years' underwriting (19+29+39)			49				5377	(14155)	
Allocated investment income			51						
Transfer to non-technical account (49+51)			59				5377	(14155)	

**General insurance business : Technical account (excluding equalisation provisions)**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
	<b>R20</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>002</b>
Items to be shown net of reinsurance			This financial year				Previous year	
			1				2	
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11	17339	14871				
	Claims incurred (22.17.4)	12	8091	6684				
	Claims management costs (22.18.4)	13	292	348				
	Adjustment for discounting (22.52.4)	14						
	Increase in provision for unexpired risks (22.19.4)	15	(45)	44				
	Other technical income or charges (particulars to be specified by way of supplementary note)	16	12					
	Net operating expenses (22.42.4)	17	7844	5594				
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	1169	2201				
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21						
	Claims incurred (22.13.4)	22	13066	13550				
	Claims management costs (22.14.4)	23	(225)	443				
	Adjustment for discounting (22.51.4)	24	(726)	(36)				
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						
	Net operating expenses (22.41.4)	26	681	634				
	Balance (21-22-23+24+25-26)	29	(14248)	(14663)				
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31	18457	(1693)				
	Other technical income or charges (particulars to be specified by way of supplementary note)	32						
	Total	39	18457	(1693)				
Balance of all years' underwriting (19+29+39)			49	5377	(14155)			
Allocated investment income			51					
Transfer to non-technical account (49+51)			59	5377	(14155)			

**General insurance business : Technical account (excluding equalisation provisions)**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative accident and health**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		<b>R20</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>110</b>
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		<b>11</b>				10203	8342	
	Claims incurred (22.17.4)		<b>12</b>				5359	3845	
	Claims management costs (22.18.4)		<b>13</b>				179	247	
	Adjustment for discounting (22.52.4)		<b>14</b>						
	Increase in provision for unexpired risks (22.19.4)		<b>15</b>						
	Other technical income or charges (particulars to be specified by way of supplementary note)		<b>16</b>				12		
	Net operating expenses (22.42.4)		<b>17</b>				3948	2395	
	Balance of year's underwriting (11-12-13+14-15+16-17)		<b>19</b>				729	1855	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		<b>21</b>						
	Claims incurred (22.13.4)		<b>22</b>				147	238	
	Claims management costs (22.14.4)		<b>23</b>				13	9	
	Adjustment for discounting (22.51.4)		<b>24</b>						
	Other technical income or charges (particulars to be specified by way of supplementary note)		<b>25</b>						
	Net operating expenses (22.41.4)		<b>26</b>						
	Balance (21-22-23+24+25-26)		<b>29</b>				(160)	(247)	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		<b>31</b>						
	Other technical income or 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>				569	1608	
Allocated investment income			<b>51</b>						
Transfer to non-technical account (49+51)			<b>59</b>				569	1608	

**General insurance business : Technical account (excluding equalisation provisions)**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative personal lines motor business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		<b>R20</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>120</b>
<b>Items to be shown net of reinsurance</b>				<b>This financial year</b>				<b>Previous year</b>	
				<b>1</b>				<b>2</b>	
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		<b>11</b>				895	934	
	Claims incurred (22.17.4)		<b>12</b>				203	243	
	Claims management costs (22.18.4)		<b>13</b>				3	7	
	Adjustment for discounting (22.52.4)		<b>14</b>						
	Increase in provision for unexpired risks (22.19.4)		<b>15</b>				(45)	44	
	Other technical income or charges (particulars to be specified by way of supplementary note)		<b>16</b>						
	Net operating expenses (22.42.4)		<b>17</b>				640	546	
	Balance of year's underwriting (11-12-13+14-15+16-17)		<b>19</b>				94	94	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		<b>21</b>						
	Claims incurred (22.13.4)		<b>22</b>				(37)	182	
	Claims management costs (22.14.4)		<b>23</b>				(2)	(24)	
	Adjustment for discounting (22.51.4)		<b>24</b>						
	Other technical income or charges (particulars to be specified by way of supplementary note)		<b>25</b>						
	Net operating expenses (22.41.4)		<b>26</b>					94	
	Balance (21-22-23+24+25-26)		<b>29</b>				39	(252)	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		<b>31</b>						
	Other technical income or 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>				133	(158)	
Allocated investment income			<b>51</b>						
Transfer to non-technical account (49+51)			<b>59</b>				133	(158)	

**General insurance business : Technical account (excluding equalisation provisions)**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Primary (direct) and facultative household and domestic all risks**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		<b>R20</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>160</b>
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		<b>11</b>				1631	2022	
	Claims incurred (22.17.4)		<b>12</b>				516	1043	
	Claims management costs (22.18.4)		<b>13</b>				22	50	
	Adjustment for discounting (22.52.4)		<b>14</b>						
	Increase in provision for unexpired risks (22.19.4)		<b>15</b>						
	Other technical income or charges (particulars to be specified by way of supplementary note)		<b>16</b>						
	Net operating expenses (22.42.4)		<b>17</b>				849	990	
	Balance of year's underwriting (11-12-13+14-15+16-17)		<b>19</b>				243	(61)	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		<b>21</b>						
	Claims incurred (22.13.4)		<b>22</b>				(316)	(510)	
	Claims management costs (22.14.4)		<b>23</b>				(12)	(37)	
	Adjustment for discounting (22.51.4)		<b>24</b>						
	Other technical income or charges (particulars to be specified by way of supplementary note)		<b>25</b>						
	Net operating expenses (22.41.4)		<b>26</b>					5	
	Balance (21-22-23+24+25-26)		<b>29</b>				328	542	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		<b>31</b>						
	Other technical income or 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>				571	481	
Allocated investment income			<b>51</b>						
Transfer to non-technical account (49+51)			<b>59</b>				571	481	

**General insurance business : Technical account (excluding equalisation provisions)**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative commercial lines liability business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
	<b>R20</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>270</b>
Items to be shown net of reinsurance			This financial year				Previous year	
			1				2	
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11				3174	2825	
	Claims incurred (22.17.4)	12				1594	1414	
	Claims management costs (22.18.4)	13				68	40	
	Adjustment for discounting (22.52.4)	14						
	Increase in provision for unexpired risks (22.19.4)	15						
	Other technical income or charges (particulars to be specified by way of supplementary note)	16						
	Net operating expenses (22.42.4)	17				1674	1382	
Balance of year's underwriting (11-12-13+14-15+16-17)	19				(161)	(11)		
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21						
	Claims incurred (22.13.4)	22				14115	14123	
	Claims management costs (22.14.4)	23				(208)	539	
	Adjustment for discounting (22.51.4)	24				(726)	(36)	
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						
	Net operating expenses (22.41.4)	26				614	364	
Balance (21-22-23+24+25-26)	29				(15247)	(15062)		
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31						
	Other technical income or charges (particulars to be specified by way of supplementary note)	32						
	Total	39						
Balance of all years' underwriting (19+29+39)			49			(15408)	(15073)	
Allocated investment income			51					
Transfer to non-technical account (49+51)			59			(15408)	(15073)	

**General insurance business : Technical account (excluding equalisation provisions)**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Balance of all primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
	<b>R20</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>409</b>
<b>Items to be shown net of reinsurance</b>				<b>This financial year</b>			<b>Previous year</b>	
				<b>1</b>			<b>2</b>	
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		11				1436	748
	Claims incurred (22.17.4)		12				418	139
	Claims management costs (22.18.4)		13				20	4
	Adjustment for discounting (22.52.4)		14					
	Increase in provision for unexpired risks (22.19.4)		15					
	Other technical income or charges (particulars to be specified by way of supplementary note)		16					
	Net operating expenses (22.42.4)		17				734	281
	Balance of year's underwriting (11-12-13+14-15+16-17)		19				264	324
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21					
	Claims incurred (22.13.4)		22				(843)	(483)
	Claims management costs (22.14.4)		23				(16)	(44)
	Adjustment for discounting (22.51.4)		24					
	Other technical income or charges (particulars to be specified by way of supplementary note)		25					
	Net operating expenses (22.41.4)		26				67	171
	Balance (21-22-23+24+25-26)		29				791	356
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31				18457	(1693)
	Other technical income or charges (particulars to be specified by way of supplementary note)		32					
	Total		39				18457	(1693)
Balance of all years' underwriting (19+29+39)			49				19513	(1013)
Allocated investment income			51					
Transfer to non-technical account (49+51)			59				19513	(1013)

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Total business**

		Company registration number	GL/UK/CM	day	month	year	Units	Category number	
		R21	15454	GL	31	12	2005	£000	001
<b>Premiums receivable during the financial year</b>		Gross premiums written		Reinsurers' share			Net of reinsurance		
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5			
In respect of risks incepted in previous financial years		11	(59)	(59)					
		Earned In this financial year 1	Unearned at end of this financial year 2	Earned In this financial year 3	Unearned at end of this financial year 4	Earned In this financial year 5	Unearned at end of this financial year 6		
In respect of risks Incepted in previous financial years		12							
In respect of risks incepted in this financial year	For periods of less than 12 months	13							
	For periods of 12 months	14	11597	11003	2571	2027	9025	8977	
	For periods of more than 12 months	15							
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16	10319	2005			8313		
Total (12 to 16)		19	21915	11003	4577	2027	17339	8977	

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

Name of insurer

**The Prudential Assurance Company Limited**

Global business

Financial year ended

**31 December 2005****Total primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		<b>R21</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>002</b>
<b>Premiums receivable during the financial year</b>		Gross premiums written		Reinsurers' share			Net of reinsurance		
		Earned in previous financial years <b>1</b>		Earned in previous financial years <b>3</b>		Earned in previous financial years <b>5</b>			
In respect of risks incepted in previous financial years		<b>11</b>	(59)	(59)					
		Earned In this financial year <b>1</b>	Unearned at end of this financial year <b>2</b>	Earned In this financial year <b>3</b>	Unearned at end of this financial year <b>4</b>	Earned In this financial year <b>5</b>	Unearned at end of this financial year <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>	11597	11003	2571	2027	9025	8977	
	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>	10319	2005			8313		
Total (12 to 16)		<b>19</b>	21915	11003	4577	2027	17339	8977	

**General insurance business (accident year accounting) : Analysis of premiums**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative accident and health**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		<b>R21</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>110</b>
<b>Premiums receivable during the financial year</b>		Gross premiums written		Reinsurers' share			Net of reinsurance		
		Earned in previous financial years <b>1</b>		Earned in previous financial years <b>3</b>			Earned in previous financial years <b>5</b>		
In respect of risks incepted in previous financial years		<b>11</b>							
		Earned In this financial year <b>1</b>	Unearned at end of this financial year <b>2</b>	Earned In this financial year <b>3</b>	Unearned at end of this financial year <b>4</b>		Earned In this financial year <b>5</b>	Unearned at end of this financial year <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>	6684	6625	1603	1116	5081	5509	
	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>	6026	904			5122		
Total (12 to 16)		<b>19</b>	12709	6625	2506	1116	10203	5509	

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

Name of insurer

**The Prudential Assurance Company Limited**

Global business

Financial year ended

**31 December 2005****Total primary (direct) and facultative personal lines motor business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		<b>R21</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>120</b>
		Gross premiums written		Reinsurers' share			Net of reinsurance		
<b>Premiums receivable during the financial year</b>		Earned in previous financial years <b>1</b>		Earned in previous financial years <b>3</b>			Earned in previous financial years <b>5</b>		
In respect of risks incepted in previous financial years		<b>11</b>	(2)	(2)					
		Earned In this financial year <b>1</b>	Unearned at end of this financial year <b>2</b>	Earned In this financial year <b>3</b>	Unearned at end of this financial year <b>4</b>		Earned In this financial year <b>5</b>	Unearned at end of this financial year <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>	522	592	66	96	456	496	
	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>	559	120			439		
Total (12 to 16)		<b>19</b>	1080	592	186	96	895	496	

**General insurance business (accident year accounting) : Analysis of premiums**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Primary (direct) and facultative household and domestic all risks**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		<b>R21</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>160</b>
		Gross premiums written		Reinsurers' share			Net of reinsurance		
<b>Premiums receivable during the financial year</b>		Earned in previous financial years <b>1</b>		Earned in previous financial years <b>3</b>		Earned in previous financial years <b>5</b>			
In respect of risks incepted in previous financial years		<b>11</b>	(57)	(57)					
		Earned In this financial year <b>1</b>	Unearned at end of this financial year <b>2</b>	Earned In this financial year <b>3</b>	Unearned at end of this financial year <b>4</b>	Earned In this financial year <b>5</b>	Unearned at end of this financial year <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>	1001	937	134	103	868	834	
	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>	936	173			763		
Total (12 to 16)		<b>19</b>	1938	937	307	103	1631	834	

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Total primary (direct) and facultative commercial lines liability business**

		Company registration number	GL/UK/CM	day	month	year	Units	Category number	
		<b>R21</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>270</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>	2022	1926	245	400	1776	1526	
	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>	1869		471			1398		
<b>Total (12 to 16)</b>	<b>19</b>	3891	1926	716	400		3174	1526	

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Balance of all primary (direct) and facultative business**

		Company registration number	GL/UK/CM	day	month	year	Units	Category number	
		<b>R21</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>409</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>	1368	923	524	311	844	612	
	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>	929	338			591		
Total (12 to 16)		<b>19</b>	2297	923	862	311	1436	612	

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

Name of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total business**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	15454	GL	31	12	2005	£000	001
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		125465	25228		107313	7077	
	Reinsurers' share	12		65005	17440		41576	(5989)	
	Net (11-12)	13		60460	7789		65737	13066	
	Claims management costs	14		2733	127		2382	(225)	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			5440		3033	8472	
	Reinsurers' share	16			201		180	381	
	Net (15-16)	17			5239		2852	8091	
	Claims management costs	18			190		101	292	
Provision for unexpired risks		19		47			2	(45)	
Net operating expenses	Commissions	21		2856	6661		2982	6535	
	Other acquisition expenses	22		1692			1412	280	
	Administrative expenses	23			2820			2820	
	Reinsurance commissions and profit participations	24		744	977		610	1110	
	Total (21+22+23-24)	29		3805	8505		3785	8525	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31		726				(726)	
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39		726				(726)	
Split of line 29	Prior financial years	41			681			681	
	This financial year	42		3805	7824		3785	7844	
Split of line 39	Incidents occurring prior to this financial year	51		726				(726)	
	Incidents occurring in this financial year	52							

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

Name of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	15454	GL	31	12	2005	£000	002
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		125465	25228		107313	7077	
	Reinsurers' share	12		65005	17440		41576	(5989)	
	Net (11-12)	13		60460	7789		65737	13066	
	Claims management costs	14		2733	127		2382	(225)	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			5440		3033	8472	
	Reinsurers' share	16			201		180	381	
	Net (15-16)	17			5239		2852	8091	
	Claims management costs	18			190		101	292	
Provision for unexpired risks		19		47			2	(45)	
Net operating expenses	Commissions	21		2856	6661		2982	6535	
	Other acquisition expenses	22		1692			1412	280	
	Administrative expenses	23			2820			2820	
	Reinsurance commissions and profit participations	24		744	977		610	1110	
	Total (21+22+23-24)	29		3805	8505		3785	8525	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31		726				(726)	
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39		726				(726)	
Split of line 29	Prior financial years	41			681			681	
	This financial year	42		3805	7824		3785	7844	
Split of line 39	Incidents occurring prior to this financial year	51		726				(726)	
	Incidents occurring in this financial year	52							

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

Name of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative accident and health**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	15454	GL	31	12	2005	£000	110
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		1255	832		468	45	
	Reinsurers' share	12		226	74		50	(102)	
	Net (11-12)	13		1029	758		418	147	
	Claims management costs	14		35	31		17	13	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			4631		927	5558	
	Reinsurers' share	16			120		79	198	
	Net (15-16)	17			4511		848	5359	
	Claims management costs	18			157		22	179	
Provision for unexpired risks		19							
Net operating expenses	Commissions	21		1283	3265		1424	3124	
	Other acquisition expenses	22		988			887	101	
	Administrative expenses	23			1303			1303	
	Reinsurance commissions and profit participations	24		342	621		382	581	
	Total (21+22+23-24)	29		1929	3948		1929	3948	
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		1929	3948		1929	3948	
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 claims, expenses and technical provisions

Name of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative personal lines motor business**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	15454	GL	31	12	2005	£000	120
			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2				Amount carried forward to next financial year 3	Amount attributable to this financial year 4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	33894	7045				23479	(3370)
	Reinsurers' share	12	33768	7030				23404	(3333)
	Net (11-12)	13	126	14				75	(37)
	Claims management costs	14	4					2	(2)
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		110				93	203
	Reinsurers' share	16							
	Net (15-16)	17		110				93	203
	Claims management costs	18		1				2	3
Provision for unexpired risks		19	47					2	(45)
Net operating expenses	Commissions	21	269	550				292	527
	Other acquisition expenses	22	93					70	23
	Administrative expenses	23		109					109
	Reinsurance commissions and profit participations	24	37					18	19
	Total (21+22+23-24)	29	325	660				345	640
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	325	659				345	640
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 claims, expenses and technical provisions

Name of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Primary (direct) and facultative household and domestic all risks**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	15454	GL	31	12	2005	£000	160
			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2			Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	27705	10162			14163	(3381)	
	Reinsurers' share	12	27194	10023			14106	(3065)	
	Net (11-12)	13	512	139			57	(316)	
	Claims management costs	14	20	6			2	(12)	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		300			253	554	
	Reinsurers' share	16		33			4	37	
	Net (15-16)	17		267			249	516	
	Claims management costs	18		13			9	22	
Provision for unexpired risks		19							
Net operating expenses	Commissions	21	390	801			356	835	
	Other acquisition expenses	22	169				123	45	
	Administrative expenses	23		195				195	
	Reinsurance commissions and profit participations	24	134	158			67	225	
	Total (21+22+23-24)	29	424	838			413	849	
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	424	838			413	849	
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 claims, expenses and technical provisions

Name of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative commercial lines liability business**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	15454	GL	31	12	2005	£000	270
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		53692	6483		61319	14110	
	Reinsurers' share	12		47	28		14	(5)	
	Net (11-12)	13		53645	6455		61305	14115	
	Claims management costs	14		2495	73		2214	(208)	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			177		1430	1608	
	Reinsurers' share	16					14	14	
	Net (15-16)	17			177		1416	1594	
	Claims management costs	18			9		59	68	
Provision for unexpired risks		19							
Net operating expenses	Commissions	21		616	1274		622	1268	
	Other acquisition expenses	22		308			232	76	
	Administrative expenses	23			994			994	
	Reinsurance commissions and profit participations	24		129	6		84	51	
	Total (21+22+23-24)	29		795	2263		770	2288	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31		726				(726)	
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39		726				(726)	
Split of line 29	Prior financial years	41			614			614	
	This financial year	42		795	1649		770	1674	
Split of line 39	Incidents occurring prior to this financial year	51		726				(726)	
	Incidents occurring in this financial year	52							

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

Name of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Balance of all primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	15454	GL	31	12	2005	£000	409
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		8918	707		7883	(327)	
	Reinsurers' share	12		3770	285		4001	516	
	Net (11-12)	13		5148	423		3882	(843)	
	Claims management costs	14		179	17		146	(16)	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			221		329	550	
	Reinsurers' share	16			48		84	132	
	Net (15-16)	17			173		245	418	
	Claims management costs	18			11		9	20	
Provision for unexpired risks		19							
Net operating expenses	Commissions	21		299	770		287	781	
	Other acquisition expenses	22		135			100	35	
	Administrative expenses	23			220			220	
	Reinsurance commissions and profit participations	24		102	193		60	235	
	Total (21+22+23-24)	29		331	796		327	801	
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			67			67	
	This financial year	42		331	729		327	734	
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 **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Total business**

Company registration number **R23**      GL/UK/CM **15454**      day month year **GL 31 12 2005**      Units **£000**      Category number **001**

Accident year ended		11	1	2	3	4	Claims outstanding carried forward		Claims outstanding brought forward		9	10	11	12	13
Month	Year						5	6	7	8					
12	2005	11				5239	1323	1529			8091		18432		43.9
12	2004	12	4182	2933		1428	958	291	1356	1403	(82)		15943	(8.7)	43.0
12	2003	13	2509	2253	1232	487	396	107	661	214	116		11667	(1.4)	40.6
12	2002	14	2324	1966	1205	245	323	84	446	125	81		44227	(5.6)	9.5
12	2001	15	118951	1896	937	270	325	87	393	106	183		198324	(14.6)	60.8
12	2000	16	108919	113706	81088	4					4		317938	(28.7)	59.8
12	1999	17	115517	76798	57729				1		(1)		306794	(24.8)	56.5
12	1998	18	110398	75570	66423		2		2	1	(1)		297222	(12.1)	59.5
12	1997	19	113509	70373	62231								292527	(11.6)	60.1
12	1996	20	103091	88021	65321								298032	(25.8)	56.5
Prior accident years		21				5355	21520	41640	17405	38344	12765				
Reconciliation		22													
Total (11 to 22)		29				13027	24847	43740	20265	40193	21158				

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Total primary (direct) and facultative business**

Company registration number **R23**      GL/UK/CM **15454**      day month year **GL 31 12 2005**      Units **£000**      Category number **002**

Accident year ended		11	1	2	3	4	Claims outstanding carried forward		Claims outstanding brought forward		9	10	11	12	13
Month	Year						5	6	7	8					
12	2005	11				5239	1323	1529			8091		18432		43.9
12	2004	12	4182	2933		1428	958	291	1356	1403	(82)		15943	(8.7)	43.0
12	2003	13	2509	2253	1232	487	396	107	661	214	116		11667	(1.4)	40.6
12	2002	14	2324	1966	1205	245	323	84	446	125	81		44227	(5.6)	9.5
12	2001	15	118951	1896	937	270	325	87	393	106	183		198324	(14.6)	60.8
12	2000	16	108919	113706	81088	4					4		317938	(28.7)	59.8
12	1999	17	115517	76798	57729				1		(1)		306794	(24.8)	56.5
12	1998	18	110398	75570	66423		2		2	1	(1)		297222	(12.1)	59.5
12	1997	19	113509	70373	62231								292527	(11.6)	60.1
12	1996	20	103091	88021	65321								298032	(25.8)	56.5
Prior accident years		21				5355	21520	41640	17405	38344	12765				
Reconciliation		22													
Total (11 to 22)		29				13027	24847	43740	20265	40193	21158				

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Total primary (direct) and facultative accident and health**

		Company registration number	GL/UK/CM	day month year			Units	Category number						
		<b>R23</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>110</b>					
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		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %
Month	Year					Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)					
		<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>	<b>12</b>	<b>13</b>
12	2005	<b>11</b>			4511	429	419			5359		10846		49.4
12	2004	<b>12</b>	3304	863	749	209	57	395	417	203		8944	17.6	48.3
12	2003	<b>13</b>	1728	606	454	8	72	19	83	24	(8)	5792	(8.8)	39.4
12	2002	<b>14</b>	1779	572	407	1	22	6	55	15	(41)	5101	(23.9)	43.4
12	2001	<b>15</b>	1223	420	278		24	6	28	7	(6)	3356	(26.7)	45.6
12	2000	<b>16</b>	797	295	128							2606	(56.6)	35.5
12	1999	<b>17</b>	631	290	169							2061	(41.5)	38.8
12	1998	<b>18</b>	490	175	54		2		2	1	(1)	1620	(67.9)	33.7
12	1997	<b>19</b>	210	114	76							634	(33.4)	45.1
12	1996	<b>20</b>												
Prior accident years		<b>21</b>												
Reconciliation		<b>22</b>												
Total (11 to 22)		<b>29</b>			5269	759	507	564	464	5507				

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Total primary (direct) and facultative personal lines motor business**

Company registration number	GL/UK/CM	day month year	Units	Category number
<b>R23</b>	<b>15454</b>	<b>GL</b>	<b>31 12 2005</b>	<b>£000</b>
				<b>120</b>

Accident year ended		11	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		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %
Month	Year						Reported (net)	Incurring but not reported (net)	Reported (net)	Incurring but not reported (net)					
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2005	11				110	45	48			203		951		21.4
12	2004	12	140	52		(8)	26	15	23	26	(16)		1001	(36.5)	17.2
12	2003	13	59	235	122	27	23	8	50	22	(13)		756	(23.4)	31.7
12	2002	14	79	178	49		3	1	3	1	(1)		3346	(70.6)	3.9
12	2001	15	27009	342	61	(5)			2	1	(8)		3717	(83.4)	728.2
12	2000	16	18600	21088	9851								47445	(53.3)	60.0
12	1999	17	16494	19329	10295								38403	(46.7)	69.8
12	1998	18	15359	19372	12172								35795	(37.2)	76.9
12	1997	19	15333	18156	14594								39949	(19.6)	74.9
12	1996	20	16695	20430	19207								47939	(6.0)	74.9
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				125	96	72	77	49	166				

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Primary (direct) and facultative household and domestic all risks**

Company registration number	GL/UK/CM	day month year	Units	Category number
<b>R23</b>	<b>15454</b>	<b>GL</b>	<b>31 12 2005</b>	<b>£000</b>
				<b>160</b>

Accident year ended		11	1	2	3	4	Claims outstanding carried forward		Claims outstanding brought forward		9	10	11	12	13
Month	Year						5	6	7	8					
12	2005				267	194	55			516		1733		29.8	
12	2004	12	467	339	136	33	9	253	66	(142)		2167	(47.7)	29.7	
12	2003	13	255	380	157	8	2	40	14	(43)		1884	(55.9)	22.4	
12	2002	14	193	335	151	2	3	104	30	(128)		17770	(52.9)	2.0	
12	2001	15	89441	249	148	1		3	1	(3)		172217	(40.4)	52.0	
12	2000	16	88999	90681	69825							260576	(23.0)	61.0	
12	1999	17	98033	55928	46302			1		(1)		260920	(17.2)	55.3	
12	1998	18	94141	54993	53555							255312	(2.6)	57.8	
12	1997	19	97651	51281	47163							247990	(8.0)	58.4	
12	1996	20	85725	67223	45883							245215	(31.7)	53.7	
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				405	239	67	400	111	200				

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative commercial lines liability business**

		Company registration number	GL/UK/CM	day month year			Units	Category number						
		R23	15454	GL	31	12	2005	£000	270					
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		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims 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	2005	11			177	499	918			1594		3375		47.2
12	2004	12	208	1355	455	624	188	512	762	(8)		3030	(6.5)	48.7
12	2003	13	139	997	475	445	286	75	455	140		2806	28.6	50.6
12	2002	14	199	850	590	242	285	74	272	72		2083	40.1	66.8
12	2001	15	80	716	446	274	190	50	245	65		1505	34.1	69.1
12	2000	16	87	472	599	4				4		987	27.8	69.8
12	1999	17	61	497	304							737	(38.7)	49.6
12	1998	18	59	381	211							999	(44.5)	27.1
12	1997	19	45	412	193							568	(53.1)	41.9
12	1996	20												
Prior accident years		21			5034	19874	39660	14782	36340	13446				
Reconciliation		22												
Total (11 to 22)		29			6632	21757	40964	16266	37379	15709				

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

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Balance of all primary (direct) and facultative business**

		Company registration number	GL/UK/CM	day month year			Units	Category number						
		R23	15454	GL	31	12	2005	£000	409					
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		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims 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	2005	11			173	156	89			418		1526		27.4
12	2004	12	63	324	96	67	23	173	132	(120)		801	(42.9)	31.0
12	2003	13	327	36	24	7	7	4	33	14	(30)	430	14.3	85.5
12	2002	14	75	31	7	(1)	10	3	12	7	(6)	15927	(38.2)	0.6
12	2001	15	1197	169	4		111	31	115	33	(6)	17530	(13.7)	7.7
12	2000	16	435	1171	685							6324	(41.5)	17.7
12	1999	17	297	754	658							4673	(12.7)	20.4
12	1998	18	349	649	431							3496	(33.7)	22.3
12	1997	19	271	410	205							3387	(50.0)	14.1
12	1996	20	671	368	231							4878	(37.2)	18.5
Prior accident years		21			321	1646	1980	2624	2004	(681)				
Reconciliation		22												
Total (11 to 22)		29			596	1996	2130	2957	2190	(425)				

## General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total business**

			Company registration number		GL/UK/CM		day month year			Units		Category number																
			R24		15454		GL		31	12	2005	£000		001														
Underwriting year ended			Prior underwriting years		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	Total all previous columns											
			29	29	12	96	12	97	12	98	12	99	12	00	12	01	12	02	12	03	12	04	12	05	99	99		
Premiums written	Gross amount		11																									
	Reinsurers' share		12																									
	Net (11-12)		19																									
Claims paid	Gross amount		21	13734																						13734		
	Reinsurers' share		22	191																							191	
	Net (21-22)		29	13543																							13543	
Claims management costs			39																									
Net operating expenses	Commissions		41	(14)																							(14)	
	Other acquisition expenses		42																									
	Administrative expenses		43	(482)																								(482)
	Reinsurers' commissions and profit participations		44																									
	Payable net (41+42+43-44)		49	(496)																								(496)
Technical provisions	Brought forward	Undiscounted	51	39188																							39188	
		Adjustment for discounting	52	6618																								6618
	Carried forward	Undiscounted	53	1066																								1066
		Adjustment for discounting	54																									
	Increase (decrease) in the financial year (53-54-51+52)		59	(31504)																								(31504)
Balance on each underwriting year (19-29-39-49-59)			69	18457																							18457	

## General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Total primary (direct) and facultative business**Company  
registration  
numberGL/  
UK/  
CM

day month year

Units

Category number

Underwriting year ended			Prior underwriting years		MM YY		MM YY		MM YY		MM YY		MM YY		MM YY		MM YY		MM YY		Total all previous columns					
			29	29	12	96	12	97	12	98	12	99	12	00	12	01	12	02	12	03	12	04	12	05	99	99
Premiums written	Gross amount	11																								
	Reinsurers' share	12																								
	Net (11-12)	19																								
Claims paid	Gross amount	21	13734																						13734	
	Reinsurers' share	22	191																						191	
	Net (21-22)	29	13543																						13543	
Claims management costs		39																								
Net operating expenses	Commissions	41	(14)																						(14)	
	Other acquisition expenses	42																								
	Administrative expenses	43	(482)																						(482)	
	Reinsurers' commissions and profit participations	44																								
	Payable net (41+42+43-44)	49	(496)																						(496)	
Technical provisions	Brought forward	Undiscounted	51	39188																					39188	
		Adjustment for discounting	52	6618																						6618
	Carried forward	Undiscounted	53	1066																						1066
		Adjustment for discounting	54																							
	Increase (decrease) in the financial year (53-54-51+52)	59	(31504)																							(31504)
Balance on each underwriting year (19-29-39-49-59)		69	18457																						18457	

## General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005****Balance of all primary (direct) and facultative business**

Underwriting year ended		Prior underwriting years		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		Total all previous columns		
		29	29	12	96	12	97	12	98	12	99	12	00	12	01	12	02	12	03	12	04	12	05	99	99					
Premiums written	Gross amount	11																												
	Reinsurers' share	12																												
	Net (11-12)	19																												
Claims paid	Gross amount	21	13734																										13734	
	Reinsurers' share	22	191																										191	
	Net (21-22)	29	13543																										13543	
Claims management costs		39																												
Net operating expenses	Commissions	41	(14)																										(14)	
	Other acquisition expenses	42																												
	Administrative expenses	43	(482)																										(482)	
	Reinsurers' commissions and profit participations	44																												
	Payable net (41+42+43-44)	49	(496)																										(496)	
Technical provisions	Brought forward	Undiscounted	51	39188																									39188	
		Adjustment for discounting	52	6618																										6618
	Carried forward	Undiscounted	53	1066																										1066
		Adjustment for discounting	54																											
	Increase (decrease) in the financial year (53-54-51+52)		59	(31504)																										(31504)
Balance on each underwriting year (19-29-39-49-59)		69	18457																										18457	

**General insurance business (underwriting year accounting) : Analysis of technical provisions**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Total business**

Company registration number      GL/UK/CM      day month year      Units      Category number

<b>R25</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>001</b>
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Underwriting year ended		Prior underwriting years		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	Total all previous columns		
		29	29	12	96	12	97	12	98	12	99	12	00	12	01	12	02	12	03	12	04	12	05	99
Reported claims outstanding	Gross amount	<b>11</b>	1066																					1066
	Reinsurers' share	<b>12</b>																						
Claims incurred but not reported	Gross amount	<b>13</b>																						
	Reinsurers' share	<b>14</b>																						
Claims management costs		<b>15</b>																						
Adjustment for discounting	Gross amount	<b>16</b>																						
	Reinsurers' share	<b>17</b>																						
	Claims management costs	<b>18</b>																						
Allocation to/(from) another risk category of anticipated surplus		<b>19</b>																						
Balance of the fund		<b>20</b>																						
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		<b>21</b>	1066																					1066
Provision for unearned premiums		<b>22</b>																						
Provision for unexpired risks		<b>23</b>																						
Deferred acquisition costs		<b>24</b>																						
Other technical provisions (particulars to be specified by way of supplementary note)		<b>25</b>																						
Total (21+22+23-24+25)		<b>29</b>	1066																					1066

**General insurance business (underwriting year accounting) : Analysis of technical provisions**

Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

**Total primary (direct) and facultative business**

Company registration number **15454** GL/UK/CM **GL** day month year **31 12 2005** Units **£000** Category number **002**

Underwriting year ended		Prior underwriting years		MM YY		MM YY		MM YY		MM YY		MM YY		MM YY		MM YY		MM YY		MM YY		Total all previous columns	
		29	29	12	96	12	97	12	98	12	99	12	00	12	01	12	02	12	03	12	04	12	05
Reported claims outstanding	Gross amount	11	1066																				1066
	Reinsurers' share	12																					
Claims incurred but not reported	Gross amount	13																					
	Reinsurers' share	14																					
Claims management costs		15																					
Adjustment for discounting	Gross amount	16																					
	Reinsurers' share	17																					
	Claims management costs	18																					
Allocation to/(from) another risk category of anticipated surplus		19																					
Balance of the fund		20																					
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		21	1066																				1066
Provision for unearned premiums		22																					
Provision for unexpired risks		23																					
Deferred acquisition costs		24																					
Other technical provisions (particulars to be specified by way of supplementary note)		25																					
Total (21+22+23-24+25)		29	1066																				1066



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

Name of insurer **The Prudential Assurance Company Limited**Currency **Hong Kong Dollar**

Global business

Reporting Territory **Overseas**Financial year ended **31 December 2005****Medical insurance**

Company registration number	GL/UK/CM	day month year	Monetary units	Category number	Currency code	Reporting territory code
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<b>R31</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>000</b>	<b>111</b>	<b>HKD</b>	<b>XX</b>
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Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			1	2	3	4	5	6	7	8	9	10	11
12	2005	<b>11</b>	4727	264		50454	3208	4623			58285	106807	54.6
12	2004	<b>12</b>	1376	44	36161	7335	581	122	2063	2535	3440	92418	47.8
12	2003	<b>13</b>											
12	2002	<b>14</b>											
12	2001	<b>15</b>											
12	2000	<b>16</b>											
12	1999	<b>17</b>											
12	1998	<b>18</b>											
12	1997	<b>19</b>											
12	1996	<b>20</b>											
Prior accident years		<b>21</b>											
Total (11 to 21)		<b>29</b>		308		57789	3789	4745	2063	2535	61725		
Line 29 expressed in sterling		<b>30</b>				4084	268	335	146	179	4362		

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

Name of insurer **The Prudential Assurance Company Limited**Currency **Hong Kong Dollar**

Global business

Reporting Territory **Overseas**Financial year ended **31 December 2005****Travel**

Company registration number	GL/UK/CM	day month year	Monetary units	Category number	Currency code	Reporting territory code
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<b>R31</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>000</b>	<b>113</b>	<b>HKD</b>	<b>XX</b>
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Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			1	2	3	4	5	6	7	8	9	10	11
12	2005	11	1568	210		2417	804	244			3465	14854	23.3
12	2004	12	843	89	2353	1162	286	85	841	1033	(341)	13235	29.4
12	2003	13											
12	2002	14											
12	2001	15											
12	2000	16											
12	1999	17											
12	1998	18											
12	1997	19											
12	1996	20											
Prior accident years		21											
Total (11 to 21)		29		299		3579	1090	329	841	1033	3124		
Line 29 expressed in sterling		30				253	77	23	59	73	221		

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

Name of insurer **The Prudential Assurance Company Limited**Currency **Hong Kong Dollar**

Global business

Reporting Territory **Overseas**Financial year ended **31 December 2005****Personal accident or sickness**

Company registration number	GL/UK/CM	day month year	Monetary units	Category number	Currency code	Reporting territory code
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<b>R31</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>000</b>	<b>114</b>	<b>HKD</b>	<b>XX</b>
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Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			1	2	3	4	5	6	7	8	9	10	11
12	2005	<b>11</b>	14040	855		12658	2628	1608			16894	58180	29.0
12	2004	<b>12</b>	3485	237	12528	3055	2338	665	3374	4148	(1464)	56511	32.9
12	2003	<b>13</b>	2291	238	40448	128	1308	329	1524	431	(190)	115856	36.4
12	2002	<b>14</b>	12349	83	41920	92	359	87	995	259	(716)	97641	43.5
12	2001	<b>15</b>	8394	4	34684		336	88	403	106	(85)	71389	49.2
12	2000	<b>16</b>	9856		23325	1			3	1	(3)	56613	41.2
12	1999	<b>17</b>	2079	1	16515				3	1	(4)	44597	37.0
12	1998	<b>18</b>	1392	1	11552		30	8	30	8		34501	33.6
12	1997	<b>19</b>	1015		5499							13279	41.4
12	1996	<b>20</b>											
Prior accident years		<b>21</b>		1			1		1				
Total (11 to 21)		<b>29</b>		1420		15934	7000	2785	6333	4954	14432		
Line 29 expressed in sterling		<b>30</b>				1126	495	197	448	350	1020		

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

Name of insurer **The Prudential Assurance Company Limited**Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**Financial year ended **31 December 2005****Primary (direct) and facultative household and domestic all risks**

Company registration number	GL/UK/CM	day month year	Monetary units	Category number	Currency code	Reporting territory code
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Accident year ended		Number of claims	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %		
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurring but not reported				Reported	Incurring but not reported
		1	2	3	4	5	6	7	8	9	10	11	
12	2005	11											
12	2004	12											
12	2003	13	57278	293	56983	3531	2720	1562	5912	3431	(1530)	118909	54.5
12	2002	14	173511	231	159796	2341	2009	823	4497	2610	(1934)	263415	62.6
12	2001	15	162856	121	143736	1483	1301	678	2367	1374	(278)	266534	55.2
12	2000	16	193572	65	173615	714	1360	521	1869	1085	(358)	267007	66.0
12	1999	17	195521	36	142185	391	602	300	906		388	267500	53.6
12	1998	18	224731	31	154230	677	1064	183	1086		838	265136	58.9
12	1997	19	212288	38	143097	112	412	68	731		(139)	258663	55.6
12	1996	20	202638	19	134670	280	216		396		99	256737	52.6
Prior accident years		21		29		481	286		929		(162)		
Total (11 to 21)		29		863		10010	9970	4136	18691	8500	(3075)		
Line 29 expressed in sterling		30				10010	9970	4136	18691	8500	(3075)		

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

Name of insurer **The Prudential Assurance Company Limited**Currency **Hong Kong Dollar**

Global business

Reporting Territory **Overseas**Financial year ended **31 December 2005****Primary (direct) and facultative household and domestic all risks**

Company registration number	GL/UK/CM	day month year	Monetary units	Category number	Currency code	Reporting territory code
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Accident year ended		Number of claims	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %		
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported				Reported	Incurred but not reported
		1	2	3	4	5	6	7	8	9	10	11	
12	2005	11	1526	483		4249	2788	799			7836	27417	28.6
12	2004	12	1445	177	4231	2064	469	123	3670	955	(1969)	27258	25.3
12	2003	13	1271	61	9138	13	120	33	597	213	(644)	42351	22.0
12	2002	14	855	30	10481	50	49	11	1426	436	(1752)	45299	23.4
12	2001	15	786		9122	15			54	12	(51)	41321	22.1
12	2000	16	538		5447							32743	16.6
12	1999	17	539	4	8133				34	7	(41)	27105	30.0
12	1998	18	469	1	5706				2		(2)	26568	21.5
12	1997	19	325		3399							14106	24.1
12	1996	20											
Prior accident years		21		2			5	1	1		5		
Total (11 to 21)		29		758		6391	3431	967	5784	1623	3382		
Line 29 expressed in sterling		30				452	242	68	409	115	239		

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

Name of insurer **The Prudential Assurance Company Limited**Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**Financial year ended **31 December 2005****Employers liability**

Company registration number	GL/UK/CM	day month year	Monetary units	Category number	Currency code	Reporting territory code
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<b>R31</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>000</b>	<b>271</b>	<b>GBP</b>	<b>AA</b>
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Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			1	2	3	4	5	6	7	8	9	10	11
12	2005	11											
12	2004	12											
12	2003	13											
12	2002	14											
12	2001	15											
12	2000	16											
12	1999	17											
12	1998	18											
12	1997	19											
12	1996	20											
Prior accident years		21		324		1755	9519	37168	4208	16904	27330		
Total (11 to 21)		29		324		1755	9519	37168	4208	16904	27330		
Line 29 expressed in sterling		30				1755	9519	37168	4208	16904	27330		

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

Name of insurer **The Prudential Assurance Company Limited**Currency **Hong Kong Dollar**

Global business

Reporting Territory **Overseas**Financial year ended **31 December 2005****Employers liability**

Company registration number	GL/UK/CM	day month year	Monetary units	Category number	Currency code	Reporting territory code
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<b>R31</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>000</b>	<b>271</b>	<b>HKD</b>	<b>XX</b>
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Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			1	2	3	4	5	6	7	8	9	10	11
12	2005	<b>11</b>	573	367		2436	5505	10749			18690	45501	41.1
12	2004	<b>12</b>	712	120	2807	6211	6604	2019	6128	8968	(262)	40118	44.0
12	2003	<b>13</b>	564	134	8399	6631	4144	1084	6523	2006	3330	43598	46.5
12	2002	<b>14</b>	835	36	10823	3493	4040	1056	3947	1040	3602	34404	56.4
12	2001	<b>15</b>	49	4	7720	3880	2694	705	3512	926	2841	22331	67.2
12	2000	<b>16</b>	545		9576	53			1		52	15455	62.3
12	1999	<b>17</b>	1198		5074				2	1	(3)	13488	37.6
12	1998	<b>18</b>	835		3555							14685	24.2
12	1997	<b>19</b>	416		3171							9201	34.5
12	1996	<b>20</b>											
Prior accident years		<b>21</b>							64	16	(80)		
Total (11 to 21)		<b>29</b>		661		22704	22987	15613	20177	12957	28170		
Line 29 expressed in sterling		<b>30</b>				1604	1624	1103	1426	916	1991		

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

Name of insurer **The Prudential Assurance Company Limited**Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**Financial year ended **31 December 2005****Public and products liability**

Company registration number	GL/UK/CM	day month year	Monetary units	Category number	Currency code	Reporting territory code
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<b>R31</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>000</b>	<b>273</b>	<b>GBP</b>	<b>AA</b>
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Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			1	2	3	4	5	6	7	8	9	10	11
12	2005	11											
12	2004	12											
12	2003	13											
12	2002	14											
12	2001	15											
12	2000	16											
12	1999	17											
12	1998	18											
12	1997	19											
12	1996	20											
Prior accident years		21		26		3279	10355	2492	2240	112	13774		
Total (11 to 21)		29		26		3279	10355	2492	2240	112	13774		
Line 29 expressed in sterling		30				3279	10355	2492	2240	112	13774		

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

Name of insurer **The Prudential Assurance Company Limited**Currency **Hong Kong Dollar**

Global business

Reporting Territory **Overseas**Financial year ended **31 December 2005****Public and products liability**

Company registration number	GL/UK/CM	day month year	Monetary units	Category number	Currency code	Reporting territory code
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<b>R31</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>000</b>	<b>273</b>	<b>HKD</b>	<b>XX</b>
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Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			1	2	3	4	5	6	7	8	9	10	11
12	2005	<b>11</b>	22	212		74	1556	2429			4059	9553	42.5
12	2004	<b>12</b>	35	101	36	231	2262	655	1255	2061	(168)	7911	40.2
12	2003	<b>13</b>											
12	2002	<b>14</b>											
12	2001	<b>15</b>											
12	2000	<b>16</b>											
12	1999	<b>17</b>											
12	1998	<b>18</b>											
12	1997	<b>19</b>											
12	1996	<b>20</b>											
Prior accident years		<b>21</b>											
Total (11 to 21)		<b>29</b>		313		305	3818	3084	1255	2061	3891		
Line 29 expressed in sterling		<b>30</b>				22	270	218	89	146	275		

**General insurance business (accident year accounting) : Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance**

Name of insurer **The Prudential Assurance Company Limited**

Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**

Financial year ended **31 December 2005**

Company registration number **R32** GL/UK/CM **GL** day month year **31 12 2005** Monetary units **000** Category number **121** Currency code **GBP** Reporting territory code **AA**

**Private motor - comprehensive**

Accident year ended		Number of claims	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %	Vehicle years (000's)	Claims frequency %		
Month	Year		Closed at some cost during this or previous years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurrred but not reported						Reported	Incurrred but not reported
		1	2	3	4	5	6	7	8	9	10	11	12	13	
12	2005	11													
12	2004	12													
12	2003	13	14102	154	13559	1037	1663	1895	2857	1517	221	28736	63.2	102	14.0
12	2002	14	36810	254	41474	2641	5249	2302	7987	4240	(2034)	74652	69.2	92	40.3
12	2001	15	38926	112	45236	1646	2269	1718	4285	2275	(928)	70393	72.3	229	17.0
12	2000	16	28400	42	34236	1066	865	813	2143	1137	(536)	45366	81.5	200	14.2
12	1999	17	24667	13	29971	509	217	217	795		148	34798	88.8	172	14.3
12	1998	18	21130	4	24737	17	14	3	40		(7)	30498	81.2	147	14.4
12	1997	19	21337		24318	3					3	32437	75.0	146	14.6
12	1996	20	22634	3	25730	27	81		236		(128)	37519	68.9	153	14.8
Prior accident years		21		5		85	6099		6359		(174)				
Total (11 to 21)		29		587		7030	16458	6946	24703	9169	(3437)				
Line 29 expressed in sterling		30				7030	16458	6946	24703	9169	(3437)				

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

Name of insurer **The Prudential Assurance Company Limited**Currency **Hong Kong Dollar**

Global business

Reporting Territory **Overseas**Financial year ended **31 December 2005**

Company registration number	GL/UK/CM	day	month	year	Monetary units	Category number	Currency code	Reporting territory code	
<b>R32</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>000</b>	<b>121</b>	<b>HKD</b>	<b>XX</b>

**Private motor - comprehensive**

Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8) 9	Gross earned premiums 10	Claims ratio % 11	Vehicle years (000's) 12	Claims frequency % 13
Month	Year		Closed at some cost during this or previous years 1	Reported claims outstanding 2	In previous financial years 3	In this financial year 4	Reported 5	Incurred but not reported 6	Reported 7	Incurred but not reported 8					
12	2005	<b>11</b>	56	49		1561	638	680			2879	15289	18.8	2	5.3
12	2004	<b>12</b>	53	20	1859	(110)	363	210	325	360	(222)	15569	14.9	3	2.4
12	2003	<b>13</b>	42	20	2339	382	326	115	701	307	(185)	12374	25.6	1	6.2
12	2002	<b>14</b>	67	3	1407		37	10	37	19	(9)	13027	11.2	1	7.0
12	2001	<b>15</b>	93	1	2783	(68)			32	8	(108)	12189	22.3	1	9.4
12	2000	<b>16</b>	98		2619							9885	26.5	1	9.8
12	1999	<b>17</b>	91		5201							9417	55.2	1	9.1
12	1998	<b>18</b>	93		1910							7791	24.5	1	9.3
12	1997	<b>19</b>	113		831							3397	24.5	1	11.3
12	1996	<b>20</b>													
Prior accident years		<b>21</b>													
Total (11 to 21)		<b>29</b>		93		1765	1364	1015	1095	694	2355				
Line 29 expressed in sterling		<b>30</b>				125	96	72	77	49	166				



**Equalisation provisions**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

		Business grouping A (property)	Business grouping B (business interruption)	Business grouping C (marine and aviation)	Business grouping D (nuclear)	Business grouping E (non- proportional treaty)	day month year			Units
							31	12	2005	£000
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>			
<b>Calculation of the maximum provision</b>										
Total net premiums written in the previous 4 years	<b>11</b>	63826								
Net premiums written in the current year	<b>12</b>	2672								
Maximum provision	<b>13</b>	2660						2660		

**Calculation of the transfer to/from the provision**

Equalisation provision brought forward	<b>21</b>							14018	
Transfers in	<b>22</b>	80						80	
Total abnormal loss	<b>23</b>								
Provisional transfers out	<b>24</b>								
Excess of provisional transfer out over fund available	<b>25</b>								
Provisional amount carried forward (21+22-24+25)	<b>26</b>							14098	
Excess, if any, of 26 over 13	<b>27</b>							11438	
Equalisation provision carried forward (26-27)	<b>28</b>							2660	
Transfer in/(out) for financial year (28-21)	<b>29</b>							(11358)	

**Equalisation provisions technical account : Accident year accounting**Name of insurer **The Prudential Assurance Company Limited**

Global business

Financial year ended **31 December 2005**

		Company registration number	GL/ UK/ CM	day month year			Units	
		<b>R38</b>	<b>15454</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
		Business grouping A (property)	Business grouping B (business interruption)	Business grouping C (marine and aviation)	Business grouping D (nuclear)		Business grouping E (non-proportional treaty)	
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		<b>5</b>	
<b>Other than credit business</b>								
Net premiums earned	<b>11</b>	2740						
Claims incurred net of reinsurance	<b>12</b>	437						
Trigger claims value	<b>13</b>	1987						
Abnormal loss	<b>19</b>							
Trigger claims ratio		72.5%	72.5%	95%	25%		100%	

**Credit business**

Net premiums earned	<b>21</b>	
Claims incurred net of reinsurance	<b>22</b>	
Claims management costs	<b>23</b>	
Net operating expenditure	<b>24</b>	
Technical surplus/(deficit) (21-22-23-24)	<b>29</b>	

## Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **10 Summary**  
 Financial year ended **31 December 2005**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11	4616762	4875733
Investment income receivable before deduction of tax	12	4030700	3919957
Increase (decrease) in the value of non-linked assets brought into the account	13	3082382	1597581
Increase (decrease) in the value of linked assets	14	1008631	441648
Other income	15	59165	40272
<b>Total income</b>	<b>19</b>	<b>12797640</b>	<b>10875191</b>

**Expenditure**

Claims incurred	21	7894537	7519569
Expenses payable	22	1376900	1462912
Interest payable before the deduction of tax	23	71314	58145
Taxation	24	160994	215553
Other expenditure	25	52838	22246
Transfer to (from) non technical account	26	208207	198407
<b>Total expenditure</b>	<b>29</b>	<b>9764789</b>	<b>9476832</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	3032851	1398359
Fund brought forward	49	70562427	68950758
Fund carried forward (39+49)	59	73595278	70349117

## Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **21 Scottish Amicable Insurance Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11	345661	388668
Investment income receivable before deduction of tax	12	677414	659859
Increase (decrease) in the value of non-linked assets brought into the account	13	640158	444253
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>	<b>1663233</b>	<b>1492780</b>

**Expenditure**

Claims incurred	21	1319491	1294599
Expenses payable	22	8315	94797
Interest payable before the deduction of tax	23	9799	8648
Taxation	24	55115	46086
Other expenditure	25	21076	14080
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>1413794</b>	<b>1458210</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	249439	34570
Fund brought forward	49	11671836	11637266
Fund carried forward (39+49)	59	11921275	11671836

## Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **22 With-Profits Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11	2320428	2419585
Investment income receivable before deduction of tax	12	3041138	2970427
Increase (decrease) in the value of non-linked assets brought into the account	13	2355424	1108956
Increase (decrease) in the value of linked assets	14		
Other income	15	25374	14352
<b>Total income</b>	<b>19</b>	<b>7742363</b>	<b>6513320</b>

**Expenditure**

Claims incurred	21	5400610	5317877
Expenses payable	22	758477	676057
Interest payable before the deduction of tax	23	57344	48353
Taxation	24	166535	178697
Other expenditure	25		
Transfer to (from) non technical account	26	222673	198407
<b>Total expenditure</b>	<b>29</b>	<b>6605638</b>	<b>6419391</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1136726	93929
Fund brought forward	49	50209192	49935939
Fund carried forward (39+49)	59	51345918	50029868

## Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **23 Defined Charge Participating Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11	325641	380558
Investment income receivable before deduction of tax	12	23430	14342
Increase (decrease) in the value of non-linked assets brought into the account	13	46714	15023
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>	<b>395786</b>	<b>409923</b>

**Expenditure**

Claims incurred	21	49336	22213
Expenses payable	22	(1604)	1782
Interest payable before the deduction of tax	23		
Taxation	24	2059	1395
Other expenditure	25	12355	
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>62146</b>	<b>25390</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	333640	384533
Fund brought forward	49	809492	408998
Fund carried forward (39+49)	59	1143132	793531

## Long-term insurance business : Revenue account

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **31 Non-Profit Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11	1625032	1686922
Investment income receivable before deduction of tax	12	288718	275329
Increase (decrease) in the value of non-linked assets brought into the account	13	40086	29349
Increase (decrease) in the value of linked assets	14	1008631	441648
Other income	15	33791	25920
<b>Total income</b>	<b>19</b>	<b>2996258</b>	<b>2459168</b>

**Expenditure**

Claims incurred	21	1125100	884880
Expenses payable	22	611712	690276
Interest payable before the deduction of tax	23	4172	1144
Taxation	24	(62714)	(10625)
Other expenditure	25	19407	8166
Transfer to (from) non technical account	26	(14466)	
<b>Total expenditure</b>	<b>29</b>	<b>1683211</b>	<b>1573841</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1313047	885327
Fund brought forward	49	7871907	6968555
Fund carried forward (39+49)	59	9184954	7853882

## Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **10 Summary**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11	787015	1072239	387760	2247014	2374037
Single premiums	12	1576297	1929006	624413	4129716	4001889

**Reinsurance - external**

Regular premiums	13	37313	43672	15334	96319	80136
Single premiums	14		26291		26291	20359

**Reinsurance - intra-group**

Regular premiums	15		50426		50426	99189
Single premiums	16	649668	937264		1586932	1300509

**Net of reinsurance**

Regular premiums	17	749702	978141	372426	2100269	2194712
Single premiums	18	926629	965451	624413	2516493	2681021

**Total**

Gross	19	2363312	3001245	1012173	6376730	6375926
Reinsurance	20	686981	1057653	15334	1759968	1500193
Net	21	1676331	1943592	996839	4616762	4875733

## Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **21 Scottish Amicable Insurance Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11	207591	93297		300888	375739
Single premiums	12	32	44990		45022	76444

**Reinsurance - external**

Regular premiums	13	123	126		249	270
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15					39615
Single premiums	16					23630

**Net of reinsurance**

Regular premiums	17	207468	93171		300639	335854
Single premiums	18	32	44990		45022	52814

**Total**

Gross	19	207623	138287		345910	452183
Reinsurance	20	123	126		249	63515
Net	21	207500	138161		345661	388668

## Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **22 With-Profits Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11	458429	794414	285890	1538733	1584630
Single premiums	12	93737	1358450	284731	1736918	1655074

**Reinsurance - external**

Regular premiums	13	22567	20714	6093	49374	44215
Single premiums	14		684		684	1162

**Reinsurance - intra-group**

Regular premiums	15		31096		31096	34553
Single premiums	16	6746	867323		874069	740189

**Net of reinsurance**

Regular premiums	17	435862	742604	279797	1458263	1505862
Single premiums	18	86991	490443	284731	862165	913723

**Total**

Gross	19	552166	2152864	570621	3275651	3239704
Reinsurance	20	29313	919817	6093	955223	820119
Net	21	522853	1233047	564528	2320428	2419585

## Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **23 Defined Charge Participating Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11				
Single premiums	12		325641	325641	380558

**Reinsurance - external**

Regular premiums	13				
Single premiums	14				

**Reinsurance - intra-group**

Regular premiums	15				
Single premiums	16				

**Net of reinsurance**

Regular premiums	17				
Single premiums	18		325641	325641	380558

**Total**

Gross	19		325641	325641	380558
Reinsurance	20				
Net	21		325641	325641	380558

## Long-term insurance business : Analysis of premiums

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **31 Non-Profit Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11	120995	184528	101870	407393	413668
Single premiums	12	1482528	525566	14041	2022135	1889813

**Reinsurance - external**

Regular premiums	13	14623	22832	9241	46696	35651
Single premiums	14		25607		25607	19197

**Reinsurance - intra-group**

Regular premiums	15		19330		19330	25021
Single premiums	16	642922	69941		712863	536690

**Net of reinsurance**

Regular premiums	17	106372	142366	92629	341367	352996
Single premiums	18	839606	430018	14041	1283665	1333926

**Total**

Gross	19	1603523	710094	115911	2429528	2303481
Reinsurance	20	657545	137710	9241	804496	616559
Net	21	945978	572384	106670	1625032	1686922

## Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **10 Summary**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11	802580	102220	47750	952550	643104
Disability periodic payments	12	2648		997	3645	4477
Surrender or partial surrender	13	2693325	1683117	101291	4477733	4528103
Annuity payments	14	6147	901565	2100	909812	743154
Lump sums on maturity	15	1103115	1427586	13400	2544101	2561044
<b>Total</b>	<b>16</b>	<b>4607815</b>	<b>4114488</b>	<b>165538</b>	<b>8887841</b>	<b>8479882</b>

**Reinsurance - external**

Death or disability lump sums	21	17155	68	5819	23042	23042
Disability periodic payments	22	243		89	332	
Surrender or partial surrender	23	26901	4679		31580	31580
Annuity payments	24					
Lump sums on maturity	25	259	818		1077	1077
<b>Total</b>	<b>26</b>	<b>44558</b>	<b>5565</b>	<b>5908</b>	<b>56031</b>	<b>55699</b>

**Reinsurance - intra-group**

Death or disability lump sums	31	10365	1807		12172	44286
Disability periodic payments	32					
Surrender or partial surrender	33	150454	44002		194456	193815
Annuity payments	34		697230		697230	557097
Lump sums on maturity	35		33415		33415	109417
<b>Total</b>	<b>36</b>	<b>160819</b>	<b>776454</b>		<b>937273</b>	<b>904615</b>

**Net of reinsurance**

Death or disability lump sums	41	775060	100345	41931	917336	575776
Disability periodic payments	42	2405		908	3313	4477
Surrender or partial surrender	43	2515970	1634436	101291	4251697	4302708
Annuity payments	44	6147	204335	2100	212582	186057
Lump sums on maturity	45	1102856	1393353	13400	2509609	2450550
<b>Total</b>	<b>46</b>	<b>4402438</b>	<b>3332469</b>	<b>159630</b>	<b>7894537</b>	<b>7519568</b>

## Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **21 Scottish Amicable Insurance Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11	37020	17501		54521	56189
Disability periodic payments	12	210			210	
Surrender or partial surrender	13	241567	535180		776747	886105
Annuity payments	14		50556		50556	51323
Lump sums on maturity	15	379048	58409		437457	394207
<b>Total</b>	<b>16</b>	<b>657845</b>	<b>661646</b>		<b>1319491</b>	<b>1387824</b>

**Reinsurance - external**

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
<b>Total</b>	<b>26</b>					

**Reinsurance - intra-group**

Death or disability lump sums	31					4602
Disability periodic payments	32					
Surrender or partial surrender	33					60145
Annuity payments	34					12
Lump sums on maturity	35					28467
<b>Total</b>	<b>36</b>					<b>93226</b>

**Net of reinsurance**

Death or disability lump sums	41	37020	17501		54521	51587
Disability periodic payments	42	210			210	
Surrender or partial surrender	43	241567	535180		776747	825960
Annuity payments	44		50556		50556	51311
Lump sums on maturity	45	379048	58409		437457	365740
<b>Total</b>	<b>46</b>	<b>657845</b>	<b>661646</b>		<b>1319491</b>	<b>1294598</b>

## Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **22 With-Profits Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11	406274	75454	29931	511659	484709
Disability periodic payments	12	353			353	682
Surrender or partial surrender	13	2098007	762348	30913	2891268	2903705
Annuity payments	14	6147	752586	2100	760833	610196
Lump sums on maturity	15	721547	1242188	13400	1977135	1968552
<b>Total</b>	<b>16</b>	<b>3232328</b>	<b>2832576</b>	<b>76345</b>	<b>6141249</b>	<b>5967844</b>

**Reinsurance - external**

Death or disability lump sums	21	16920	11	2404	19335	19335
Disability periodic payments	22					
Surrender or partial surrender	23	177	1362		1539	1539
Annuity payments	24					
Lump sums on maturity	25	259	572		831	831
<b>Total</b>	<b>26</b>	<b>17356</b>	<b>1945</b>	<b>2404</b>	<b>21705</b>	<b>21705</b>

**Reinsurance - intra-group**

Death or disability lump sums	31		733		733	12432
Disability periodic payments	32					
Surrender or partial surrender	33	2109	13498		15607	38285
Annuity payments	34		672055		672055	531222
Lump sums on maturity	35		30539		30539	46323
<b>Total</b>	<b>36</b>	<b>2109</b>	<b>716825</b>		<b>718934</b>	<b>628262</b>

**Net of reinsurance**

Death or disability lump sums	41	389354	74710	27528	491592	452942
Disability periodic payments	42	353			353	682
Surrender or partial surrender	43	2095721	747488	30913	2874122	2863881
Annuity payments	44	6147	80531	2100	88778	78974
Lump sums on maturity	45	721288	1211077	13400	1945765	1921398
<b>Total</b>	<b>46</b>	<b>3212863</b>	<b>2113806</b>	<b>73941</b>	<b>5400610</b>	<b>5317877</b>

## Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **23 Defined Charge Participating Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11		1216	1216	6992
Disability periodic payments	12				
Surrender or partial surrender	13		48120	48120	15221
Annuity payments	14				
Lump sums on maturity	15				
<b>Total</b>	<b>16</b>		<b>49336</b>	<b>49336</b>	<b>22213</b>

**Reinsurance - external**

Death or disability lump sums	21				
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24				
Lump sums on maturity	25				
<b>Total</b>	<b>26</b>				

**Reinsurance - intra-group**

Death or disability lump sums	31				
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34				
Lump sums on maturity	35				
<b>Total</b>	<b>36</b>				

**Net of reinsurance**

Death or disability lump sums	41		1216	1216	6992
Disability periodic payments	42				
Surrender or partial surrender	43		48120	48120	15221
Annuity payments	44				
Lump sums on maturity	45				
<b>Total</b>	<b>46</b>		<b>49336</b>	<b>49336</b>	<b>22213</b>

## Long-term insurance business : Analysis of claims

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **31 Non-Profit Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11	359286	9265	16602	385153	95214
Disability periodic payments	12	2085		997	3082	3795
Surrender or partial surrender	13	353751	385589	22258	761598	723072
Annuity payments	14		98423		98423	81635
Lump sums on maturity	15	2520	126989		129509	198285
<b>Total</b>	<b>16</b>	<b>717642</b>	<b>620266</b>	<b>39857</b>	<b>1377765</b>	<b>1102001</b>

**Reinsurance - external**

Death or disability lump sums	21	235	57	3415	3707	3707
Disability periodic payments	22	243		89	332	
Surrender or partial surrender	23	26724	3317		30041	30041
Annuity payments	24					
Lump sums on maturity	25		246		246	246
<b>Total</b>	<b>26</b>	<b>27202</b>	<b>3620</b>	<b>3504</b>	<b>34326</b>	<b>33994</b>

**Reinsurance - intra-group**

Death or disability lump sums	31	10365	1074		11439	27252
Disability periodic payments	32					
Surrender or partial surrender	33	148345	30504		178849	95385
Annuity payments	34		25175		25175	25863
Lump sums on maturity	35		2876		2876	34627
<b>Total</b>	<b>36</b>	<b>158710</b>	<b>59629</b>		<b>218339</b>	<b>183127</b>

**Net of reinsurance**

Death or disability lump sums	41	348686	8134	13187	370007	64255
Disability periodic payments	42	1842		908	2750	3795
Surrender or partial surrender	43	178682	351768	22258	552708	597646
Annuity payments	44		73248		73248	55772
Lump sums on maturity	45	2520	123867		126387	163412
<b>Total</b>	<b>46</b>	<b>531730</b>	<b>557017</b>	<b>36353</b>	<b>1125100</b>	<b>884880</b>

## Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **10 Summary**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11	464832	1233	52261	518325	609370
Commission - other	12	11560	12181	20219	43960	42790
Management - acquisition	13	106372	83130	28431	217934	189766
Management - maintenance	14	155542	363933	16508	535984	598814
Management - other	15	27773	50449	(2899)	75323	48516
<b>Total</b>	<b>16</b>	<b>766080</b>	<b>510926</b>	<b>114520</b>	<b>1391526</b>	<b>1489256</b>

**Reinsurance - external**

Commission - acquisition	21	4	29	758	791	8165
Commission - other	22	19	104	1939	2062	2187
Management - acquisition	23			57	57	89
Management - maintenance	24			20	20	23
Management - other	25					
<b>Total</b>	<b>26</b>	<b>23</b>	<b>133</b>	<b>2775</b>	<b>2931</b>	<b>10464</b>

**Reinsurance - intra-group**

Commission - acquisition	31		748		748	876
Commission - other	32		2171		2171	2661
Management - acquisition	33	993	3803		4795	7105
Management - maintenance	34	281	3700		3981	5238
Management - other	35					
<b>Total</b>	<b>36</b>	<b>1274</b>	<b>10422</b>		<b>11696</b>	<b>15880</b>

**Net of reinsurance**

Commission - acquisition	41	464828	456	51503	516786	600329
Commission - other	42	11542	9905	18280	39727	37942
Management - acquisition	43	105379	79328	28374	213081	182572
Management - maintenance	44	155262	360233	16488	531983	593553
Management - other	45	27773	50449	(2899)	75323	48516
<b>Total</b>	<b>46</b>	<b>764783</b>	<b>500371</b>	<b>111746</b>	<b>1376900</b>	<b>1462912</b>

## Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **21 Scottish Amicable Insurance Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11	5	2791		2796	3752
Commission - other	12	3407	2414		5821	5721
Management - acquisition	13	2	1151		1153	1042
Management - maintenance	14	(35884)	30465		(5419)	84248
Management - other	15	1214	2756		3970	34
<b>Total</b>	<b>16</b>	<b>(31256)</b>	<b>39576</b>		<b>8321</b>	<b>94797</b>

**Reinsurance - external**

Commission - acquisition	21					
Commission - other	22	2	4		6	
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>	<b>2</b>	<b>4</b>		<b>6</b>	

**Reinsurance - intra-group**

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>					

**Net of reinsurance**

Commission - acquisition	41	5	2791		2796	3752
Commission - other	42	3405	2410		5815	5721
Management - acquisition	43	2	1151		1153	1042
Management - maintenance	44	(35884)	30465		(5419)	84248
Management - other	45	1214	2756		3970	34
<b>Total</b>	<b>46</b>	<b>(31258)</b>	<b>39572</b>		<b>8315</b>	<b>94797</b>

## Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **22 With-Profits Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11	24683	(9737)	38378	53325	76164
Commission - other	12	5271	5031	12491	22793	22270
Management - acquisition	13	24678	45629	23210	93516	93330
Management - maintenance	14	206827	316071	13823	536721	450343
Management - other	15	19095	34533	62	53689	43056
<b>Total</b>	<b>16</b>	<b>280554</b>	<b>391526</b>	<b>87963</b>	<b>760044</b>	<b>685163</b>

**Reinsurance - external**

Commission - acquisition	21			321	321	7695
Commission - other	22	2		1174	1176	1307
Management - acquisition	23			50	50	82
Management - maintenance	24			19	19	22
Management - other	25					
<b>Total</b>	<b>26</b>	<b>2</b>		<b>1565</b>	<b>1567</b>	<b>9106</b>

**Reinsurance - intra-group**

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>					

**Net of reinsurance**

Commission - acquisition	41	24683	(9737)	38057	53003	68469
Commission - other	42	5269	5031	11317	21616	20963
Management - acquisition	43	24678	45629	23160	93466	93248
Management - maintenance	44	206827	316071	13803	536702	450321
Management - other	45	19095	34533	62	53689	43056
<b>Total</b>	<b>46</b>	<b>280552</b>	<b>391526</b>	<b>86398</b>	<b>758477</b>	<b>676057</b>

## Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **23 Defined Charge Participating Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11		6	6	11
Commission - other	12		444	444	199
Management - acquisition	13				
Management - maintenance	14		907	907	1252
Management - other	15		(2961)	(2961)	320
<b>Total</b>	<b>16</b>		<b>(1604)</b>	<b>(1604)</b>	<b>1782</b>

**Reinsurance - external**

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
<b>Total</b>	<b>26</b>				

**Reinsurance - intra-group**

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
<b>Total</b>	<b>36</b>				

**Net of reinsurance**

Commission - acquisition	41		6	6	11
Commission - other	42		444	444	199
Management - acquisition	43				
Management - maintenance	44		907	907	1252
Management - other	45		(2961)	(2961)	320
<b>Total</b>	<b>46</b>		<b>(1604)</b>	<b>(1604)</b>	<b>1782</b>

## Long-term insurance business : Analysis of expenses

Name of insurer **The Prudential Assurance Company Limited**  
 Total business / subfund **31 Non-Profit Sub-Fund**  
 Financial year ended **31 December 2005**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11	440144	8178	13877	462199	529443
Commission - other	12	2882	4736	7284	14903	14600
Management - acquisition	13	81692	36350	5222	123265	95394
Management - maintenance	14	(15401)	17398	1779	3776	62971
Management - other	15	7464	13161		20624	5106
<b>Total</b>	<b>16</b>	<b>516781</b>	<b>79823</b>	<b>28162</b>	<b>624766</b>	<b>707514</b>

**Reinsurance - external**

Commission - acquisition	21	4	29	437	470	470
Commission - other	22	15	100	765	880	880
Management - acquisition	23			7	7	7
Management - maintenance	24			1	1	1
Management - other	25					
<b>Total</b>	<b>26</b>	<b>19</b>	<b>129</b>	<b>1210</b>	<b>1358</b>	<b>1358</b>

**Reinsurance - intra-group**

Commission - acquisition	31		748		748	876
Commission - other	32		2171		2171	2661
Management - acquisition	33	993	3803		4795	7105
Management - maintenance	34	281	3700		3981	5238
Management - other	35					
<b>Total</b>	<b>36</b>	<b>1274</b>	<b>10422</b>		<b>11696</b>	<b>15880</b>

**Net of reinsurance**

Commission - acquisition	41	440139	7401	13440	460981	528097
Commission - other	42	2867	2465	6519	11851	11059
Management - acquisition	43	80700	32548	5214	118462	88282
Management - maintenance	44	(15681)	13697	1778	(206)	57732
Management - other	45	7464	13161		20624	5106
<b>Total</b>	<b>46</b>	<b>515489</b>	<b>69272</b>	<b>26952</b>	<b>611712</b>	<b>690276</b>

## Long-term insurance business : Linked funds balance sheet

Name of insurer **The Prudential Assurance Company Limited**  
 Total business  
 Financial year ended **31 December 2005**  
 Units **£000**

Financial year	Previous year
1	2

## Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	1902991	
Directly held assets in collective investment schemes of connected companies	12	5115222	
Directly held assets in other collective investment schemes	13	172042	
<b>Total assets (excluding cross investment) (11+12+ 13)</b>	<b>14</b>	<b>7190255</b>	
Provision for tax on unrealised capital gains	15	11468	
Secured and unsecured loans	16		
Other liabilities	17	5363	
<b>Total net assets (14-15-16-17)</b>	<b>18</b>	<b>7173424</b>	

## Directly held linked assets

Value of directly held linked assets	21	83079	
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## Total

Value of directly held linked assets and units held (18+21)	31	7256503	
Surplus units	32	1805	
Deficit units	33		
<b>Net unit liability (31-32+33)</b>	<b>34</b>	<b>7254698</b>	

**Long-term insurance business : Revenue account for internal linked funds**

Name of insurer **The Prudential Assurance Company Limited**  
 Total business  
 Financial year ended **31 December 2005**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Value of total creation of units	11	456850	543155
Investment income attributable to the funds before deduction of tax	12	192220	164734
Increase (decrease) in the value of investments in the financial year	13	989475	407053
Other income	14		
<b>Total income</b>	<b>19</b>	<b>1638545</b>	<b>1114942</b>

**Expenditure**

Value of total cancellation of units	21	716118	611429
Charges for management	22	46098	30304
Charges in respect of tax on investment income	23	20909	17022
Taxation on realised capital gains	24	49995	15903
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	2728	(995)
Other expenditure	26		
<b>Total expenditure</b>	<b>29</b>	<b>835848</b>	<b>673663</b>

Increase (decrease) in funds in financial year (19-29)	39	802697	441279
Internal linked fund brought forward	49	6370727	5922454
Internal linked funds carried forward (39+49)	59	7173424	6363733

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Year ended 31 December 2005

## Supplementary Notes to the Forms

### APPENDIX 9.1

#### \*0101\* Waivers modifying the Accounts and Statements rules

#### Section 68 (Insurance Companies Act 1982) Orders modifying 1996 Regulation provisions continued under transitional arrangements

The Financial Services Authority has used its powers under section 156(2) of the Financial Services and Markets Act 2000 to allow waivers granted under section 68 of the Insurance Companies Act 1982 to continue without the need for companies to request a waiver under the Financial Services and Markets Act 2000.

(906) An Order modifying The Insurance Companies (Accounts and Statements) Regulations 1996 was issued on 16 January 1997 by the Secretary of State with the consent of the Company. The Order permits the Company when completing Forms 20 to 34 to include premiums relating to business accepted in the Netherlands net of local cessions for accident or underwriting years from 1984 to 1995. The section 68 Order under the Insurance Companies Act 1982 continues to have effect under the transitional arrangements set out in the Supervision manual. The Insurance Companies (Accounts and Statements) Regulations 1996 has now been replaced by the Interim Prudential Sourcebook for Insurers and the Integrated Prudential Sourcebook.

(826) The Treasury issued to the Company in February 1999 an Order under section 68 of the Insurance Companies Act 1982 modifying the provisions of Regulation 13 of The Insurance Companies (Accounts and Statements) Regulations 1996 so that the Company is not required to submit a Form 31 in respect of the business written through its Dutch branch in the years 1976 to 1979. The section 68 Order under the Insurance Companies Act 1982 continues to have effect under the transitional arrangements set out in the Supervision manual. Regulation 13 of The Insurance Companies (Accounts and Statements) Regulation 1996 has been replaced by Rule 9.19 of the Interim Prudential Sourcebook for Insurers.

#### Application of Section 148 Waiver

(333971) The FSA, on the application of the Company, made a direction under section 148 of the Financial Services and Markets Act 2000 in November 2004. The effect of the direction is to reduce the level of detail reported in Forms 23, 24, 25, 31 and 32 (by showing all business as written in prior years), and to exclude Forms 26, 27, 28, 29, 34, 37, 38 and 39, in the Company's return to the FSA, in respect of the Company's UK Commercial lines general insurance business, which has been in run off since 31 December 1992. The direction ends on 31 October 2007.

#### \*0201\* Application of Section 148 Waivers

(350961) The FSA, on the application of the Company, made a direction under section 148 of the Financial Services and Markets Act 2000 in December 2004 for the period 31 December 2004 to 30 September 2005. The effect of the direction is to allow the firm to not apply paragraphs (2) and (3) of PRU 4.3.36R to the stock lending transactions entered into between the firm and Euroclear Bank SA/NV, which are made pursuant to the Euroclear Bank Securities Lending and Borrowing Program.

(350964) The FSA, on the application of the Company, made a direction under section 148 of the Financial Services and Markets Act 2000 in December 2004 for the period 31 December 2004 to 30 September 2005. On expiry this waiver was replaced by waiver 493578 in June 2005 for the period 1 October 2005 to 30 September 2006.

The effect of these directions is to modify paragraph (2) PRU 4.3.36R to state the following:-

(2) the counterparty is an authorised person, an approved counterparty, a person registered as a broker-dealer with the US Securities and Exchange Commission or a bank, or a branch of a bank, supervised and authorised to deal in investments as principal with respect to over-the-counter derivatives by at least one of the following federal US banking supervisory authorities being the Office of the Comptroller of the Currency, the Federal Deposit insurance Corporation, the Federal Reserve and the Office of Thrift Supervision.

(487335) The FSA, on the application of the Company, made a direction under section 148 of the Financial Services and Markets Act 2000 in July 2005 for the period 13 July 2005 to 31 March 2006. The effect of the direction is to modify rules PRU 4.3.38R, PRU 4.3.40R and PRU 4.3.41R on what is considered adequate and sufficiently immediate for cash collateral and the conditions for a letter of credit.

(350789) The FSA made a direction in December 2004 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to permit the firm, when calculating the group capital resources requirement, to modify the treatment of the long-term life and health liabilities incurred by Prudential Life Assurance Company Limited of Taiwan on or before 31 December 2002 in respect of voluntary discontinuance and valuation rates of interest.

(350792) The FSA issued to the firm in December 2004 a direction under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to permit the firm, when calculating the group capital resources requirement, to modify the treatment of the term, increasing term, cancer, endowment and whole-life insurance liabilities of Prudential Life Insurance Company Limited of Japan, incurred on or before 31 December 2002 in respect of voluntary discontinuance.

(534493) The FSA, on the application of the firms, issued to the firms in November 2005 a direction under section 148 of FSMA 2000. The effect of the direction is to enable the Prudential Assurance Company and Prudential Holborn Life Limited to contract to pay benefits under linked long term contracts related to the PHL Prudential Property (Unit Linked) Life Fund which are themselves determined, either wholly or partly, by reference to units in the M&G Property Portfolio.

\*0301\* Reconciliation of net assets to total capital resources

	2005 £000
Total assets per Form 13 (other than long-term business) line 89	867,670
Total assets per Form 13 (long-term business) line 89	99,192,948
Less: the sum of lines 11, 12 and 49 in Form 14	77,478,833
Less: liabilities per Form 15 line 69	201,702
Add: assets backing the capital resource requirements of dependants	1,075,035
Add: preference shares	1,000
Net assets per Form 3 line 79	23,456,118

\*0305\* Details of other financing arrangements

Not included in lines 91 to 95 is an arrangement with Swiss Re Life and Health Limited to provide financing for Mortgage Protection contracts. The amount to be repaid is a proportion of each premium received in respect of this business. The payment of a proportion of each future premium to the reinsurer has been allowed for when calculating the mathematical reserves.

If a policy lapses then a further repayment equal to the amount of any intermediary commission clawback due also becomes payable.

\*0308\* Nature of outstanding contingent loans

Included in line 94 is a contingent liability that arises from a contingent loan arrangement with European Reinsurance Company of Zurich and is linked to the performance of unit linked business originally written by M&G Life Assurance Company Limited and M&G Pensions and Annuity Company Limited ("ex-M&G unit linked business"). These contracts were transferred to Scottish Amicable Life plc on 28 December 2000 and then to the Non-Par Sub Fund of The Prudential Assurance Company Limited ("PAC") on 31 December 2002.

The contingent loan allows PAC to take advantage of certain future margins, which are expected to arise on ex-M&G unit linked business, when calculating statutory solvency. The contingent loan is repayable as certain future margins emerge. The emergence of future margins would be adversely affected by increased lapse rates and adverse mortality experience.

The contingent loan arrangement was entered into on 30 December 2004 and replaced a reinsurance treaty that was refinanced and replaced on the same day. The reinsurance treaty that was refinanced and replaced on 30 December 2004 was also linked to the emergence of future margins on the same ex-M&G unit linked business.

Under the terms of the contingent loan arrangement and based on performance of ex-M&G unit linked business in 2005, £7.0m of the loan has become due for repayment on 31 March 2006 (£25.0m was repaid on 31 March 2005). The repayable amount is not included in line 94, as it is no longer contingent at the year end. It is included in Other Creditors (line 38, form 14).

The £18.0m (2004: £25m) of the initial loan that remains contingent upon future margins has been included in line 94 as financial engineering.

The commutation value of this arrangement is £18.0m (2004 £25.0m).

Also included in line 94 is a contingent liability that arises from a contingent loan arrangement with Prudential Finance (UK) Plc and is linked to the performance of the non-profit sub-fund with the exception of policies issued prior to 28 December 2000 by M&G Pensions.

The contingent loan allows PAC to take advantage of certain future margins, which are expected to arise on the business, when calculating statutory solvency. The contingent loan is repayable as certain future margins emerge. The emergence of future margins would be adversely affected by increased lapse rates and adverse mortality experience.

The contingent loan arrangement was entered into on 22 December 2005.

The £20.0m of the initial loan that remains contingent upon future margins has been included in line 94 as financial engineering.

The commutation value of this arrangement is £20.0m

\*0310\* Details of valuation differences

<u>Other than long-term</u>	2005 £'000
Negative valuation differences in respect of liabilities where valuation in PRU is higher than the firm uses for external reporting purposes being: - Provision for reasonably foreseeable adverse variations (form 15 line 61) see note 1501	(22,051)
Negative valuation differences in respect of assets where valuation in PRU is lower than the firm uses for external reporting purposes being: - Unpaid share capital	(34,000)
Positive valuation differences in respect of liabilities where valuation in PRU is lower than the firm uses for external reporting purposes being:- Pension deficit funding net of tax – see note 1507	24,500
Total line 35 column 1	<u>(31,551)</u>

<u>Long-term</u>	2005 £'000
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Positive valuation differences in respect of liabilities where valuation in PRU is lower than the firm uses for external reporting purposes being: - Deferred tax on accounts deferred acquisition costs	40,894
Deferred tax on additional reserves and financial reengineering	28,578
Pension deficit funding net of tax – see note 1405	163,800
Difference in valuation basis for actuarial liabilities	10,698,317
Creditors in respect of contingent loans	38,019
Negative valuation differences in respect of assets where valuation in PRU is lower than the firm uses for external reporting purposes being:- Securities not readily realisable	(599)
Total line 14 column 2	<u>10,969,009</u>

\*1301\* Aggregate value of certain investments

The other than long-term business fund held units of beneficial interest in collective investment schemes with an aggregate value of £39m. There are no unlisted investments, no listed investments which are not readily realisable, and no reversionary interests or remainders in property other than land or buildings in the other than long-term funds.

\*1302\* Aggregate value of hybrid securities

The aggregate value of hybrid securities is nil for the other than long-term business fund.

\*1304\* Use of set off

Amounts have been set off to the extent permitted by generally accepted accounting principles.

\*1305\* Counterparty limits

Under the Company's investment guidelines, the maximum permitted exposure to any one counterparty is set at 5% of the business amount, with the exception of short-term deposits with approved credit institutions, where the limit for any one institution is 20%. The 5% limit for the other than long-term fund has not been exceeded other than the balance with the holding company Prudential plc which exceeded 5% of the business amount on a number of occasions during the year. The largest balance outstanding was at the start of the year (£177m).

\*1306\* Exposure at the year end to large counterparties

There were no exposures in excess of 5% of the relevant business amount within the other than long-term business fund at the year-end.

\*1307\* Secured Obligations

No secured obligations were held by the other than long-term fund.

\*1308\* Aggregate value of certain investments

The long-term business fund held unlisted investments with an aggregate value of £1,966m and units of beneficial interest in collective investment schemes with an aggregate value of £717m. There are no listed investments which are not readily realisable, and no reversionary interests or remainders in property other than land or buildings in either the long-term or other than long-term funds.

\*1309\* Aggregate value of hybrid securities

The aggregate value of hybrid securities is £3,470m for the long-term business fund.

\*1310\* Use of set off

Amounts have been set off to the extent permitted by generally accepted accounting principles.

\*1311\* Counterparty limits

Under the Company's investment guidelines, the maximum permitted exposure to any one counterparty is set at 5% of the business amount, with the exception of short-term deposits with approved credit institutions, where the limit for any one institution is 20%. During the year the 5% limit for the long-term fund was not exceeded.

\*1312\* Exposure at the year end to large counterparties

There were no exposures in excess of 5% of the relevant business amount within the long-term business fund at the year-end.

\*1313\* Secured Obligations

At the year-end the Company's long-term business fund had £20.5m of secured obligations to which Para 14 of part 1 of Appendix 4.2 applies.

\*1314\* Tangible lease assets

No tangible lease assets are included for the other than long-term business fund.

\*1316\* Tangible lease assets

No tangible lease assets are included for the long-term business fund.

\*1318\* Particulars of other assets adjustments

The amount in line 100 is made up of the following:

Other than long-term assets inadmissible assets:	
	£'000
Paintings	975
Unpaid share capital	34,000
Total Line 100 (Other than long-term)	<u>34,975</u>

Long-term inadmissible assets:	
	£'000
Goodwill	209,673
Commission paid in advance	1,602
Premiums outstanding for more than 3 months	3,396
Debt due after 12 months	644
Inadmissible sundry debtors	2,815
Long-term assets netted off with liabilities	(2,314)
Total Line 100 (Long-term)	<u>215,816</u>

\*1319\* Acquisition of Scottish Amicable Life Assurance Society

In 1997 the business of Scottish Amicable Life Assurance Society (SALAS) was transferred to the Company. In effecting the transfer, a separate sub-fund, the Scottish Amicable Insurance Fund (SAIF) was established within the Company's long-term fund. This sub-fund contains all the with-profits business and all other pension business that was transferred from SALAS and is closed to new business. As separate assets are managed for SAIF, separate Forms 13, 14 and 17 have been prepared for that fund.

The Non-Profit Sub-Fund of the other long-term PAC funds contributed £185m to the purchase cost of SALAS in respect of expected expense synergies. This amount was treated as an asset of a type not valued and included in Form 13 line 95 of the 1997 Return. £160m of this amount represented the value of an agreement with a fellow subsidiary company for the use of Scottish Amicable and Prudential trademarks which is being amortised in the shareholder accounts over a period of 20 years to 30 September 2017 on a basis consistent with the revenue stream from the agreement. Under this basis, the amortisation commenced in the year 2000, when the benefits from the agreement first arose. The remaining £25m related to the estimated net present value of income from current service agreements and is being amortised in the shareholder accounts from 1 January 1998 over a period of 10 years. Accordingly in the 2005 Return, Form 13 line 100 includes the unamortised balance of £133m.

The other than long-term business fund contributed £489.3m to the purchase cost via the Non-Profit Sub-Fund. Admissible assets, after revaluation, of £113.6m were treated as surplus carried forward in the fund and the balance of £375.7m was written off in Form 40 in 1997. In the shareholder accounts, £13.8m of the contribution related to the value of a service agreement which is being

amortised on the same basis as the trademarks agreement described above. In addition, goodwill of £328m was recognised which is being amortised from 1 January 1998 over a period of 10 years. Accordingly Form 16, which corresponds to the Company's non-technical account, includes £32.8m in respect of this amortisation (although in the admissible assets reconciliation, and the long-term business Form 13 line 100 of the 2005 Return includes the unamortised balance of £77m.

\*1320\* Total Other Than Long Term Business Assets Analysis of derivative contracts

Form 17 has been submitted in blank, as no such contracts were used.

\*1401\* Provision for "reasonably foreseeable adverse variations"

No provision has been made for reasonably foreseeable adverse variations as all contracts are strictly covered by assets.

\*1402\* Long-term charges, contingent liabilities and guarantees

- a) There were no charges over assets.  
The Company has adopted the provisions of Financial Reporting Standard 19 - Deferred Tax. Full provision has been made.
- b) The ordinary long-term business fund held a provision of £1m for potential tax on capital gains in respect of linked business in the ordinary long-term business fund, in line 11 of Form 14. Provision of £2,021m for tax on capital gains in respect of other long-term business has been included in line 21 of Form 14, including £212m in respect of SAIF. These provisions have been determined in accordance with the procedures outlined in paragraph 3 of the Valuation Report in Appendix 9.4 of this Return. The actual provisions and the maximum potential tax are the same.
- c) The Company has contingent liabilities in respect of insurance and other agreements entered into in the normal course of business and in respect of litigation arising therefrom.
- d) The Company has guaranteed up to £1m (2004: £17m) of a £100m loan issued by the Royal Bank of Scotland to Pension Advisors Support Systems (PASS) to assist independent financial advisors with their review of pension transfers and opt outs.
- e) For guaranteed annuity products sold in the UK, the Company held a provision of £52m at December 31 2005, (2004: £49m), within the With-Profits Sub-Fund to honour guarantees on these products. The Company's main exposure to guaranteed annuities in the UK is through SAIF and a provision of £789m was held in SAIF at 31 December 2005, (2004: £648m) to honour annuity and other guarantees.
- f) Inherited Estate in the With-Profits Sub-Fund.  
The long-term fund contains the amount that the Company expects to pay out to meet its obligations to existing policyholders and an additional amount used as working capital. The amount payable over time to policyholders from the With-Profits Sub-Fund is equal to the policyholders' accumulated asset shares plus any additional payments that may be required for smoothing or to meet guarantees. The balance of the assets of the With-Profits Sub-Fund is

called the 'inherited estate' and represents the major part of the working capital of Prudential's long-term fund which enables the Company to support with-profits business by:

- providing the benefits associated with smoothing and guarantees;
- providing investment flexibility for the fund's assets;
- meeting the regulatory capital requirements, which demonstrate solvency;
- absorbing the costs of significant events, or fundamental changes in its long-term business without affecting bonus and investment policies.

The size of the inherited estate fluctuates from year to year depending on the investment return and the extent to which it has been required to meet smoothing costs, guarantees and other events.

The Company believes that it would be beneficial if there were greater clarity as to the status of the inherited estate. In due course only after discussions with the FSA, the Company may therefore take steps to achieve that clarity, whether through guidance from the court or otherwise. In any event the Company expects that the entire inherited estate will need to be retained within the long-term fund for the foreseeable future to provide working capital and so it is not considering any distribution of the inherited estate to policyholders and shareholders.

The costs associated with the mis-selling review of Prudential's with-profits personal pensions have been met from the inherited estate. Accordingly, these costs have not been charged to the asset shares used in the determination of policyholder bonus rates. Hence policyholders' pay-out values have been unaffected by personal pension mis-selling.

In 1998, Prudential stated that deducting personal pensions mis-selling costs from the inherited estate of the With-Profits Sub-Fund would not impact the Company's bonus or investment policy. The Company gave an assurance that if this unlikely event were to occur, it would make available support to the fund from shareholder resources for as long as the situation continued, to ensure that policyholders were not disadvantaged.

The assurance was designed to protect both existing policyholders at the date it was announced, and policyholders who subsequently purchased policies while the pension mis-selling review was continuing. This review was completed on 30 June 2002 and consequently the assurance has not applied to new business issued since 1 January 2004. Therefore the maximum amount of capital support available under the terms of the assurance will reduce over time as claims are paid on the policies covered by it.

- g) In common with several other UK insurance companies, the Company used to sell low-cost endowment products related to repayment of residential mortgages. At sale, the initial sum assured is set at a level such that the projected benefits, including an estimate of the annual bonus receivable over the life of the policy, will equal or exceed the mortgage debt. Because of a decrease in expected future investment returns since these products were sold, the FSA is concerned that the maturity value of some of these products will be less than the mortgage debt. The FSA has worked with insurance companies to devise a programme whereby the companies write to customers indicating whether they may have a possible shortfall and outline the actions that the customers can take to prevent this possibility.

The Company is exposed to mortgage endowment products in respect of policies issued by Scottish Amicable Life plc (SAL) and policies issued by Scottish Amicable Life Assurance Society (SALAS) and transferred into the Scottish Amicable Insurance Fund (SAIF). Provisions of £12 million in the non-profit sub-fund and £108 million in SAIF were held at 31 December 2005 to cover potential compensation in respect of mortgage endowment product mis-selling claims. As SAIF is a separate sub-fund of the Company's long-term business fund, this provision has no impact on shareholders.

In addition, the Company's main with-profits fund paid compensation of £24 million in respect of mortgage endowment products mis-selling claims in the year ended 31 December 2005 and held a provision of £144 million at 31 December 2005, in respect of further compensation. This provision has no impact on the Company's profit before tax.

- h) Contingent liabilities arise in connection with financial reinsurance arrangement described in note 0308 and the Guarantee noted in item (d) above. The total of these is £39m.
- i) There are no other fundamental uncertainties.
- j) There are no other guarantees, indemnities or other contractual commitments effected, other than in the ordinary course of its insurance business, or in respect of related companies.

\*1405\* Particulars of other adjustments

The amount in line 74 is made up of the following:	£000
Difference in valuation basis for actuarial liabilities	10,698,317
Pension deficit funding net of tax (note 1)	163,800
Creditors in respect of contingent loan	38,019
Deferred tax on additional reserves and financial reengineering	28,578
Long-term liabilities netted off with assets	(2,314)
Total Line 74	<u>10,926,400</u>

Note 1 - The pensions deficit in the statutory accounts is the actual pensions deficit for the Company's main schemes. The amount provided for in the FSA returns is the deficit reduction amount i.e. the additional funding (net of tax) that will be required to be paid into that scheme by the firm over the following five year period for the purpose of reducing the firm's defined benefit liability.

\*1406\* Provision for deferred tax

The provision for deferred tax on line 21 was negative for the Non-Profit Sub-Fund. However overall the balance for the long-term fund was a liability. A right of set off exists with the counterparty and the disclosure is considered appropriate. Reclassification of the provision as an asset would have incorrectly grossed up forms 13 and 14 and created a reconciling difference with the financial statements.

\*1407\* Taxation creditor

The taxation creditor on line 37 was negative for the Non-Profit Sub-Fund. However overall the balance for the long-term fund was a liability. A right of set off exists with the counterparty and the disclosure is considered appropriate. Reclassification of the provision as an asset would have incorrectly grossed up forms 13 and 14 and created a reconciling difference with the financial statements.

\*1501\* Provision for "reasonably foreseeable adverse variations"

A provision of £22m has been made for reasonably foreseeable adverse variations on two swap contracts.

\*1502\* Other than long-term charges, contingent liabilities and guarantees

- a) There were no charges over assets.
- b) The potential tax on capital gains in respect of the other than long-term business assets shown on Form 13 is nil.

- c) Under the terms of the Company's arrangements with the Prudential Group's main UK bank, the bank has a right of set-off between credit balances (other than those of long-term business funds) and all overdrawn balances of those group undertakings with similar arrangements. The Company also has contingent liabilities in respect of insurance and other agreements entered into in the normal course of business and in respect of litigation arising therefrom.
- d) Provisions in respect of the costs associated with the pensions mis-selling review have been included in the long-term technical provision. The directors believe that, based on current information, the pension mis-selling provision, together with future investment return on the assets backing the provision, will be adequate to cover the costs of pension mis-selling as well as the costs and expenses of the Company's pension review unit established to identify and settle such cases. The calculation of the pension mis-selling provision is dependent upon a number of assumptions and requirements provided by the FSA. The costs associated with the pensions mis-selling review have been met from the inherited estate. Given the strength of the with-profits fund, the directors believe that charging the costs to the inherited estate will not have an adverse effect on the level of bonuses paid to policyholders or on their reasonable expectations. In the unlikely event of this proving not to be the case, an appropriate contribution to the with-profits fund would be made from the shareholders' funds.
- e) There are no other fundamental uncertainties.

\*1503\* Dividend on Cumulative Preference Shares

A dividend on cumulative preference shares of £26,994 had accrued at 31 December 2005.

\*1504\* Deficit in valuation of insurance undertakings

An amount of £13,243k has been included in line 22 of Form 15 in respect of a deficit on the valuation of certain overseas insurance undertakings.

\*1507\* Particulars of other adjustments

The amount in line 83 is made up of the following:	£000
Provision for reasonably foreseeable adverse variations	(22,051)
Deficit in overseas subsidiary	(13,243)
Preference shares	(1,000)
Pension deficit funding (note 1)	24,500
Total Line 83	<u>(11,794)</u>

Note 1 - In respect of the Company's main pension schemes there has been no provision in these returns for any deficits impacting the shareholders fund. For the Prudential Staff Pension Scheme the shareholders element of the deficit is being met by the holding company. In respect of the Scottish Amicable Pension Scheme, as at the last valuation date (1 April 2005) the scheme actuaries decided that no additional contributions were required, and on that basis there was no "deficit funding amount" to be included in these returns.

\*1601\* Basis of foreign currency conversion

Foreign currency revenue transactions have generally been translated at average exchange rates for the year.

\*1602\* Restatement of brought forward balances

Brought forward balances in the Return denominated in foreign currencies have been retranslated at 2005 rates of exchange.

\*1603\* Other income and charges

	2005 £000	2004 £000
Other long-term business profits	58,160	(18,331)
Amortisation of goodwill	(32,800)	(32,800)
Amortisation of licence fee	(552)	(552)
Transfer in respect of closure provision for Operations in run-off	(10,734)	2,705
Corporate expenditure	(65)	(319)
St James' Place income	479	-
Commission on sale of general insurance products	1,808	-
Release of LAHC provision	2,845	-
Profit on the sale of the Company's investment in Life Assurance Holding Corporation Limited	-	9,967
Other items	505	335
Total	<u>19,646</u>	<u>(38,995)</u>

Other long-term business profits relate to profits that are retained within the long-term business fund.

Goodwill of £328m arose on the purchase of Scottish Amicable Life Assurance Society and is being amortised from 1 January 1998 over a period of 10 years.

Operations in run-off include the former UK general insurance broker and commercial, London Market, marine and aviation and overseas agencies business which the Company ceased writing between 1990 and 1992, and the UK general insurance personal lines business. There is a contingency within other creditors in respect of these operations.

\*1701\* Variation margins

No excess variation margin has been received. A variation margin of £14m has been included in line 38 of Form 14 of the long-term business fund. No variation margin is included in respect of the other than long-term business fund.

## APPENDIX 9.2

### \*20Aa\* Details of risk categories

No contracts of insurance were allocated under Rule 9.14B.

### \*20Ab\* Death or injury to passenger risk categories

No such contracts were entered into.

### \*20Ac\* Business allocated to categories 187, 223, 400 & 700

Risk category 187 relates to credit card products with the following features:

Death benefit – cash payment equivalent to the outstanding balance of nominated credit card up to a maximum amount if the insured cardholder dies while the policy is still in force.

Temporary total disability benefit – monthly cash payment equivalent to 10% of the outstanding card balance, up to 10 months.

Unemployment benefit - monthly cash payment equivalent to 10% of the outstanding card balance, up to 6 months.

### \*20Ae\* Amount of facultative business included under category 002

All business included under category 002 relates to direct business.

### \*20Af\* Amounts reported under categories 113, 274 & 343

All business within category 113 has arisen from business falling within classes 1 and 2 (Accident and Health).

\*20Ag\* Gross premiums written attributable to home foreign or overseas business

Category	No.	Gross premiums Written (£000)		Total
		UK	Overseas <sup>1</sup>	
Medical Insurance	111		7,882	7,882
Healthcare cash plans	112		30	30
Travel	113		1,146	1,146
Personal accident or sickness	114		4,282	4,282
Private motor – comprehensive	121	(2)	1,113	1,111
Private motor – non-comprehensive	122		286	286
House and domestic all risks	160	(57)	1,939	1,882
Other personal financial loss	187		565	565
Commercial vehicle (non-fleet)	222		88	88
Commercial property	261		825	825
Consequential loss	262		98	98
Contractors or engineering all risks	263		28	28
Employers liability	271		3,258	3,258
Professional indemnity	272		27	27
Public and products liability	273		689	689
Fidelity and contract guarantee	281		110	110
Total primary and facultative goods in transit	350		234	234
Total		(59)	22,600	22,541

1. All overseas business is written and carried on in Hong Kong.

\*2005\* Other technical income or charges

The other technical income at line 16 of Form 20 is brokerage commission income earned by referring business to other insurers.

\*2007\* Material connected party transactions

The payment of the three 2005 interim dividends of £198m, £85m and £100m to the holding company (Prudential plc).

The increase in share capital (£129m) of the wholly owned subsidiary Prudential Retirement Income Limited

The increase in share capital (£40m) of the wholly owned subsidiary Prudential Pensions Limited

The increase in share capital (£8m) of the Joint Venture in Prudential Healthcare Limited in which PAC has a 50% shareholding.

The increase in share capital (£1m) of the wholly owned subsidiary Prudential Lifetime Mortgages Limited

The increase in the Company's ordinary share capital of £119m and preference share capital of £68m.

\*2102\* Provision for unearned premiums

Unearned premiums continue to be calculated on a daily basis to give a strict day by day apportionment.

\*2103\* Differences between Forms 21 and Forms 13 and 15

The net provision for unearned premium in Forms 13 and 15 differs from Form 21 by £566k due to the balance sheet and revenue account being translated at different rates of exchange.

\*2202\* Claims management expenses

Claims management expenses comprise internal and external costs directly attributable to claims negotiation and settlement and indirect costs incurred in respect of maintaining a claims settlement function. Other costs are included in operating expenses. Claims management expenses carried forward are based on the level of outstanding claims. The expense ratios applied to outstanding claims are determined separately for motor and non-motor accounting classes. Lower ratios are applied to the reported outstanding claims to allow for claims expenses, which have already been paid on these claims.

\*2204\* Acquisition expenses

Acquisition costs comprise fixed and variable costs arising from the completion of an insurance contract including commission, sales related bonuses, initial processing costs, underwriting costs, marketing costs and a proportion of customer servicing costs based on time allocation. Other overhead costs are included in administrative expenses. Acquisition costs are deferred and released on a 24th's basis to approximate the method used to recognise earned premiums.

\*2402\* Underwriting year accounting

Underwriting year accounting is used for Marine hull and Primary (direct) and facultative goods in transit business. This business is long-tail as there may be a long delay between the occurrence and notification of these types of claims. Business reported in the return on an underwriting year basis is in run-off.

\*2404\* Claims management expenses

There are no claims management expenses carried forward in respect of underwriting year basis business. This is due to the low level of outstanding claims for this business. There is a closure provision, which will absorb any future claims management expenses.

\*2600\* Analysis of net claims and premiums

This Form has been omitted because all entries would be blank.

\*2700\* Analysis of gross claims and premiums

This Form has been omitted because all entries would be blank.

## APPENDIX 9.3

### \*4002\* Other income and expenditure in the long-term business revenue accounts (£000)

	WPSF	NPSF	SAIF	DCPSF	Summary
<b>Other income</b>					
Transfer in respect of support assets	21,076				21,076
Cost of capital charges received from another group company	3,978				3,978
Annual management charge received from DCPSF		12,355			12,355
Rebate from the fund manager	320	1,436			1,756
Contingent loan receipt		20,000			20,000
<b>Total</b>	<b>25,374</b>	<b>33,791</b>	<b>-</b>	<b>-</b>	<b>59,165</b>
<b>Other expenditure</b>					
Transfer in respect of support assets			21,076		21,076
Annual management charge paid to the NPSF				12,355	12,355
Annual management charge paid to another group company		11,290			11,290
Financial reassurance payment		8,117			8,117
<b>Total</b>	<b>-</b>	<b>19,407</b>	<b>21,076</b>	<b>12,355</b>	<b>52,838</b>

Notes:

1. The transfer in respect of support assets reflects 1% of the Capital Support Fund paid by SAIF to the With-Profits Sub-Fund.

### \*4006\* Apportionment of income and expenses of the long-term business

The Company's long-term business fund comprises four separately managed sub-funds, namely the Scottish Amicable Insurance Fund (SAIF), Defined Charge Participating Sub-Fund (DCPSF), With-Profits Sub-Fund (WPSF) and Non-Profit Sub-Fund (NPSF), with separate pools of assets.

#### 1 Scottish Amicable Insurance Fund

- a) Investment income is determined by the assets held.
- b) The increase or decrease in the value of assets is determined by the assets held.
- c) Expenses are charged in accordance with the provisions under the Scheme of Transfer.
- d) The tax charge is determined on the equivalent of a mutual office basis as provided under the Scheme of Transfer.

#### 2&3 Defined Charge Participating Sub-Fund and Non-Profit Sub-Fund

- a) Investment income is determined by the assets held.
- b) Expenses which are incurred directly are charged to the revenue account. In addition for the Non-Profit Sub-Fund other expenses are allocated having regard to such measures as business volumes or time spent as considered necessary.
- c) The tax charge is incurred directly and charged to the revenue account.

#### 4 With-Profits Sub-Fund

- a) A single pool of assets is maintained in respect of the With-Profits Sub-Fund which comprises three separate elements, these being the ordinary (other), ordinary (pensions) and industrial business. Investment income and investment expenses are apportioned between the three elements of the fund on a mean fund basis.
- b) The increase or decrease in value of non-linked assets brought into account by way of transfer from investment and revaluation reserves and allocated to the ordinary (other), ordinary (pensions) and industrial business elements is apportioned so as to maintain reasonable compatibility in the amounts payable to the respective policyholders.
- c) Expenses (except investment expenses which are apportioned on a mean fund basis) which are incurred directly for the purpose of an element of the fund are allocated to that element. Other expenses are allocated having regard to such measures as business volumes or time spent as considered appropriate.
- d) The tax charge is allocated directly to the three elements of the fund to the extent that the charge can be separately identified. The balance of the charge is apportioned using a mean fund basis or a derivative thereof.

#### \*4008\* Statement on provision of management services

- a) The Company was provided with management services by M&G Investment Management Limited, PPM Capital Limited, Prudential Services Limited, Prudential UK Services Limited, St Helen's Trust Limited, Prudential Property Investments Managers Limited, PPM America Inc and PAM Singapore.
- b) The Company seconded employees to provide management and other services throughout the year to Prudential Pensions Limited, Prudential Holborn Life Limited, Prudential (AN) Limited (formerly Prudential Holborn Pensions Limited), Prudential Annuities Limited, Prudential Pensions Administration Limited, Prudential Retirement Income Limited, Prudential Healthcare Limited, Prudential Lifetime Mortgages Limited and Prudential Distribution Limited.

All the companies mentioned above are subsidiaries or fellow subsidiaries of the Company.

#### \*4301\* Endowment mis-selling insurance refund and provision

Line 44 of the Scottish Amicable Insurance Fund form 43 column 1 includes an amount of £30.6m in respect of an insurance refund in respect of mortgage endowment misselling. Also included in this line is the removal of an accounting provision of £27.2m for endowment mis-selling as this is now included in the mathematical reserves on line 11 of form 14.

#### \*4302\* Reinsurance commission

Line 41 of the With-Profits Form 43 column 2 includes an amount of £14.7m in respect of reinsurance commission for business reinsured to another group company.

\*4303\* VAT Provision

Line 45 of the Defined Charge Participating sub-fund Form 43 column 3 includes an amount of £2.1m in respect of the release of a VAT provision which is no longer required and a refund of investment management expenses of £2.3m .

\*4304\* Endowment mis-selling insurance refund and provision

Line 44 of the Non-Profit Sub-fund form 43 column 1 includes an amount of £10.1m in respect of an insurance refund in respect of mortgage endowment misselling. Also included in this line is the removal of an accounting provision of £7.0m for endowment mis-selling as this is now included in the mathematical reserves on line 11 of form 14.

\*4401\* Basis of valuation of assets

The assets have principally been valued at middle-market price. Funds closed to new business have been valued on a bid basis.

*The following notes relate to forms which are included in a separate document 'Annual FSA Insurance Returns for the year ended 31 December 2005 Volume 2 (Forms 46-60)'.*

**\*4702\*** Approximations used on Form 47

For protection policies that can include

- term and decreasing term assurance and
- accelerated or stand-alone critical illness insurance by guaranteed or reviewable premiums

the split of number of contracts and amount of premium for product codes 325 to 355 is estimated from the data for in force policies.

For individual pensions on Form 52 other than those sold direct to customers (codes 525 and 530) and on Form 53 (codes 725 and 730) the split of premiums between new policies and increments to existing policies is estimated from the data for in force policies.

**\*4802\*** Assets where the payment of interest is in default

There are 8 assets in the WPSF and 4 in SAIF where the payment of interest is in default. The expected interest from these assets has been reduced to nil.

**\*4803\*** Securities that may be redeemed over a period

Where securities may be redeemed over a period at the option of the guarantor or issuer, and they are valued "above par" they have been classified on the assumption that they will be redeemed at the earliest possible date. Where they are valued "below par" they have been classified on the basis that they will be redeemed at the latest possible date.

**\*4806\*** Non-linked Assets

The returns shown in column 5 are those arising on the following asset portfolios:

WPSF

Line no. & portfolio for the sub-fund

21 - Property portfolio

22, 23 & 24 - Fixed interest portfolio

25 - UK equity portfolio

26 - Overseas equity portfolio

27 - Weighted average by market value of the UK equity and overseas equity portfolios

28 - Weighted average by market value of the alternative assets, cash and other assets portfolios

29 - Overall return on the main WPSF with-profits portfolio

## SAIF

- 21 - Property portfolio
- 22, 23 & 24 - Fixed interest portfolio
- 25 - UK equity portfolio
- 26 - Overseas equity portfolio
- 27 - Weighted average by market value of the UK equity and overseas equity portfolios
- 28 - Weighted average by market value of the alternative assets and cash portfolios
- 29 - Overall return on the SAIF with-profits portfolio

## DCPSF

- 21 - Property portfolio
- 22, 23 & 24 - Fixed interest portfolio
- 26 & 27 - Overseas equity portfolio
- 29 - Overall return on the DCPSF euro fund

### \*4807\* Non-linked Assets

The returns shown in lines 32 and 33 column 5 are before investment costs and, for the WPSF and SAIF, exclude any allocation to asset shares arising from surplus on non-profit business.

### \*4901\* Credit rating agency used on Form 49

Credit ratings used on Form 49 are the lowest of three external rating agencies, namely Fitch, Standard & Poor's and Moody's.

### \*4902\* Credit risk adjustments on Form 49

The credit risk adjustment for fixed interest investments in Form 49 is calculated at an individual stock level from the derived default rate distribution, reduced by the expected recovery, as described in section 4. (3) of Appendix 9.4. Additional checks for prudence are made at fixed interest portfolio level that cannot be reflected in the format of Form 49.

### \*5101\* Number of group schemes for which there is no member count

Product Code	Product description	Number of schemes
165	Conventional deferred annuity with-profits	38
175	Group conventional deferred annuity with-profits	4,324
390	Deferred annuity non-profit	2,085
415	Collective life	2

### \*5102\* Approximations used in estimating the number of policyholders on Form 51

For non-profit pension annuities and purchased life annuities retained in PAC, the number of policyholders was split between those two groups in line with the split of benefits obtained from historical information.

\*5104\* Approximations used in apportioning between product codes on Form 51

For protection policies that can include

- term and decreasing term assurance
- accelerated or stand-alone critical illness insurance by guaranteed or reviewable premiums
- income protection insurance by guaranteed or reviewable premiums
- annual office premiums are estimated from the reinsurance premiums. Mathematical reserves are then estimated from this split of office premiums.

Some reserves for outstanding terminal bonus and additional reserves were apportioned between product codes by base mathematical reserves.

\*5201\* Number of group schemes for which there is no member count

Product Code	Product description	Number of schemes
535	Group money purchase pensions UWP	115

\*5301\* Number of group schemes for which there is no member count

Product Code	Product description	Number of schemes
735	Group money purchase pensions property linked	699
755	Trustee investment plan	148

\*5304\* Approximations used on Form 53

For M&G Personal Security policies included in product codes 700 and 710, the current death benefit and the other liabilities are split in proportion to the value of units.

\*5801\* Other bonuses

Line 44 of the With-Profits Sub-Fund Form 58 includes the cost of final (terminal) bonus in the following year on conventional with-profits whole life and endowment assurances in the ordinary and industrial branches and on conventional with-profits deferred annuities. These bonuses are declared out of surplus arising at the valuation date and not declared in anticipation of surplus arising subsequently.

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Year ended 31 December 2005

## Statement of information pursuant to Rule 9.25 of the Interim Prudential Sourcebook for Insurers

Rule 9.25: Additional information on general insurance business major treaty reinsurers

	<u>Type of Reinsurance</u>	<u>Premiums Payable (£000)</u>	<u>Amount due to Company (£000)</u>	<u>Anticipated Recovery from Reinsurer (£000)</u>
Royal Bank of Scotland Plc 280 Bishopsgate London EC2M 4RB	Proportional	(59)	-	-
Swiss Reinsurance Co Ltd 6107-8 Central Plaza 18 Harbour Road Wanchai Hong Kong	Proportional	94	-	-
China Intl Reinsurance Co (HK) Ltd 29A United Centre 95 Queensway Admiralty Hong Kong	Proportional	207	-	-
	Non-Proportional	190		
The Toa Reinsurance Co Ltd Room 801 8 <sup>th</sup> Floor, Admiralty Centre, Tower 1 18 Harbour Road Hong Kong	Proportional	239	-	-
	Non-Proportional	239		
AXA Re Asia Pacific PTE Ltd 152 Beach Road #27-01 Gateway East Singapore 189721	Proportional	187	-	-
	Non-Proportional	249		
Hannover Ruckversicherungs-AG Karl-Wiechert-Allee 50 D-30625 Hannover Germany	Non-Proportional	18	-	-
Sompo Japan Reinsurance Co. Ltd. Room 1908 Lincoln House, Taikoo Place 979 King's Road, Island East Hong Kong	Proportional	70	-	-
	Non-Proportional	22		

	<u>Type of Reinsurance</u>	<u>Premiums Payable (£000)</u>	<u>Amount due to Company (£000)</u>	<u>Anticipated Recovery from Reinsurer (£000)</u>
European Specialty Reinsurance (Ireland) Limited 2 <sup>nd</sup> Floor 12/13 Exchange Place IFSC Dublin 1 Ireland	Proportional	544	-	-
Cassie Centrale De Reassurance 31, Rue De Courcelles Paris - France	Proportional Non-Proportional	95 115	-	-
Harbour King Limited Unit A2, 12/F Guangdong Investment Tower 148 Connaught Road Central Hong Kong	Proportional	1,282	-	-
Federal Insurance Company 24/F Harcourt House 39 Gloucester Road, Wanchai Hong Kong	Proportional	190	-	-
Synergy Healthcare Ltd. Unit 309 Citicorp Centre 18 Whitfield Road Causeway Bay Hong Kong	Proportional	25	-	-
Ming An Insurance (HK) Co Ltd. 18/F Ming An Plaza 8 Sunning Road, Causeway Bay Hong Kong	Proportional	147	-	-
SCOR Reinsurance Co (Asia) Ltd Rm. 1603-1606 Shui On Centre 6-8 Harbour Rd, Wanchai Hong Kong	Proportional Non-Proportional	44 6	-	-
GE Frankona Reinsurance A/S Suite 1004-9, 10/F, CITIC Tower 1 Tim Mei Avenue, Central Hong Kong	Non-Proportional	185	-	-

Notes:

1. Premiums include amounts payable to companies connected with the reinsurer.
2. The Company was not connected at any time in the year with any of the above reinsurers.
3. No deposits were received from any of the above reinsurers.

# **THE PRUDENTIAL ASSURANCE COMPANY LIMITED**

**Year ended 31 December 2005**

## **Statement of information pursuant to Rule 9.26 of the Interim Prudential Sourcebook for Insurers**

Rule 9.26: Additional information on general insurance business major facultative reinsurers

The Company had no major facultative reinsurers in the year.

## **Statement of information pursuant to Rule 9.27 of the Interim Prudential Sourcebook for Insurers**

Rule 9.27: Information on general insurance business major reinsurance cedants

The Company had no major cedants in the year.

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Year ended 31 December 2005

## Statement required by Rule 9.29 of the Integrated Prudential Sourcebook

### Additional information on derivative contracts

(a) Investment guidelines

As requested by Rule 9.29 of the Integrated Prudential Sourcebook, the investment guidelines for the use of derivative contracts in the long-term fund are set out below. These are fully explained in the Company's Investment Management Agreement with its fund managers and are consistent with the investment strategy.

- (i) Derivatives are used for the purpose of efficient portfolio management or to reduce risk, specific examples being to implement tactical asset allocation changes around the strategic benchmark, hedge cash flows, or control the risk profile of an identified strategy.
- (ii) A number of restrictions on the use of derivatives have been agreed with the Company's fund managers and can only be overruled by prior agreement between the two parties:
  - all derivatives that impose obligations on the fund must be strictly covered.
  - all derivative contracts must satisfy the definition of approved under the Integrated Prudential Sourcebook.
  - the maximum allowable exposure to counterparties should not be exceeded.
  - only certain permitted exchanges and contracts can be used.
- (iii) The Company has used a number of derivative instruments; principally exchange traded futures and options, over the counter swaps (including total return swaps), options, swaptions, warrants and currency forwards. The Company has also used redeemable convertible corporate bonds. These bonds have not been categorised as derivative contracts as the derivative element is minimal and have therefore not been reported on form 17. The total value of these bonds on the long-term form 13 is £321m

(b) Derivatives where exercise is unlikely.

There are no specific guidelines for the use of contracts not reasonably likely to be exercised. However the Investment Management Agreement only allows the use of derivatives for the purpose of efficient portfolio management or to reduce risk and the Company's investment managers work within these constraints.

### Long-term funds

The fund continues to hold receiver swaptions to partially hedge the guaranteed annuity liabilities of the ring fenced Scottish Amicable Insurance Fund. The position pays out if long term interest rates continue to fall. However long dated rates are expected to rise and exercise by the fund is considered unlikely.

### Other than long-term funds

During 2005 no such contracts were issued.

- (c) Quantification of derivatives in (b) above.

### Long-term funds

The largest exposure during the year to call options was (£18m). There was no put option exposure during the year in question.

- (d) Effect on form 13 at 31 December 2005 of exercising derivatives where it would be prudent to assume options would be exercised. Decreases are shown in brackets.

### Long-term funds

### Other than long-term funds

Form 13 line 11;	(£440m)	Form 13 line 81;	(£22m)
Form 13 line 45;	(£986m)		
Form 13 line 41;	£1,469m		
Form 13 line 44;	(£102m)		
Form 13 line 54/55/81;	(£96m)		

- (e) Effect on form 13 at 31 December 2005 of exercising all derivatives. Decreases are shown in brackets.

### Long-term funds

### Other than long-term funds

Form 13 line 11;	(£440m)	Form 13 line 81;	(£22m)
Form 13 line 45;	(£986m)		
Form 13 line 41;	£1,476m		
Form 13 line 44;	(£130m)		
Form 13 line 54/55/81;	(£103m)		

- (f) Effect on form 13 under the conditions noted in (d) and (e) above at any other time during the year. Decreases are shown in brackets.

Conditions noted in (d)

<u>Long-term funds</u>		<u>Other than long-term funds</u>
Form 13 line 11;	(£100m)	Form 13 line 81; (£22m)
Form 13 line 41;	£244m	
Form 13 line 44;	(£474m)	
Form 13 line 45;	(£2,101m)	
Form 13 line 54/55/81;	£1,005m	
Form 13 line 78;	£30m	

Conditions noted in (e)

<u>Long-term funds</u>		<u>Other than long-term funds</u>
Form 13 line 11;	(£100m)	Form 13 line 81; (£22m)
Form 13 line 41;	£252m	
Form 13 line 44;	(£553m)	
Form 13 line 45;	(£2,101m)	
Form 13 line 54/55/81;	£992m	
Form 13 line 78;	£30m	

The above figures are the maximum impact on the individual line items of exercising derivatives at any time during the year. The maximum impacts for each line will not necessarily occur on the same day.

- (g) Maximum exposure.

Long-term funds

The maximum loss which would have been incurred by the Company on the failure by any one counterparty to fulfil its obligations under derivative contracts at the end of the year was £151m.

Under foreseeable market conditions this would increase to £295m. The maximum loss at any other time during the year would have been £392m.

- (h) Derivatives not covered by the definition of a permitted derivative contract in the Integrated Prudential Sourcebook.

Long-term funds

No such derivatives were held.

Other than long-term funds

There were two uncovered swaps that created a provision for adverse changes at the end of the year of £22m. The maximum provision during the year would have been £22m.

- (i) Consideration for granting rights under derivative contracts

Long-term funds

The total consideration received for granting rights under derivative contracts totalled £3m.

Other than long-term funds

No rights under derivatives have been granted.

# **THE PRUDENTIAL ASSURANCE COMPANY LIMITED**

**Year ended 31 December 2005**

## **Statement of information pursuant to Rule 9.30 of the Interim Prudential Sourcebook for Insurers**

Rule 9.30 of the Interim Sourcebook for Insurers: Additional information on shareholder controllers

Throughout the year Prudential plc held all the shares of the Company and controlled the whole of the voting power.

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

**Year ended 31 December 2005**

## Statement of additional information on general insurance business ceded pursuant to Rule 9.32 of the Interim Prudential Sourcebook for Insurers

The objective of the Company's general business reinsurance strategy is to minimise the risk of significant adverse movements in the general business result and hence to protect shareholder value. This is achieved by the transfer of exposure risk to reinsurers at cost-effective rates. Cover is purchased in excess of a retention level that is set as low as is economically attainable and, where appropriate, in programme sizes above that level. Cover is placed across worldwide markets with reinsurers whose selection and capacity allocations are determined by security ratings supplemented by market knowledge and input from reinsurance brokers. There is no co-reinsurance.

On 31 December 2001 the Company transferred its personal lines General Insurance liabilities to Winterthur Swiss Insurance Company. The policies transferred left no net retention to the Company. From January 2003, Prudential branded new business policies were underwritten by Winterthur/Churchill. Winterthur has subsequently been acquired by The Royal Bank of Scotland Plc.

During 2005 the Company entered into a Solvent Scheme of Arrangement under Section 425 of the Companies Act 1985, in respect of certain closed Marine and London Market business.

The effect of the Scheme is to conclude the settlement of claims in respect of this business earlier than would be the case if the run-off were to continue until all claims had materialised and had been agreed and paid in the normal course of business. Related claims provisions in this return have been reviewed to ensure their adequacy as compared with claims submitted by creditors. In accordance with the terms of the Scheme claims notified after the final claims submission date are not valid.

Policies were purchased to protect the exposures of its Hong Kong branch operation. Details of these policies are set out below.

Reporting categories covered	Type of cover	Period of cover	Policy limits
113 114 187 273	Hong Kong Accident	1/1/05 – 31/12/05	Reinsurers potential liability: £4,240,000 in excess of £212,000
113 114	Hong Kong Accident Catastrophe Excess of Loss 1 <sup>st</sup> Layer 2 <sup>nd</sup> Layer	1/1/05 – 31/12/05	Reinsurers potential liability:  £848,000 in excess of £212,000 £2,473,000 in excess of £1,060,000

Reporting categories covered	Type of cover	Period of cover	Policy limits
121 122 222 271 272 (except 5 <sup>th</sup> layer) 273 (except 5 <sup>th</sup> layer)	Hong Kong Motor and Liability Excess of Loss 1 <sup>st</sup> Layer 2 <sup>nd</sup> Layer 3 <sup>rd</sup> Layer 4 <sup>th</sup> Layer 5 <sup>th</sup> Layer	1/1/05 – 31/12/05	Reinsurers potential liability:  £212,000 in excess of £141,000 £707,000 in excess of £353,000 £1,060,000 in excess of £1,060,000 £4,947,000 in excess of £2,120,000 Unlimited in excess of £7,067,000
271	Liability Excess of Loss		Reinsurers potential liability: £1,272,000 in excess of £141,000
111 112	Hong Kong Medical	1/1/05 – 31/12/05	Reinsurers potential liability: 100%
350	Hong Kong Marine Cargo Combined Quota Share  And Surplus	1/1/05 – 31/12/05	Reinsurers potential liability: Quota share £29,000 in excess of £42,000  Surplus £707,000 in excess of £42,000
160 261 263	Hong Kong Fire Surplus	1/1/05 – 31/12/05	Reinsurers potential liability: £3,816,000 in excess of £212,000
160 261 263	Hong Kong Property Combined Quota Share  And Surplus	1/1/05 – 31/12/05	Reinsurers potential liability: Quota share £339,000 in excess of £85,000  Surplus £1,272,000 in excess of £85,000
114 187	CPP/CPS Quota Share		Reinsurers potential liability: 50:50 Quota share
160 261 263	Hong Kong Fire Catastrophe Excess of Loss 1 <sup>st</sup> Layer 2 <sup>nd</sup> Layer 3 <sup>rd</sup> Layer	1/1/05 – 31/12/05	Reinsurers potential liability:  £495,000 in excess of £212,000 £707,000 in excess of £707,000 £2,120,000 in excess of £1,414,000
281	Hong Kong Bond Quota Share	1/1/05 – 31/12/05	Reinsurers potential liability: £159,000 in excess of £53,000

Details of the Company's maximum probable loss (net of reinsurance) for each business category are set out below:

Risk category	No.	Any one risk/event £'000
Travel	113	212
Personal accident or sickness	114	212
Private motor - comprehensive	121	141
Private motor - non-comprehensive	122	141
Household and domestic all risks	160	212
Other personal financial loss	187	212
Commercial vehicles (non-fleet)	222	141
Commercial property	261	212
Consequential loss	262	quota share
Contractors or engineering all risks	263	212
Employers liability	271	212
Professional indemnity	272	212
Public and products liability	273	212
Fidelity and contract guarantee	281	53
Total primary (direct) and facultative goods in transit	350	42

The split of reinsurance premiums (as shown on forms 21) for each accounting class by facultative and non-facultative reinsurance is set out below:

Risk category	No.	Facultative £'000	Non-facultative £'000	Total £'000
Medical insurance	111	366	1,307	1,673
Travel	113	0	412	412
Personal accident or sickness	114	9	626	635
Private motor - comprehensive	121	(2)	162	160
Private motor - non-comprehensive	122	0	47	47
Household and domestic all risks	160	(45)	225	180
Other personal financial loss	187	0	221	221
Commercial vehicles (non-fleet)	222	0	16	16
Commercial property	261	24	326	350
Consequential loss	262	9	38	47
Contractors or engineering all risks	263	2	21	23
Employers liability	271	6	536	542
Professional indemnity	272	0	3	3
Public and products liability	273	8	95	103
Fidelity and contract guarantee	281	13	2	15
Total primary (direct) and facultative goods in transit	350	1	111	112
Total		391	4,148	4,539

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

Year ended 31 December 2005

## Statement of information on the actuary who has been appointed to perform the with-profits actuary function pursuant to Rule 9.36 of the Interim Prudential Sourcebook for Insurers

In accordance with Rule 9.36 of the above sourcebook, Gerry Gallagher, the actuary who has been appointed to perform the with-profits actuary function of the Company, was requested to furnish and has provided the following information:

- (a) (i) He had an interest in 8,891 shares in the share capital of the holding company, Prudential plc, at the end of the year.
- (ii) He had an interest under the Prudential Restricted Share Plan in shares in Prudential plc held in trust, representing the maximum award that could be made if performance requirements of the Plan were met, of 13,199 shares at the end of the year.
- (iii) He had an interest under the Prudential Share Incentive Plan in 343 shares in Prudential Plc, held in trust at the end of the year.
- (iv) He held the following options granted under the Prudential Savings-Related Share Option Scheme to subscribe for shares in Prudential plc:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Exercise Dates</u>
6,153	266p	June 2008

- (v) He also had an interest in 470 shares in Egg plc, a subsidiary of Prudential plc, at the end of the year.
- (b) He was interested in a general insurance policy issued by the Company, being a home insurance policy covering buildings, household contents, travel and personal effects.
- (c) Under the 2005 UK Long-Term Incentive Plan, he had a potential cash award payable in 2008, ranging from nil to a maximum of £33,000 dependent on the growth in the appraisal value of Prudential's UK and Europe business.
- (d) His total remuneration for the year was £157,130.
- (e) He is a member of the Prudential Staff Pension Scheme and contributions in respect of the year were paid by the Company.

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

**Year ended 31 December 2005**

## **Directors' Certificate required by rule 9.34 of the Accounts and Statements Rules**

We certify:

1. (a) that the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU as modified by waivers as detailed in supplementary notes 0101 and 0201 issued under section 148 of the Financial Services and Markets Act 2000 and section 68 of the Insurance Companies Act 1982 which continues to have effect; and
  - (b) with the exception of the item noted in paragraph 1(c) below, we are satisfied that:
    - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements of 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.
  - (c) it was necessary to resubmit the 2004 returns to correct certain omissions and errors.
2. (a) that in our opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
  - (b) that the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
  - (c) that the with-profits fund has been managed in accordance with the Principles and Practice of Financial Management, as established, maintained and recorded under COB 6.10; and

- (d) that we have, in preparing the return, taken and paid due regard to:
- (i) advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
  - (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16R

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Nick Prettejohn  
Chief Executive

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Rosie Harris  
Director

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David Belsham  
Director

30 March 2006

# THE PRUDENTIAL ASSURANCE COMPANY LIMITED

**Year ended 31 December 2005**

## **Report of the auditors to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers**

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 to 3, 11 to 25, 31 to 32, 36 to 38, 40 to 45, 48, 49, 56, 58 and 60, (including the supplementary notes) on Volume 1 pages 1 to 146, and Volume 2 pages 11 to 20, 80, 85 to 89 and 96 (‘the Forms’);
- the statements required by rules 9.25, 9.26, 9.27 and 9.29 on pages 147 to 153 of Volume 1 (‘the Statements’);
- the valuation report required by rule 9.31(a) (‘the methods and assumptions included in the valuation report’); and
- the statements, analysis and reports required by rule 9.31(b) (‘the realistic valuation report’)

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

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes) on pages 1 to 10, 21 to 79, 81 to 84 and 90 to 95 of Volume 2;
- the statements required by rules 9.30, 9.32 and 9.36 on pages 154 to 158 of Volume 1;
- the certificate required by rule 9.34 on pages 159 to 160 of Volume 1 (‘the 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, the Statement, the valuation report, and the realistic valuation report, the forms and statements not examined by us and the certificate) under the provisions of the Rules. The requirements of the Rules have been modified by waivers issued under section 148 of the Financial Services and Markets Act 2000 and orders granted under section 68 of the Insurance Companies Act 1982 which continue to have effect as referred to in supplementary notes 0101 and 0201 on pages 127 and 128. Under rule 9.11 the Forms, the Statement, valuation report, realistic valuation report, the forms and statements not examined by us and the certificate 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.

The methods and assumptions determined by the Company and used to perform the actuarial investigation as set out in the valuation report, and the realistic valuation report, prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of PRU 7.3 and 7.4.

It is our responsibility to form an independent opinion as to whether the Forms, the Statements, the valuation report and the realistic valuation report 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, the Statements, the valuation report and the realistic valuation report. 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, the Statement, the valuation report and the realistic valuation report.

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, the Statement, the valuation report and the realistic valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In accordance with rule 9.35(1A), to the extent that any document, Form, Statement, analysis or report to be examined under rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the Company.

## **Opinion**

In our opinion:

the Forms, the Statements, the valuation report and the realistic valuation report fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and

the methods and assumptions determined by the Company and used to perform the actuarial investigation as set out in the valuation report and the realistic valuation report prepared in accordance with rule 9.31 appropriately reflect the requirements of PRU 7.3 and 7.4.

KPMG Audit Plc  
Registered Auditor

London

30 March 2006