

# Total insurance and investment products new business

## Insurance products and investment products\*

	Insurance products*			Investment products*			Total		
	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m
UK operations	<b>3,985</b>	4,520	7,193	<b>6,795</b>	3,579	7,916	<b>10,780</b>	8,099	15,109
US operations	<b>3,154</b>	2,705	5,023	–	–	–	<b>3,154</b>	2,705	5,023
Asian operations	<b>915</b>	674	1,485	<b>10,027</b>	9,421	18,457	<b>10,942</b>	10,095	19,942
Group total	<b>8,054</b>	7,899	13,701	<b>16,822</b>	13,000	26,373	<b>24,876</b>	20,899	40,074

## Insurance products – new business premiums and contributions\*

	Single			Regular			Annual premium and contribution equivalents		
	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m
<b>UK insurance operations</b>									
<b>Direct to customer</b>									
Individual annuities	<b>412</b>	365	720	–	–	–	<b>41</b>	37	72
Individual pensions and life	<b>29</b>	14	29	<b>6</b>	5	11	<b>9</b>	6	14
Department of Work and Pensions rebate business	<b>161</b>	234	244	–	–	–	<b>16</b>	23	24
Total	<b>602</b>	613	993	<b>6</b>	5	11	<b>66</b>	66	110
<b>Business to business</b>									
Corporate pensions	<b>178</b>	114	242	<b>74</b>	67	146	<b>92</b>	78	170
Individual annuities	<b>101</b>	98	212	–	–	–	<b>10</b>	10	21
Bulk annuities	<b>24</b>	321	511	–	–	–	<b>2</b>	32	51
Total	<b>303</b>	533	965	<b>74</b>	67	146	<b>104</b>	120	242
<b>Intermediated distribution*</b>									
Life	<b>550</b>	551	1,112	<b>3</b>	3	6	<b>58</b>	58	118
Individual annuities	<b>359</b>	557	995	–	–	–	<b>36</b>	56	100
Individual and corporate pensions	<b>78</b>	62	108	<b>11</b>	14	25	<b>19</b>	20	36
Total	<b>987</b>	1,170	2,215	<b>14</b>	17	31	<b>113</b>	134	254
<b>Partnerships</b>									
Life	<b>397</b>	426	814	<b>1</b>	1	3	<b>41</b>	44	84
Individual and bulk annuities:									
Bulk annuity reinsurance from the Scottish Amicable Insurance Fund*	<b>592</b>	–	–	–	–	–	<b>59</b>	–	–
Individual and other bulk annuities	<b>927</b>	1,569	1,814	–	–	–	<b>93</b>	157	182
Total	<b>1,916</b>	1,995	2,628	<b>1</b>	1	3	<b>193</b>	201	266
<b>Europe</b>									
Life	<b>82</b>	119	201	–	–	–	<b>8</b>	12	20
<b>Total UK insurance operations</b>	<b>3,890</b>	4,430	7,002	<b>95</b>	90	191	<b>484</b>	533	892
<b>US operations</b>									
Fixed annuities	<b>313</b>	410	788	–	–	–	<b>31</b>	41	79
Fixed index annuities	<b>293</b>	296	616	–	–	–	<b>29</b>	30	62
Variable annuities	<b>1,888</b>	1,185	2,605	–	–	–	<b>189</b>	118	261
Life	<b>4</b>	6	11	<b>8</b>	5	14	<b>9</b>	6	15
Guaranteed Investment Contracts	<b>310</b>	187	355	–	–	–	<b>31</b>	19	35
GIC – Medium Term Notes	<b>338</b>	616	634	–	–	–	<b>34</b>	61	63
<b>Total US operations</b>	<b>3,146</b>	2,700	5,009	<b>8</b>	5	14	<b>323</b>	275	515

## Insurance products – new business premiums and contributions\* continued

	Single			Regular			Annual premium and contribution equivalents		
	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m
<b>Asian operations</b>									
China	17	5	17	13	9	23	15	10	25
Hong Kong	139	147	289	42	35	83	56	50	112
India (Group's 26% interest)	11	2	4	55	27	57	56	27	57
Indonesia	11	27	42	31	18	42	32	21	46
Japan	23	11	30	1	2	4	3	3	7
Korea	58	10	29	103	59	132	109	60	135
Malaysia	2	6	9	31	29	66	31	29	67
Singapore	205	117	284	29	23	58	49	35	86
Taiwan	47	72	124	74	55	150	79	62	162
Other	6	4	9	17	16	33	18	16	34
<b>Total Asian operations</b>	<b>519</b>	<b>401</b>	<b>837</b>	<b>396</b>	<b>273</b>	<b>648</b>	<b>448</b>	<b>313</b>	<b>731</b>
<b>Group total</b>	<b>7,555</b>	<b>7,531</b>	<b>12,848</b>	<b>499</b>	<b>368</b>	<b>853</b>	<b>1,255</b>	<b>1,121</b>	<b>2,138</b>

Annual premium and contribution equivalents are calculated as the aggregate of regular new business amounts and one-tenth of single new business amounts.

## Investment products – funds under management\*

	1 Jan 2006 £m	Gross inflows £m	Redemptions £m	Market and other movements £m	30 Jun 2006 £m
UK operations	36,195	6,795	(3,200)	345	40,135
Asian operations	10,132	10,027	(8,318)	(906)	10,935
<b>Group total</b>	<b>46,327</b>	<b>16,822</b>	<b>(11,518)</b>	<b>(561)</b>	<b>51,070</b>

\*The tables shown above are provided as an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The amounts shown are not, and not intended to be, reflective of premium income recorded in the International Financial Reporting Standards (IFRS) income statement.

The tables above include a bulk annuity transaction with the Scottish Amicable Insurance Fund (SAIF). The transaction reflects the arrangement entered into in June 2006 for the reinsurance of non-profit immediate pension annuity liabilities of SAIF to Prudential Retirement Income Limited (PRIL), a shareholder owned subsidiary of the Group. SAIF is a closed ring-fenced sub-fund of the Prudential Assurance Company (PAC) long-term fund established by a Court approved Scheme of Arrangement in October 1997, which is solely for the benefit of SAIF policyholders. Shareholders have no interest in the profits of this fund, although they are entitled to investment management fees on this business. The inclusion of the transaction between SAIF and PRIL as new business reflects the transfer from SAIF policyholders to Prudential shareholders' funds of longevity risk, the requirement to set aside supporting capital, and entitlement to surpluses arising on this block of business arising from the reinsurance arrangement.

The format of the tables shown above is consistent with the distinction between insurance and investment products as applied for previous financial reporting periods. Products categorised as 'insurance' refer to those classified as contracts of long-term insurance business for regulatory reporting purposes, i.e. falling within one of the classes of insurance specified in part II of Schedule 1 to the Regulated Activities Order under Financial Services Authority regulations.

The details shown above for insurance products include contributions for contracts that are classified under IFRS 4, 'Insurance Contracts' as not containing significant insurance risk. These products are described as investment contracts or other financial instruments under IFRS. Contracts included in this category are primarily certain unit-linked and similar contracts written in UK insurance operations and guaranteed investment contracts (GICs) and similar funding agreements written in US operations.

New business premiums for regular premium products are shown on an annualised basis. Department of Work and Pensions (DWP) pension business is classified as single recurrent business. Internal vesting business is classified as new business where the contracts include an open market option.

UK and Asian investment products referred to in the table for funds under management above are unit trust, mutual funds and similar types of retail fund management arrangements. These are unrelated to insurance products that are classified as 'investment contracts' under IFRS 4, as described in the preceding paragraph, although similar IFRS recognition and measurement principles apply to the acquisition costs and fees attaching to this type of business. US investment products are no longer included in the table above as they are assets under administration rather than funds under management.

For previous periods the new business for intermediated distribution of UK insurance operations have included DWP rebate business for SAIF. These are excluded from the table above with comparatives restated accordingly. The amounts of new SAIF DWP rebate business written was £60 million for half year 2006, £80 million for half year 2005 and £83 million for full year 2005.