

Valuation Report as at 31 December 2001 (cont.)

- (b) The non unit reserves were recalculated at the revised valuation interest rates and levels of fund management charge income.
 - (c) (i) There was a £83,000 increase in the aggregate amount of the long term liabilities.
 - (ii) The assets allocated to match such liabilities have reduced in value by £417,000.
- (9) Not applicable.
8. (a) Not applicable.
- (b) Specific allowance is made for expenses of payment for all immediate annuities as indicated in note 5102.
- (c) Not applicable.
- (d) Not applicable.
9. (a) For group and individual linked business the unit liability has been obtained by valuing those units allocated to policyholders at the valuation unit price. This price is based on the mid-market price of the assets and includes investment income received.

The non unit liability in respect of PACL Group Business reinsurance accepted is that amount required to cover the loss likely to arise in the period of notice required before any increase in charges can take effect.

In determining the non-unit liability for GILP and PIA business, and Pru-Link Retirement Plan (PLRP) policies, the following parameters were used:

Valuation interest:	4.75%
Fund growth rate:	4.50% (before reduction for fund charge)
Renewal expenses:	GILP* £3,000,000 p.a. plus £900 p.a. per scheme (of which £900,000 p.a. is covered by charges for additional administration services) * includes reinsurance from Schroder Pensions Limited PIA £45,000 p.a. plus £120 p.a. per scheme PLRP - per policy for premium-paying policies £40.00 p.a. - per policy for other policies £27.00 p.a. - per claim £45.00 Reassurance from PACL £450,000 p.a.
Expense inflation:	3.25%
Fund charge:	The actual charged rate less 0.1% for actively managed funds (0.035% for passively managed funds) in respect of M&G investment management fees charged to PPL. The charged rate is 0.75% p.a. for PIA and PLRP, 0.25% for reassured business, and varies by fund for GILP (in the range 0.0% to 0.75%)
Other income:	GILP: A charge of £500 p.a. per scheme.

Valuation Report as at 31 December 2001 (cont.)

Mortality: AM92 Ult rated down 3 years (males)
AM92 Ult rated down 8 years (females)

These reserves are also adequate in the context of a lower inflation scenario with unchanged assumptions of real interest and real fund growth.

(b) Not applicable.

10. (1) See 9 (a) above.
- (2) The aggregate amount of expense allowance arising in the next twelve months from the loadings described in paragraph 9 is £7,063,000.
- (3) and (4) New business costs are covered by expected future profits.
11. Not applicable.
12. (1) No premiums in respect of reinsurance business ceded on a facultative basis were paid to reinsurers not permitted to carry on business in the United Kingdom.
- (2) The following reinsurance treaties were in force at 31 December 2001 :
- (i) (a) **Prudential Annuities Limited (PAL)**
- (b) The reinsurer is permitted to carry on business in the United Kingdom.
- (c) The reinsurer is a connected company.
- (d) All immediate annuities are wholly reassured on original terms.
- (e) No premiums have been paid by the Company under the treaty during the period since the last investigation.
- (f) Not applicable.
- (g) No reinsurance commission is payable.
- (h) The agreement remains open to annuities arising under Pru-Link (PLRP), but is closed to Group Pensions business arising since 1 January 1990.
- (ii) (a) **Prudential Assurance Company Limited (PACL)**
- (b) The reinsurer is permitted to carry on business in the United Kingdom.
- (c) The reinsurer is a connected company.
- (d) All immediate annuities are wholly reassured on original terms.
- (e) No premiums have been paid by the Company under the treaty during the period since the last investigation.
- (f) Not applicable.
- (g) No reinsurance commission is payable.

Valuation Report as at 31 December 2001 (cont.)

(3) Not applicable.

13.-16. Not applicable.

17. See Form 46.

Group contracts not included in Form 46 are:

Group Investment Linked Policies (GILP) - 356 schemes at 31 December 2001.

GILP reinsurance accepted - 1 scheme at 31 December 2001.

Pensions Investment Account (PIA) - 96 schemes at 31 December 2001.

Reinsurance accepted from Prudential Assurance Company - an estimated 54,000 lives are covered by this business.

18. See Form 47.

19. See Forms 48 and 49.

No derivative contracts were held to cover non-linked long term liabilities at 31 December 2001.

20. See Forms 51 and 53.

21. (1) See Form 57.

(2) There was no adjustment to the yield on Gilts. The yield on deposits has been reduced by 0.35% to take account of risk of default.

(3) No such assets were held.

22. See Form 58.

23. See Form 60.

D Jebson
Appointed Actuary
April 2002

Long term insurance business : Summary of changes in ordinary long term business

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Name of insurer **Prudential Pensions Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2001**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
		R46	992726	GL	31	12	2001	£000	UK	NL	
											day
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	11			5282							
New business and increases	12										
Net transfers and other alterations 'on'	13			4900							
Total 'on' (12+13)	19			4900							
Deaths	21			500							
Other insured events	22										
Maturities	23										
Surrenders	24										
Forfeitures	25										
Conversions to paid-up policies for reduced benefits	26										
Net transfers, expiries and other alterations 'off'	27										
Total 'off' (21 to 27)	29			500							
In force at end of year (11+19-29)	39			9682							

Long term insurance business : Analysis of new ordinary long term business

Name of insurer Prudential Pensions Limited

Global business

Financial year ended 31st December 2001

Company registration number 992726
 GL/JUK/CM GL 31 12 2001
 Period ended day month year
 Units £000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
UK REINSURANCE ACCEPTED						
Pension Business		74815				
Other Linked Contracts		3849				
Group pension : Reinsurance from GILP						
Group pension : Reinsurance from PACL						
Sub total: Other Linked Contracts		78664				
Total: Pension Business		78664				
Total: UK Reinsurance Accepted		78664				

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Total long term business assets**

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	992726	GL	31	12	2001	£000	10
			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3	
Land and buildings		11						
Fixed interest securities	Approved securities	12	2050		126		5.11	
	Other	13						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18	12029		491		3.93	
	Not producing income	19	8945					
Total (11 to 19)		29	23024		617		2.51	

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Ordinary Long Term**

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	992726	GL	31	12	2001	£000	11
			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3	
Land and buildings		11						
Fixed interest securities	Approved securities	12	2050		126		5.11	
	Other	13						
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Global business

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Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	992726	GL	31	12	2001	£000	10
			Value of admissible assets as shown on Form 13	1	Expected income from admissible assets	2	Yield %	3
Land and buildings		11						
Fixed interest securities	Approved securities	12	2050		126		5.11	
	Other	13						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14						
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Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Ordinary Long Term**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R48	992726	GL	31	12	2001	£000	11
Type of asset				Value of admissible assets as shown on Form 13 1	Expected income from admissible assets 2	Yield % 3			
Land and buildings		11							
Fixed interest securities	Approved securities	12		2050	126	5.11			
	Other	13							
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15							
Equity shares and holdings in collective investment schemes		16							
Loans secured by mortgages		17							
All other assets	Producing income	18		12029	491	3.93			
	Not producing income	19		8945					
Total (11 to 19)		29		23024	617	2.51			

Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**

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

Redemption period in years	Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3	GL/UK/CM	Period ended			Gross redemption yield % 5	Value of admissible higher yielding assets 6
					day	month	year		
				GL	31	12	2001	£000	
		R49	992726						
11 One year or less									
12 More than one year but not more than five years									
13 More than five years but not more than ten years				Variable interest and variable yield					
14 More than ten years but not more than fifteen years				approved securities excluding equities					
15 More than fifteen years but not more than twenty years	2050	5.11							
16 More than twenty years but not more than twenty five years									
17 More than twenty five years									
18 Irredeemable									
19 Total (11 to 18)	2050	5.11							
20 One year or less									
21 More than one year but not more than five years				Other variable interest and variable yield securities excluding equities					
22 More than five years but not more than ten years									
23 More than ten years but not more than fifteen years									
24 More than fifteen years but not more than twenty years									
25 More than twenty years but not more than twenty five years									
26 Irredeemable									
27 Total (21 to 28)									

