



Ac=16

1995

The Prudential Assurance Company Limited

**RETURNS UNDER THE
INSURANCE COMPANIES ACT 1982**
(as amended)

SCHEDULE 4

of The Insurance Companies (Accounts and Statements) Regulations 1983 (as amended)

Valuation Report as at 31 December 1995



CONTENTS

	<u>Page</u>
<u>ORDINARY BRANCH</u>	
Valuation Reports:	
(i) life, annuity, pensions and linked long term business	3
(ii) long term sickness and accident business	56
Notes to Forms 55	59
Valuation summary of non-linked contracts (Forms 55)	61
Valuation summary of linked contracts (Forms 56)	94
Analysis of unit liabilities (Forms 57)	106
Valuation result and distribution of surplus (Forms 58)	123
<u>INDUSTRIAL BRANCH</u>	
Valuation Report	128
Valuation summary of non-linked contracts (Form 55)	134
Valuation result and distribution of surplus (Form 58)	136
<u>SOLVENCY MARGIN</u>	
Long Term business: Required minimum margin (Form 60)	137
Supplementary Accident & Sickness Insurance:	138
Calculation of required margin of solvency (Form 61)	
SIGNATORIES TO SCHEDULE 4	139

SCHEDULE 4

VALUATION REPORT ON THE PRUDENTIAL ASSURANCE COMPANY LIMITED AS AT 31 DECEMBER 1995

The Company's long term business consists of:

- (a) life, general annuity, pensions, supplementary accident, permanent health and supplementary sickness and linked long term business which is carried on in the Ordinary branch;
- (b) life business which is carried on in the Industrial branch.

This report is divided into three sections. There is a separate section for each branch and a third section containing Forms 60 and 61 which relate to the whole of the long term business.

The information required for Ordinary long term business is shown separately for:

- (i) life, general annuity, pensions and linked long term business and
- (ii) supplementary accident and permanent health and supplementary sickness business.

The former starts on page 3, the latter on page 56.

Except where specified to the contrary, business issued in the United Kingdom includes business issued in the Channel Islands and the Isle of Man.

Critical illness rider benefits providing for an acceleration of the sum assured payment are not treated as long term sickness and accident business and are included in this return in part (i) of the Ordinary Branch section. These benefits are currently attached to certain Hong Kong policies.

The valuation of the liabilities of long term business shown in this report conforms with regulation 64 of The Insurance Companies Regulations 1994 (as amended).

ORDINARY BRANCH - life, annuity, pensions and linked long term business

1. The investigation relates to 31 December 1995.
2. The previous investigation related to 31 December 1994.
3. (1) **Descriptions of non-linked contracts (other than miscellaneous) not fully described by the entry in column 1 of Form 55**

(A) United Kingdom

(Certain contracts are also issued in the Channel Islands and the Isle of Man.)

(i) *Whole life assurances*

(UK life assurance business - with participation in profits)

With certain minor exceptions, premiums payable on whole life assurance business issued before 1 July 1988 contractually cease at age 85. Policies issued 40 or more years previously have been made paid-up for full benefits. During 1996 policies issued in 1956 will be made paid-up for full benefits and they have been valued ignoring future premiums. All whole life contracts issued after 30 June 1988 are issued with limited payment of premiums. Terms are selected at the outset.

(ii) *Prudence Bond*

(UK life assurance business - with participation in profits).

These policies, which were first issued in 1991, are single premium whole life contracts which may be written on the life of the investor alone or on the joint lives of husband and wife in which case the death benefit may be payable either on the death of the second to die or on the first death of the two lives assured.

The death benefit payable is 101% of the bid value of units.

The contracts may be written in both unitised and linked form. The operation of the linked elements of the contracts is described in 4(1)(A)(i). Premiums are allocated to secure units in a notional with profits fund. Allocation rates and charges (other than the fund management charge) are the same as for linked benefits under these contracts.

The bid price of units is defined as 95% of the appropriate offer price. Prices of units may be increased by means of bonus declarations. Reversionary bonus interest additions to unit prices ensure that unit prices are guaranteed not to decrease. A terminal bonus may be added when units are realised to provide benefits on death or on a switch of units from the fund or when units are encashed.

There is an option to specify regular income withdrawals at the outset of the policy; if the specified level of income per annum is less than 7.5% of the policy value then such income will not be subject to any adjustment to reflect market conditions. On other withdrawals, on a switch of units from the fund and on surrender, an adjustment to reflect market conditions may be applied.

Exit charges on withdrawals other than regular withdrawals were introduced on business written after 31 December 1994. These charges are described in 4(1)(A)(i).

For business written after 31 December 1994, higher allocation rates were available where commission is given up.

3. (1) Non-linked contracts UK continued

(iii) *Low-cost endowment assurances*

(UK life assurance business - with participation in profits)

These policies consist of a combination of:

- (a) a with-profit endowment assurance: the sum assured is calculated such that on maturity the sum assured together with a specified proportion of the total annual bonuses (based on the rates in force at inception and excluding any special element) will equal the amount of the mortgage; and
- (b) a decreasing temporary assurance: the sum assured at any time is the difference between the death benefit payable from the endowment assurance and the amount required to cover the mortgage, with a minimum value of zero.

Under the low-start low-cost endowment contract the premium increases by 20% of the initial office premium on each of the first five policy anniversaries so that the premium payable in the sixth and subsequent years is twice the premium payable in the first year. The net premium valuation method has been adapted to allow for this.

Low-start low-cost endowments have not been issued since 31 December 1992.

(iv) *Prudence Savings Account*

(UK Life Assurance Business - With Participation in Profits)

These unitised with profits whole life policies were first issued in July 1994. They are subject to lump sum and/or regular premiums. Contracts may be issued to a single life, joint lives or for the benefit of a child. The death benefit is 101% of the bid value of units.

The offer price of units is calculated daily and incorporates bonus interest. The unit price is guaranteed never to decrease. The bid price is 6% lower than the offer price subject to any rounding adjustment. Allocation rates vary according to cumulative contributions to date varying from 100% (up to £6,000) to 103% (£200,000 or more).

A terminal bonus may be added on death or on full or partial withdrawal.

On full or partial withdrawal, the value of units may be adjusted to reflect market conditions. For regular premium policies surrender values may also be subject to a charge of £180 (£90 for children's policies) less bid/offer spreads taken to date.

Bonus units are added at the end of each month provided the value of the account, excluding any terminal bonus and any adjustment to reflect market conditions, is then at least £4,000 (currently). A higher rate of bonus units applies when this value is, currently, at least £6,000. Both the £4,000 and £6,000 limits can be varied at the company's discretion.

(v) *Prudence Family Cover*

(UK Life Assurance Business - Without Participation in Profits)

These term assurance policies were first issued in July 1994. They are subject to level monthly premiums. The benefit is payable on death within the chosen term or if the life assured is diagnosed as having a terminal illness, defined as one where death is expected within twelve months. The terminal illness benefit is not payable during the final twelve months of the term.

(vi) *Deferred assurances*

(UK Life assurance business - with participation in profits)

These contracts are endowment assurances issued on the life of a child under the age of 16 at entry.

3. (1) non-linked contracts UK continued

The benefits are as follows:

on death before the attainment of age 16 the premiums paid without interest (this may be increased if death occurs between ages 10 and 16);

on death after the attainment of age 16 the sum assured plus bonus additions; and

on maturity the sum assured plus bonus additions.

The policy participates in profits from inception, but bonus additions are payable only when the sum assured becomes payable on maturity or previous death after the attainment of age 16.

(vii) *Deferred annuities*

(a) *Individual*

(UK General Annuity business - with participation in profits)

These contracts are individual retirement annuity policies issued in the Channel Islands and the Isle of Man.

(b) *Individual bonds*

(UK General Annuity business - without participation in profits)

These contracts are single premium bonds issued for a term of 10 years. The deferred annuity is issued together with a single premium capital protected temporary annuity; the two components form the Prudential Income Bond.

The benefits of the deferred annuity component are as follows:

on maturity a guaranteed cash option or alternatively a guaranteed annuity payable half-yearly in arrears for 5 years certain and life thereafter; and

on death the total single premium invested under the two components less any death benefit payable under the capital protected temporary annuity.

These policies have not been issued since 30 June 1988.

(c) *Individual*

(UK Pension business - with participation in profits)

These contracts are individual retirement annuity policies issued in the United Kingdom excluding the Channel Islands and the Isle of Man.

New contracts are no longer issued but existing contracts may be topped-up.

(d) *Group pension contracts*

(UK Pension and General Annuity business - with participation in profits)

The following are deferred annuity contracts:

PCPS (Prudential Company Pension Scheme)

PUS (Pension Unit Scheme)

Each premium paid in respect of a member of the scheme is applied in accordance with the Table of Rates to provide pension and related benefits on death. The amount of pension payable to a member is increased by such bonus additions as may be declared. The Company reserves the right to revise from time to time the rates set out in the Table of Rates upon giving six months notice.

These contracts are no longer actively marketed.

3. (1) non-linked contracts UK continued

(viii) Deposit administration contracts

(UK Pension and General Annuity business - with participation in profits)

(a) CA (group Cash Accumulation), CAAVC (Cash Accumulation Additional Voluntary Contributions) EPP (Executive Pension Plan), PCRS (Prudential Company Retirement Scheme) and MPP1 (old style Money Purchase Plan).

Contributions paid are invested, after deductions for expenses and life cover, to provide a fund for benefits on retirement.

The fund accumulates with compound interest at a basic rate of 4.75% per annum (2.5% per annum for new monies invested on or after the first scheme renewal date following 15 March 1996) together with annual bonuses and any special bonus at retirement (or earlier death) which may be declared. The basic rate is guaranteed only for contributions invested in the first 5 years of the contract except for CA and CAAVC where the period is the first 3 years.

On bulk surrender the value of the fund may be adjusted to reflect market conditions.

PCRS and MPP1 are no longer actively marketed.

(b) PSP (Pension Savings Plan)

Contributions paid are invested, after deduction for any life cover, to provide a fund for benefits on retirement. There are no deductions for expenses. The fund accumulates with annual bonus (compounded on a daily basis) and any special bonus at retirement (or earlier death or withdrawal) which may be declared.

On bulk surrender the value of the fund may be adjusted to reflect market conditions.

(c) Bond 32 (Pension Transfer Bond 32 (old style))

This policy is primarily a deposit administration contract where a transfer value is used to secure an individual pension arrangement for early leavers from Occupational Pension Schemes. The contract is no longer actively marketed.

The transfer value, applied as a single premium, is accumulated in an individual Cash Accumulation fund subject to the same conditions as outlined in (a) above. For early leavers who have been contracted out of the State Earnings Related Pension Scheme, the Guaranteed Minimum Pension (GMP) is, wherever possible, secured in the CA fund. However, where the transfer value is insufficient to secure the full GMP within the CA fund, part of the transfer value is applied to secure a non-participating deferred annuity (normally vesting at State Pensionable Age) with related benefits on death. The bases on which GMP is deemed to be secured by the CA fund assume a minimum basic rate of accumulation of 4% per annum compound throughout for policies written from 1 January 1986 to 31 October 1986 and 6.75% per annum compound for policies written from 1 November 1986.

On surrender the value of the fund may be adjusted to reflect market conditions.

(d) Group Additional Voluntary Contribution (AVC) contract with alternative investment options

As an alternative to Cash Accumulation investment for AVC's (which is included under (a) above) these contracts also offer investment in either the AVC Deposit Fund or provide unit linked benefits (as described in 4.(1)(A)(xii)).

The AVC Deposit Fund is a deposit administration arrangement whereby after deduction of expenses and, if applicable, life cover, contributions are invested in a fund which accumulates at rates of interest linked to market rates to provide benefits on retirement or earlier death. Future interest rates are not guaranteed.

On bulk surrender the value of the fund may be adjusted to reflect market conditions.

3. (1) non-linked contracts UK continued

- (ix) *Individual Personal Pension Policy, Individual Personal Pension Scheme, Individual Free-Standing Additional Voluntary Contribution Scheme, PPA (Individual Personal Pension Accounts), EPP2/3/4 (Executive Pension Plans Series 2, 3 and 4 contracts), PPP (Personal Pension Plan), FSAVC (Free Standing Additional Voluntary Contributions), EIB (Exempt Investment Bond), EIA (Exempt Investment Account)*

(UK Pension business: with participation in profits)

Personal Pension Policy, Personal Pension Scheme and Free-Standing Additional Voluntary Contribution Scheme contracts are written in unitised form. After deduction of a policy fee and any charge for waiver of premium supplement, premiums are allocated to secure units in notional with-profit funds at the following rates:

<u>Regular premium</u>	<u>%</u>
Under £100 per month	100
£100 per month or more	102

These percentages are increased to 103% and 105% respectively after 10 years from either commencement or top-up, as appropriate.

<u>Single premium</u>	<u>%</u>
Under £1,000	95
£1,000 to £4,999	100
£5,000 or more	101

For certain transfer values the allocation rates are increased to 97%, 102% and 103% respectively.

For rebate and incentive contributions paid to an Individual Personal Pension Scheme by the Department of Social Security the allocation rate is 100%.

PPA, EPP 2/3/4 and PPP contracts offer linked benefits in addition to those in unitised form. The operation of the linked elements of the contracts is described in 4.(1)(A). After deduction of a policy fee, premiums are allocated to secure units in notional with-profit funds. Allocation rates, charges and loyalty bonus are the same as for linked benefits under these contracts (described in 4.(1)(A)).

On disinvestment from the With Profits Fund other than at the selected pension date or on death, there may be an adjustment to reflect market conditions.

Notional funds are of two types: short term (appropriate for some policies with terms of 5 years or less) and long term, with bid prices being defined as 95% of the appropriate offer price. Prices of units may be increased by means of bonus declarations. Reversionary bonus interest additions to unit prices ensure that the unit prices are guaranteed not to decrease. A terminal bonus interest addition may be made in the case of long term funds to augment the amount of the fund on realisation to provide benefits on death or vesting, or to meet periodic charges where these cannot be otherwise levied against premiums. Terminal bonus interest may also be added to long term funds at the end of the original term of the policy, although vesting may then be deferred with the option to switch from long term to short term funds.

Annuity rates for the provision of pension benefits are not guaranteed, and the amount of fund available to provide retirement benefits or a transfer value other than at the end of the original term is not guaranteed in the case of the long term funds. On each anniversary of the commencement of Personal Pension Policy, Personal Pension Scheme and Free-Standing Additional Voluntary Contribution Scheme contracts, for a maximum of 25 years, 5% of the remaining units secured by regular premiums due in the first year of payment are cancelled. This applies separately to each increase in the level of regular premiums.

EPP 2/3/4 contracts contain the facility for temporary assurance cover to be secured on a monthly basis by cancellation of units. The mortality rates used to charge for the cover may be varied by the Company at short notice.

3. (1) non-linked contracts UK continued

EIB and EIA contracts are similar to the PPA contracts described above except that there is no short term with-profit fund and there may not be a fixed vesting date.

FSAVC contracts are no longer actively marketed.

- (x) *GPP1 (Grouped Personal Pension Scheme (Old)), GPP2 (Group Personal Pension Scheme (New)), PTP (Pension Transfer Plan), MPP2 (new style Money Purchase Plan)*
(UK Pension business: with participation in profits)

These contracts are written in unitised form and each offers a unit-linked option in addition to a with-profits investment. Full details of these contracts are given under linked business set out in 4.(1)(A)(x). The amount of premium invested on a non-linked basis and the corresponding liability are shown in Form 55.

- (xi) *PTB32 (Pension Transfer Bond 32), WP Inv Acc (With-Profits Investment Account)*
(UK Pension business: with participation in profits)

These contracts are written in unitised form but without a unit-linked option.

(a) *PTB32*

The PTB32 is a unitised with-profits investment contract for transfer values from occupational pension schemes and provides pension and lump sum benefits on retirement or death. The contract secures GMP in respect of members who were contracted out of the State Earnings Related Pension Scheme (SERPS).

All monies received purchase units from which a policy fee of £10 per annum is deducted by cancellation of units. The allocation to purchase units depends upon the commission taken, the size of the transfer value and the term to selected pension date. The allocation is at least 99%. Where a GMP is to be guaranteed all or part of the transfer value purchases special units in the With-Profits Fund. This fund receives a different rate of bonus from other units but receives the same allocations. The value of the benefits is the bid value of the units but this may be adjusted to reflect market conditions on early retirement or surrender.

(b) *WP Inv Acc*

This is a unitised with-profits investment contract for self administered defined benefit or money purchase schemes.

The contract receives recurrent single premiums and money is redeemed to provide retirement and death benefits from the scheme as they fall due. The allocation to purchase units at the offer price is 105% (less any commission) or 100% at bid price (where no commission is payable). There is an annual charge on each scheme to meet the cost of claim payments. The charge is based on the size of the scheme. The charge for schemes of less than 100 members is £250 per annum and rises to £1250 per annum for schemes of over 700 members. The full value of units is provided in respect of units realised to meet retirement or death claims. The benefit on withdrawal is based on the full value of the units realised but may be adjusted to reflect market conditions.

- (xii) *SPO (Secured Pensions Options) and SAO (Secured Annuity Option) Funds*
(UK Pension business: without participation in profits)

The SPO and SAO Funds are unitised arrangements available to investors within 5 years of retirement to enable them to obtain a guaranteed interest rate on which their pension will be calculated.

The contracts accept regular premiums, single premiums and transfer values. These contributions are used to buy units at a guaranteed offer price. This price is the value of a single life annuity at the date of effecting the SPO or SAO, and is based on an interest rate linked to the Corporate Pensions immediate annuity interest rate (the guaranteed interest rate). The guaranteed bid price is equal to 95% of the guaranteed offer price.

3. (1) non-linked contracts UK continued

Additional units are earned on the purchased units at the guaranteed interest rate less a deduction of a 0.75% per annum management charge. A policy fee of £10 per annum (£18 per annum if regular contributions are paid) is deducted by cancellation of units each year.

At retirement the guaranteed bid value of the member's units is available to purchase an annuity with the Company at the guaranteed rate of interest. The format of this annuity is chosen by the member at that date. If a member retires early after having contracted to make further contributions into the SPO or SAO then there may be a charge to cover any losses incurred in respect of contributions not paid. There is no cash option facility on this contract.

On death before retirement, the guaranteed bid value of the units is payable. If the member takes an Open Market Option, the bid value of units based on the interest rates ruling at retirement is paid.

(xiii) Annuities in payment

These comprise:

(a) Immediate single life annuities

(UK General Annuity business - without participation in profits)

An annuity is payable throughout the lifetime of the annuitant. Alternatively the annuity can incorporate a minimum guaranteed period of payment or a provision that, on death, the Company will pay the excess, if any, of the purchase money over the total gross annuity payments made.

A small proportion of these derive from individual retirement annuity policies issued in the Channel Islands and the Isle of Man.

(b) Joint life and last survivor annuities

(UK General Annuity business - without participation in profits)

An annuity is payable for so long as either life may survive (in some cases the annuity reduces on first death). Alternatively the annuity can incorporate a minimum guaranteed period of payment or a provision that, on the death of the last survivor, the Company will return the excess, if any, of the purchase money over the total gross annuity payments made.

A small proportion of these derive from individual retirement annuity policies issued in the Channel Islands and the Isle of Man.

(c) Temporary annuities and capital protected temporary annuities

(UK General Annuity business - without participation in profits)

An annuity is payable for a specified term of years or until the earlier death of the annuitant. Alternatively the annuity can incorporate a guarantee that in the event of death during the specified term the Company will return the excess, if any, of the purchase money over the total gross annuity payments made.

(d) Individual (level and escalating) annuities

(UK Pension and General Annuity business - without participation in profits)

These are individual annuities, either single life or joint life and last survivor, which provide a level series of payments or incorporate a provision to increase payments annually at a guaranteed rate. Any annuity may incorporate a minimum guaranteed period of payment.

(e) Group pension (level and escalating) annuities

(UK Pension and General Annuity business - without participation in profits)

These are group pension annuities, either single life or joint life and last survivor, which provide a level series of payments or incorporate a provision to increase payments annually at a guaranteed rate or to revalue in line with the Retail Price Index. Any annuity may incorporate a minimum guaranteed period of payment.

3. (1) **non-linked contracts UK continued**

(f) ***Group pension annuities***
(UK Pension business - with participation in profits)

A with-profits option is available under which annuities are increased in payment by declared bonuses and may incorporate a minimum guaranteed period of payment.

Group pension with-profit annuities, either single life or joint life and last survivor, are issued as annuities on retirement under PCPS and PCRS.

(B) New Zealand

(i) ***Whole life assurances***

With certain minor exceptions, premiums payable on whole life assurance business cease at age 90 and policies have been valued accordingly.

(ii) ***PruPac policies***

PruPac contracts are multiple benefit policies. The basic benefit is a pure endowment with return of premiums with interest on death. Other pure endowments, temporary benefits and disability products may be attached.

The pure endowment contract is effected by annual premiums and the sum assured is determined at the commencement of each contract.

(iii) ***Flagship Capital policies***

These are recurrent single premium endowment assurances issued on an individual basis for non-superannuation and superannuation business. As each premium is paid the sum assured is increased by the amount of the premium. Insured death and disability benefits may be attached.

The basic benefit is the accumulated fund plus the insured benefit on death. The accumulated fund consists of premiums, less charges, plus base and bonus interest declared. See 3.(2)(iii)(g) for surrender benefits.

For non-superannuation policies without insured benefits, the death benefit is guaranteed to be at least 110% of the premiums paid.

For each new policy a target premium equal to a proportion of the expected first year's premium is established. Initial charges are related to this target premium.

No new policies have been issued since September 1991 but increases to benefits under existing policies may be accepted.

(iv) ***Superplan, Cashbuilder and Assetbuilder***

These are recurrent single premium endowment assurance contracts issued on an individual basis for non-superannuation and superannuation business. Insured death and disability benefits may be attached and the benefit is the accumulated fund plus the insured benefit. See 3.(2)(iii)(g) for surrender benefits.

The accumulated fund consists of premiums, less charges, plus base and bonus interest declared. For each new policy a target premium equal to a proportion of the expected first two years' premium is established. Initial charges are related to this target premium.

No new policies have been issued since November 1990 but increases to benefits under existing policies may be accepted.

3.(1) non-linked contracts New Zealand continued

(v) Design Life

These are recurrent single premium endowment assurance contracts issued on an individual basis for non-superannuation and superannuation business. For non-superannuation policies insured death benefits may be attached and the benefit is the accumulated fund plus the insured benefit. See 3.(2)(iii)(g) for surrender benefits.

The accumulated fund consists of premiums, less charges, plus base interest declared. For each new policy a target premium equal to a proportion of the expected first two years' premium is established. Initial charges are related to this target premium.

No new policies have been issued since August 1987 but increases to benefits under existing policies may be accepted. Initial charges are incurred in relation to the increase in regular yearly premium.

(vi) Capital Bond

The Capital Bond, which was issued between April 1989 and May 1990, is a single premium investment bond with no life cover attached. The benefit on death or maturity is the accumulated fund. See 3.(2)(iii)(i) for surrender benefits.

The accumulated fund consists of premiums, less charges, plus base and bonus interest declared.

(C) Hong Kong

Crisis Cover Benefits

These benefits have been issued in Hong Kong since November 1990. The policy may only be sold as an attached benefit to an assurance contract. In the event of diagnosis that the policyholder is suffering from one of several specified dread diseases, a proportion of the sum assured will be advanced.

Group Pensions Cash Accumulation

Contributions paid are invested, after deductions for expenses, to provide a cash fund at retirement or earlier withdrawal (including bulk surrender).

Most of the liability is for contracts under which the fund accumulates with compound interest at a basic rate of 5% per annum together with annual bonuses. The basic rate is guaranteed to apply to benefits secured up to the tenth scheme anniversary, after which it may be varied subject to giving six months notice. No new contracts of this type have been issued since 31 December 1995.

The remainder of the liability is for contracts under which terminal bonus may be added to the fund at retirement. There are two contract types. Under the first contract the fund is guaranteed to be no less than contributions paid less expense deductions, while under the second contract the fund is guaranteed to be no less than contributions paid less expense deductions accumulated at 3% per annum. These contracts were introduced in September 1995.

On withdrawal (including bulk surrender) in the first five policy years, a discontinuance charge will be applied of 5% of the fund in year 1, reducing linearly to 1% in year 5. For contracts subject to a basic rate of accumulation of 5% per annum, an adjustment to reflect market conditions may be applied on bulk surrender.

(D) Malta

Whole life assurances

With certain minor exceptions, premiums payable on whole life assurance business cease at age 85 and policies have been valued accordingly.

3.(2) Guarantees and Options

(i) *Premium rate guarantees*

- (a) Under a few without-profit group pension deferred annuities, premium rates are guaranteed for existing employees.
- (b) Under most group pension deferred annuities, premium rates are guaranteed for existing employees in respect of the pension applicable to the current salary level.
- (c) Under a few group pension temporary assurances, premium rates are guaranteed for employees in respect of current levels of sum assured; group pension temporary assurance premium rates are generally guaranteed for 2 years and in some cases for 3 years.
- (d) With-profit whole life assurances issued in the United Kingdom up to March 1977 contain an option to convert at a guaranteed premium rate to a with-profit endowment assurance for a sum assured not exceeding the original sum assured and for a term after conversion of at least 10 years.
- (e) Without-profit whole life assurances issued in the United Kingdom between April 1966 and March 1977 contain an option to convert at a guaranteed premium rate to a without-profit endowment assurance for a sum assured not exceeding the original sum assured and for a term after conversion of at least 10 years.
- (f) A few endowment assurances contain a guaranteed annuity option exercisable on maturity.
- (g) With the exception of MPPI, PSP, Bond 32 and investments in the AVC Deposit Fund in the United Kingdom and business written in Hong Kong, all deposit administration contracts contain guaranteed annuity options at various interest rates not exceeding 5.50%.

(ii) *Mortality options*

- (a) Income security benefit contracts issued in the United Kingdom between February 1971 and November 1981 contain an option to convert the income security benefit, or part thereof, to a whole life or endowment assurance without evidence of health. The maximum sum assured under the new assurance is three times the quarterly income benefit being cancelled, multiplied by the number of years remaining of the income benefit term.
- (b) Certain endowment assurances on female lives issued in the United Kingdom between September 1953 and May 1978 contain an option on marriage to terminate the policy and effect an assurance on the life of the husband without evidence of health, provided he is then aged 45 or less, for a sum assured not exceeding four times that of the original policy.
- (c) Some policies issued in New Zealand and Hong Kong contain an option, in return for an additional premium, to effect further assurances without evidence of health for a sum assured not exceeding the original benefit. The option is also included in a few policies issued in the United Kingdom between September 1975 and April 1984, for which the accumulated increases may exceed the original benefit.
- (d) A few assurance policies issued in the United Kingdom between October 1973 and July 1979 on the life of a parent or guardian contain an option to permit the child, after attaining a specified age, to effect a whole life or endowment assurance without evidence of health for a sum assured not exceeding four times that of the original policy. If the child is a girl, the option can, instead, be exercised on marriage on her husband's life if he is under age 45.
- (e) Some temporary assurance policies issued in New Zealand contain an option, in return for an additional premium, to convert fully or partially to a whole life or endowment assurance for a sum assured not exceeding the original sum assured, or 125% of the original sum assured if the new policy commences at the expiry date of the original policy.
- (f) Some individual level temporary assurance policies issued in the United Kingdom and Hong Kong contain an option, in return for an additional premium, to convert fully or partially to a whole life or endowment assurance for a sum assured not exceeding the original sum assured.

3.(2) non-linked contracts guarantees & options continued

- (g) Prudential Portfolio contracts in New Zealand may be increased in line with the Consumer Price Index subject to a minimum increase of 5% per annum. Insured benefits for PruPac, PruLink, Flagship Capital and Flagship Unit-linked policies issued in New Zealand may be increased in line with the Consumer Price Index.
- (h) Certain individual temporary assurance policies contain an option to renew the assurance every 5 or 10 years without evidence of health subject to a maximum age at renewal of 55 next birthday (65 for Hong Kong business). The sum assured under this option can be increased by up to one half of the sum assured remaining at the end of the 5 or 10 year period. In the United Kingdom there is an alternative option to convert at the end of the term to any other ordinary branch single life assurance, for a sum assured of up to 150% of that under the temporary assurance policy.
- (i) Some assurance policies in the United Kingdom, New Zealand and Hong Kong contain options to effect further assurances without evidence of health at specific ages or on marriage, adoption or birth of a child. Under some assurances in Hong Kong, a guaranteed insurability option of up to five times the basic sum assured is offered at the maturity of the pure endowment part of the assurance.
- (j) Low-cost endowment assurance policies (including low-start low-cost endowment assurance policies) issued since April 1984 in connection with mortgage repayments contain an option to effect further endowment assurance policies without evidence of health to cover each increase (subject to the restrictions mentioned below) which may be allowed in the mortgage for which the policy is being used. The total amount of benefits under the new policy (or series of policies) must not exceed the guaranteed minimum death benefit under the original policy. The option may be effected only whilst all the lives assured are under age 50 and where the mortgage is secured on the principal private residence of the assured(s). These policies also contain an option to extend the policy term, without evidence of health, if the term of the mortgage is being extended, provided that the revised term is not less than ten years and does not extend beyond the 70th birthday of any of the lives assured.
- (k) If a policyholder ceases to be eligible for an individual retirement annuity, individual Personal Pension Policy contract or individual Personal Pension Scheme contract in the United Kingdom then any temporary life assurance cover written under such a policy ceases. These policies contain an option allowing such temporary cover to be replaced by an individual assurance at the relevant rates of premium then in force, based on the original underwriting decision.

A similar option is available to employees leaving Group pension schemes in New Zealand and Hong Kong. This option is also available to employees leaving those Group pension schemes in the United Kingdom where it has not, as yet, proved possible to remove the option. During 1988 the continuation option was withdrawn in respect of new schemes.
- (l) Some group life and widows schemes with death in service benefits in the United Kingdom contain an option to effect an individual assurance for an equivalent benefit on a member leaving the pension scheme. During 1988 this option was withdrawn in respect of new schemes.
- (m) Some temporary assurance policies issued after August 1988 in New Zealand include certain options which are available without evidence of health.
- (n) Certain temporary benefits incorporated in PruPac, Flagship Capital, and Flagship Unit-Linked policies in New Zealand contain an option to increase the sum assured in line with the rate of inflation on a recurrent single premium basis.

(iii) Surrender and paid-up policy guarantees and cash options

- (a) Most individual deferred annuity contracts, other than retirement annuity contracts, issued in the United Kingdom contain a guaranteed cash option at the end of the period of deferment.
- (b) Individual deferred annuity contracts (other than retirement annuity contracts) issued in the United Kingdom prior to June 1967 contain guaranteed minimum surrender values. In most other countries individual deferred annuity contracts contain guaranteed surrender values. The financial implications are minimal.

3.(2) non-linked contracts guarantees & options continued

- (c) Most assurance policies, other than temporary assurances, issued in the United Kingdom prior to January 1986 provide guaranteed minimum paid-up policy values on a proportionate basis when at least 2 years' premiums have been paid provided that the policy has not been altered in any way.
- (d) Assurance policies, other than temporary assurances, issued in the United Kingdom and Malta before October 1960 provide guaranteed minimum surrender values of one third of the premiums paid.
- (e) When the option referred to in 3.(2)(ii)(b) is exercised in respect of post May 1969 policies there is a guaranteed minimum surrender value under the original policy. Provided no bonuses have been surrendered, the guaranteed value will be for an amount not less than that proportion of the basic sum assured under the original policy which the amount of premiums paid bears to the maximum amount of premiums payable. For policies issued before September 1968 there is a corresponding guarantee. The value of the original policy is allowed as a reduction against the premium on the husband's policy; the reduction will not be less than the total premiums paid under the original policy (less any marriage benefit paid) divided by the term of the husband's policy.
- (f) Some endowment assurances issued in the United Kingdom in connection with building society or bank mortgages contain a form of guaranteed surrender value. The guarantee becomes effective if the lender forecloses on the mortgage and the house sale proceeds together with the normal surrender value of the policy is less than the outstanding loan. In this event the normal surrender value can be increased up to the amount of the principal to which the lender would have been entitled had the loan been granted under the annuity repayment method, in order to rectify the shortfall. The financial effect has been minimal.
- (g) In New Zealand for group deposit administration business and for classes of business listed in 3.(1)(B)(iii) to 3.(1)(B)(vi) inclusive, the accumulated fund is available on individual surrender at any time. On termination of a group contract the fund is payable over five years.
- (h) Individual retirement annuity policies issued in the United Kingdom before 1986 include a guarantee that the paid-up policy amount will not be less than that proportion of the original basic annuity which the number of years premiums paid bears to the number originally payable, provided that at least 1 year's premiums have been paid.

(iv) Other guarantees and options

- (a) Some individual and group pension deferred annuity contracts issued in the United Kingdom contain guaranteed benefit conversion factors for early or late retirement.
- (b) Full GMP benefits are guaranteed to be secured from the CA fund by the Bond 32 contract in the United Kingdom. If part of the GMP is secured by a non-participating deferred annuity, the balance is guaranteed to be secured from the CA fund.
- (c) Some individual assurances issued in New Zealand prior to 1979 provide a guarantee that the rate of interest charged on automatic premium advances will not exceed 7% per annum.

4. (1) Categories of in force linked business

(A) United Kingdom

(i) *Prudence Bond, Prudence Managed Bond*

- (a) These contracts are single premium whole life assurances and offer linked benefits in addition to the non-linked benefits referred to in 3(1)(A)(ii).

The death benefit payable is 101% of the bid price of units at the date of death.

For business written after 31 December 1994, exit charges were introduced on withdrawals other than regular withdrawals. This charge is deducted from the fund on the following basis:

Exit during the first year is 5% of fund value
Exit during the second year is 4% of fund value
Exit during the third year is 3% of fund value
Exit during the fourth year is 2% of fund value
Exit during the fifth year is 1% of fund value

- (b) Assuming full commission is paid the percentage of premium invested varies between 100% and 102% depending on the size of the premium.

For business written after 31 December 1994 the allocation rates are:

<u>Amount of Initial Investment</u>	<u>Allocation Rate</u>
Less than £10,000	100.0%
£10,000 to £24,999	101.0%
£25,000 to £49,999	101.5%
£50,000 and more	102.0%

Allocation rates are increased where commission is given up.

- (c) The internal linked funds of Prudential Holborn Life Limited to which funds may be linked under a reinsurance agreement are shown in 4 (2)(A)(a).
- (d) Benefits are not linked to external funds.

(ii) *Distribution Bond*

- (a) These contracts are single premium whole life assurances offering benefits linked to the Distribution Fund. Income from the underlying assets of the fund will normally be distributed to the Distribution Cash Fund biannually.

The death benefit payable is 101% of the bid price of units at the date of death.

For business written after 31 December 1994, exit charges were introduced on withdrawals other than regular withdrawals. This charge is deducted from the fund on the following basis:

Exit during the first year is 5% of fund value
Exit during the second year is 4% of fund value
Exit during the third year is 3% of fund value
Exit during the fourth year is 2% of fund value
Exit during the fifth year is 1% of fund value

4. (1) **linked business UK continued**

- (b) Assuming full commission is paid the percentage of premium invested varies between 100% and 102% depending on the size of the premium.

For business written after 31 December 1994 the allocation rates for the Nil Commission option are:

<u>Amount of Initial Investment</u>	<u>Allocation Rate</u>
Less than £10,000	100.0%
£10,000 to £24,999	101.0%
£25,000 to £49,999	101.5%
£50,000 and more	102.0%

Allocation rates are increased where commission is given up.

- (c) Benefits are linked to the Prudential Individual Distribution Fund and Prudential Individual Distribution Cash Fund, internal linked funds of Prudential Holborn Life Limited to which funds may be linked under a reinsurance agreement as shown in 4 (2)(A)(a).
- (d) Benefits are not linked to external funds.

(iii) Prutrust: Whole life

These are single premium assurances which were issued from June 1969 to September 1980.

- (a) The cash value is the value of the units allocated, less a deduction in respect of tax on capital gains, which is calculated having regard to any relevant gain in the market value of units allocated to the policy. The benefits are as follows:

on death the amount payable is the greater of the sum assured and the cash value of the units allocated; and

on surrender the amount payable is the cash value of the units allocated.

The benefits on death or surrender may be paid in units of equivalent value.

- (b) Immediately prior to the contract being withdrawn the policy fee was £30, and 100% of the single premium, net of the policy fee, was invested in units.
- (c) Benefits are not linked to internal funds.
- (d) Benefits are linked to Prudential Equity Trust units. (See 4.(3))

(iv) Prutrust: Endowment

These assurances were issued from September 1968 to November 1982.

- (a) The cash value is the value of the units allocated, less a deduction in respect of tax on capital gains, which is calculated having regard to any relevant gain in the market value of units allocated to the policy. The benefits are as follows:

on death the amount payable is equal to the annual investment sum multiplied by the endowment term (and known as the nominal sum assured) plus any amount by which the cash value of the units allocated exceeds the total of the investment sums applied up to the date of death;

on maturity the amount payable is the cash value of the units allocated. Provided that the policy has not previously become paid up, there is an option to effect a paid up Prutrust whole life assurance in lieu of the maturity proceeds; and

4. (1) **linked business UK continued**

on surrender the amount payable is the cash value of the units allocated less an expense deduction. The expense deduction is initially £10 plus 50p per cent of the nominal sum assured and reduces to zero over the term of the policy.

The benefits on death or maturity may be paid in units of equivalent value.

- (b) The proportion of the office premium, net of policy fee, invested was as shown below:

Age next birthday at maturity (male lives)	Proportion invested %
45	98.00
55	96.20
65	92.60
75	81.30

Immediately prior to the contract being withdrawn the policy fee for monthly premium payments was £0.75.

- (c) Benefits are not linked to internal funds.
- (d) Benefits are linked to Prudential Equity Trust units. (See 4.(3))

(v) ***Prufund: Protection Plan***

These contracts were issued from March 1984 to June 1988.

- (a) The Plans are whole life contracts with premiums payable monthly throughout life, on either a single life or joint life first death basis. An administration charge and a mortality charge are levied monthly with the cost being met by cancelling allocated units, valued at the bid price.

For a given premium the level of life cover may be selected between two limits as follows:

- (i) minimum cover - provides a level of cover which is guaranteed to be maintained throughout life;
- (ii) maximum cover - provides a higher level of cover for the first 10 years which thereafter may need to be reduced.

Automatic reviews take place on the tenth policy anniversary and subsequently every 5 years until age 70 with annual reviews thereafter. Each review will determine the maximum sum assured available at that time, which can be supported until the next review.

4. (1) linked business UK continued

The level of life cover may be reduced at any time but not below the level of cover which would render the contract non-qualifying. Alternatively, provided certain conditions are met, the life cover under the Plan may be increased.

The benefits are as follows:

on death the amount payable is the greater of the selected life cover and the cash value of the units allocated; and

on surrender the amount payable is the cash value of the units allocated.

The contract may be converted to a paid-up policy provided that it has acquired a surrender value. Deductions for the cost of life cover and the monthly administration charge continue to be made until the policy has no surrender value, at which time the policy lapses without value. Alternatively, if the surrender value exceeds £1,000, the life cover may cease and the benefit payable on a subsequent claim is the bid value of units. In this case no further mortality or administration charges are made.

Where the original policy was issued on normal terms a new policy may be effected without evidence of health every 5 years prior to the attainment of age 50 for a sum assured of up to 50% of the sum assured under the existing policy at the time each option is exercised. The option lapses if not exercised (in whole or part). The new policy may be a with-profit whole life or endowment assurance.

- (b) During the first 2 policy years 50% of each premium was invested in units; thereafter the proportion was increased to 102% of each premium. The administration charge is currently £1.60 per month.
- (c) Benefits are linked to Prufund units.
- (d) Benefits are not linked to external funds.

(vi) *Prufund: Savings Plan*

Series 1 contracts were issued between November 1982 and February 1988.

Series 2 contracts were issued from February 1988 to July 1991.

- (a) Series 1 Plans are all 10 year term single life contracts and provide the following benefits:

on death the amount payable is the greater of the guaranteed life cover and the cash value of the units allocated;

on maturity the amount payable is the cash value of the units allocated (alternatively the policy may be continued either with or without further payment of premiums); and

on surrender the amount payable is the cash value of the units allocated.

Series 2 Plans are single life whole life assurance contracts with a 10 year premium paying term and provide the following benefits:

on death the amount payable is the greater of the guaranteed life cover and the cash value of the units allocated; and

on surrender the amount payable is the cash value of the units allocated.

At the end of the premium payment term there is an option available (on both Series 1 and Series 2) to continue the payment of premiums for a further 10 years.

4. (1) linked business UK continued

(b) The proportion of the office premium net of policy fee invested is shown below:

Contracts	Age next birthday at entry (Male lives)	Proportion invested in policy year		
		1	2 to 5	Subsequent
		%	%	%
Series 1	35	62.00	104.00	104.00
	45	60.25	102.25	104.00
	55	56.00	98.00	104.00
	65	53.25	95.25	104.00
Series 2 issued between February 1988 and June 1990	35	62.00	104.00	104.00
	45	60.25	102.25	104.00
	55	56.00	98.00	104.00
	65	51.00	93.00	104.00
Series 2 issued from July 1990 to July 1991	35	57.00	104.00	104.00
	45	55.25	102.25	104.00
	55	51.00	98.00	104.00
	65	46.00	93.00	104.00

Immediately prior to the contract being withdrawn, the policy fee for monthly premium payments was £2. No policy fee was charged where the monthly premium was at least £150.

(c) Benefits are linked to Prufund units.

(d) Benefits are not linked to external funds.

(vii) *Prufund : Investment Bond*

These contracts were issued from November 1982 to October 1991. Existing policies may continue to receive top-up premiums.

(a) The Bonds are all single premium whole life contracts. The contracts are available in either single life or joint life and last survivor form. The cash value of the bond on death is 101% of the value at the bid price of the units allocated. This also applies, by concession, to policies issued before April 1989 (with a contractual death benefit of 100% of the bid value of the units). The cash value of the bond on surrender is the value at the bid price of the units allocated. The cash value of some or all of the units may be taken at any time.

(b) (i) For contracts issued before April 1989, 100% of the single premium, net of a policy fee (for premiums of less than £25,000), was invested in units. In March 1989 the policy fee was £50. For initial investment under policies issued from April 1989 to June 1990 the amount applied to allocate units was:

Amount of investment under a policy £	Investment allocation %
2,000 - 4,999	98.0
5,000 - 9,999	99.5
10,000 - 24,999	100.5
25,000 and over	101.0

4. (1) linked business UK continued

- (ii) For initial investment under policies issued from July 1990 the amount applied to allocate units is:

Amount of investment under a policy £	Investment allocation %
2,000 - 4,999	97.5
5,000 - 9,999	99.0
10,000 - 24,999	100.0
25,000 - 49,999	100.5
50,000 and over	101.0

No policy fee has been charged since March 1989.

- (c) Benefits are linked to Prufund units.
(d) Benefits are not linked to external funds.

(viii) PPA, EPP2/3/4, EIB and EIA

EPP2 contracts were issued from May 1987 to October 1987. EPP3 contracts were issued from November 1987 to December 1994. PPA contracts were issued from November 1987 to June 1988. EIB and EIA contracts have been issued since April 1989. EIA contracts are no longer actively marketed. EPP4 contracts have been issued since January 1995.

- (a) These contracts offer linked benefits, in addition to the non-linked benefits referred to in 3.(1)(A)(vii), on death, normal retirement, transfer and early retirement. In each case the benefit is the bid value of units secured at the date of realisation less, on transfer or early retirement, an adjustment as detailed below. Only PPA policies may invest in the Guaranteed Fund. On each anniversary of the commencement of the contract 7% of the remaining units secured by regular premiums due in the first year of payment are cancelled. This applies separately to each increase in the level of regular premiums. On transfer or early retirement the amount available is reduced by the amount of any cancellations outstanding.

For EPP 2/3 policies (written before 6 April 1990) a loyalty bonus of 0.25% of the average value of the accumulated fund for each year is added to the fund, if at least 90% of the regular contributions due up to 5 years before the normal pension date have been paid. Loyalty bonus is reduced if less than 90% of the regular contributions have been paid. Loyalty bonus is also paid on single contributions provided they remain invested for at least 5 years. Loyalty bonus is paid if death occurs before normal pension date.

- (b) For PPA and EPP 2/3 policies (written before 1/1/95), the percentage of premiums deemed invested varies with size of contribution and term. The minimum and maximum percentages for selected terms are shown below:

Regular contributions					
PPA			EPP 2/3		
Term (years)	Maximum %	Minimum %	Term (years)	Maximum %	Minimum %
5	99.50	97.50	All	105.00	100.00
10 or more	102.00	100.00			

For all levels of single contributions the allocation rate is 100%.

4. (1) linked business UK continued

For EPP 4 policies written after 31 December 1994, the allocation rate varied with the commission paid. The allocation rates for selected commission levels are shown below:

Regular Premium	
Amount of Commission	Allocation Rate
Nil	105.25%
5.25%	100.00%
8.00%	97.25%

Single Premium - nil commission terms	
Investment Amount	Allocation Rate
Under £20,000	105.25%
£20,000 to £29,999	106.00%
£30,000 to £39,999	107.00%
£40,000 to £49,999	108.00%
£50,000 and more	109.00%

For EIB and EIA policies the minimum percentage allocated is 100% and the maximum is 101%.

For EPP3 policies (written before 1 January 1995) a setting up fee was charged on the first single or regular contribution. In addition a policy fee of £24 per annum was charged for the first single contribution and a policy fee of up to a maximum of £24 per annum may be charged for regular premium policies. These policy fees may be increased in the future.

For EPP4 policies (written since 1 January 1995), an administration fee is payable via unit realisation. For regular contributions, the fee is £15 per month for the first 24 months and £2 per month thereafter. For single contributions, the fee is £24 per annum from the first single contribution.

- (c) The internal linked funds of Prudential Holborn Pensions Limited, to which funds may be linked under a reinsurance agreement, are shown in 4.(2)(A).

The Guaranteed Fund is a non-unitised fund currently invested in short dated securities and loans. A rate of interest is published daily and money allocated to the Fund is increased appropriately after one year.

- (d) Benefits are not linked to external funds.

(ix) PPP and FSAVC

PPP contracts have been issued since July 1988 and FSAVC contracts since January 1991. FSAVC contracts are no longer actively marketed. Both contracts operate similarly to those contracts described in 4.(1)(A)(viii) except as stated below:

- (a) PPP policies are eligible for loyalty bonus under the same circumstances as EPP 2/3 policies.
- (b) For business written before 1 January 1995, a policy fee of £36 per annum is charged if total regular contributions are less than £750 per annum or £93.75 per month. The policy fee may be increased in the future. The percentage of premiums, after deduction of charges, deemed invested varies with size of contribution. A sample of percentages for selected contribution sizes is shown below:

Policies issued before 6 April 1990		
Annual contributions	Monthly contributions	Allocation
£	£	%
250	25	91
500	50	97
5,000	500	104

Policies issued on or after 6 April 1990		
Annual contributions	Monthly contributions	Allocation
£	£	%
250	25	100
2,000	200	102
5,000	500	104

4. (1) linked business UK continued

For single contributions the allocation, after deduction of charges, is 100%.

Higher allocation rates are available for grouped PPP regular contribution policies. The highest allocation rates are 111% for premiums paid in the first policy year and 106% thereafter.

For PPP policies written after 31 December 1994, an administration fee is payable via unit realisation. For regular contributions, the fee is £15 per month for the first 24 months and £1 per month thereafter. For single contributions, the fee is £24 per annum from the first single contribution. The percentage of premiums, after deduction of charges, deemed invested varies with commission paid. The allocation rates for selected commission levels are shown below:

Regular Premium	
Amount of Commission	Allocation Rate
Nil	105.25%
5.25%	100.00%
8.00%	97.25%

Single Premium - nil commission terms	
Investment Amount	Allocation Rate
Under £20,000	105.25%
£20,000 to £29,999	106.00%
£30,000 to £39,999	107.00%
£40,000 to £49,999	108.00%
£50,000 and more	109.00%

Where Transfer Values are received into PPP contracts the percentage deemed invested varies with the size of premium and term. The minimum and maximum percentages for selected terms are shown below.

Term (years)	Maximum %	Minimum %
10 or less	100.5	100.0
20 or more	108.0	105.0

Where units purchased by a Transfer Value are cashed to provide early retirement benefits or to transfer to another pension arrangement the amount available is reduced. Specimen reductions are as follows.

Complete years before Selected Pension Date or State Pension Age	Reduction from units %
less than 5	Nil
5	0.5
6	1.0
7	1.5
8	2.0
9	2.5
10	3.0
20	8.0

- (c) These policies may not invest in the Guaranteed Fund.

4. (1) linked business UK continued

(x) *GPP1 and GPP2*

The GPP1 contract was first issued in November 1988 and the GPP2 contract first issued in July 1990. The GPP1 contract is no longer actively marketed.

- (a) These contracts are written in unitised form and each offers a unit-linked option in addition to a with-profit investment.

They provide retirement and death in service benefits for groups of employees, and accept single premiums, transfer values, regular contributions, and National Insurance contributions and rebates. The option to transfer amounts between linked and non-linked investments is allowed, but on terms which are not guaranteed. The value of the benefits is the bid value of the units but this may be varied for with-profits units by a Market Value Adjustment factor on early retirement, surrender or a switch to a unit-linked fund. Where benefits are taken before the selected pension date and where front end loaded commission has been paid, a deduction is made to recover any outstanding charges in respect of units purchased by the first year of regular contributions (or the first year of any increase in contributions).

- (b) Under the GPP1 contract the percentage of premiums invested varies from 106% for monthly contributions of £1,000 or more to 84% for monthly contributions of less than £25 (allocations in the first year are 5% in excess of this). A policy fee of £12 per annum is charged if total regular contributions are less than £125 per month. If front end loaded commission has been paid, a charge is made of 7% per annum on the units purchased by the first year of regular contributions (or an increase in regular contributions). This charge continues until the selected pension date. If a scheme is set up on a single contribution only basis, a setting up fee applies based on the membership joining the scheme and an additional £12 handling charge is charged on premium receipt. For schemes receiving transfer values a setting up fee is charged on entry. At least 100% of each single premium or transfer value is then allocated after deduction of setting up fees and a policy fee of £12 per annum collected by cancellation of units. For schemes receiving only the contracting out rebate, at least 99% of each contribution is allocated and a policy fee of £12 per annum is charged.

From 1 January 1995, under the GPP2 contract the percentages of premiums invested are as follows:

Regular contributions - 103.5% of all contributions received.

Single contributions - 98.3% of all contributions received.

A policy fee of £18 per annum per member which will cover all group retirement contracts held by the member, is deducted annually by cancellation of units.

Where front end loaded commission is payable a charge is made of 6% per annum on the units purchased by the first year of regular contributions (or on an increase in contributions). This charge continues until the attainment of the selected pension date or 25 years, whichever is the earlier.

- (c) The internal linked funds of Prudential Pensions Limited to which funds may be linked under a reinsurance agreement, are shown in 4.(2)(A)(a). Benefits linked to the With-Profits fund are included in Form 55.
- (d) Benefits are not linked to external funds.

4. (1) linked business UK continued

(xi) PTP

This contract was first issued in February 1990.

- (a) The PTP contract is written in unitised form and offers a unit-linked option in addition to a with-profit investment.

It is an investment contract for transfer values from former pension schemes. The plan can be set up as a Section 32 Buyout or as a Personal Pension and provides pension and lump sum benefits on retirement and lump sum benefits on death. Where a GMP is to be guaranteed on a Section 32 policy, all or part of the transfer value purchases special units in the With-Profits fund. The fund receives a different rate of bonus from other units. The option to transfer amounts between linked and non-linked investments is allowed (except for the special units), but on terms which are not guaranteed. The value of the benefits is the bid value of the units, but this may be varied for With-Profits units by a Market Value Adjustment factor on early retirement, surrender or a switch to a unit-linked fund. On a Personal Pension contract members have the option of paying future contributions.

- (b) The percentage of each transfer value invested depends upon the size of the transfer value and the commission taken. Specimen rates are shown below.

Single Premium - nil commission terms	
Investment Amount	Allocation Rate
Under £20,000	105.25%
£20,000 to £29,999	106.00%
£30,000 to £39,999	107.00%
£40,000 to £49,999	108.00%
£50,000 and more	109.00%

For business written before 1 January 1995 a policy fee of £10 per annum is deducted annually by cancellation of units. For business written after 31 December 1994, an administration fee of £24 per annum from the first contribution is payable via unit realisation.

- (c) As for GPP1/2 (see 4.(1)(x) above).

- (d) As for GPP1/2 (see 4.(1)(x) above).

(xii) AVC

The AVC contract has been issued since April 1988 with a linked option.

- (a) This contract offers linked benefits as well as non-linked benefits referred to in 3.(1)(A)(vi) on death, retirement or transfer. In each case the benefit is the bid value of the units secured at the date of realisation. On discontinuance of premiums the units may, as an alternative to a transfer, be preserved until retirement or earlier death subject to the continuing management charge referred to in 4.(2)(A)(b).

- (b) The percentage of premiums invested varies with size of contribution. For both regular and single contributions the minimum percentage allocated after deduction for commission is 98% and the maximum is 102%.

- (c) As for GPP1/2 (see 4.(1)(x) above).

- (d) As for GPP1/2 (see 4.(1)(x) above).

4. (1) **linked business UK continued**

(xiii) MPP2

This contract was first issued in July 1991.

- (a) The contract is written in unitised form and offers a unit-linked option in addition to a with-profit investment. It is an investment contract for approved self administered pension schemes. The option to transfer amounts between linked and non-linked amounts is allowed, but on terms which are not guaranteed. The value of benefits is the bid value of the units, but this may be varied for With-Profits units by a Market Value Adjustment factor on early retirement or surrender.

- (b) From 1 January 1995, the percentages of contributions invested are as follows.

Regular contributions - 103.5% of all contributions received.

Single contributions - 98.3% of all contributions received.

A policy fee of £18 per annum, per member which will cover all group retirement contracts held by the member, is deducted annually by cancellation of units.

- (c) As for GPP1/2 (see 4.(1)(x) above).

- (d) As for GPP1/2 (see 4.(1)(x) above).

(B) New Zealand

(i) Flagship unit-linked

These contracts were issued from August 1987 to September 1991.

- (a) They are issued on an individual basis for both non-superannuation and superannuation business.

For non-superannuation policies without insured benefits, the death benefit is guaranteed to be at least 110% of premiums paid.

- (b) The expense charges in December 1995 were:

- (i) $(2.2 \times \text{term})\%$ in each of the first 2 years up to the target premium level defined for the first year, subject to a maximum of 66%;

- (ii) 5% of premiums thereafter;

- (iii) 5% of lump sum and reinvested policy proceeds;

- (iv) a policy fee of \$20.68 per month was charged for the first 24 months and followed by a charge which commences at \$ 5.17 per month but increases each year in line with the Consumer Price Index;

- (v) an ongoing monthly charge of 0.10% of the fund. This charge may be increased at any time subject to a maximum of 0.20% per month.

- (c) Benefits are linked to ordinary unit fund units or superannuation unit fund units as appropriate.

- (d) Benefits are not linked to external funds.

(ii) Ideal policy

- (a) A constant percentage of each premium is deemed to be invested in units such that 100% of the sum assured is invested over the term of the contract.

4.(1) linked business New Zealand continued

The benefit on maturity is the greater of:

- (i) the sum assured; and
- (ii) the bid value at the maturity date of the units deemed to have been invested.

The benefit on death is the greater of:

- (i) the sum assured; and
 - (ii) the bid value at the date of death of the units deemed to have been invested, plus the total of the portion of premiums which would have been invested in units between the date of death and the maturity date, had the life assured survived.
- (b) a deduction is made from the bid value of the units deemed to be included in the maturity or death proceeds in respect of New Zealand capital gains tax of an amount not exceeding the company's tax liability if it were to dispose of the units deemed to have been invested at the time of the claim. Income from the unit trusts is retained by the company to meet renewal expenses.
- (c) Benefits are not linked to the internal funds of the issuing office.
- (d) The benefits are linked to the units of Prudential Equity Trust (in New Zealand), which is external to the issuing office.

(iii) Equity Plan Assurance Policy

- (a) A constant percentage of each premium is deemed to be invested in units such that 70% of the sum assured is invested over the term of the contract.

The benefit on maturity is the greater of:

- (i) the sum assured, and
- (ii) the bid value at the maturity date of the units deemed to have been invested, plus 30% of the sum assured.

The benefit on death is the greater of:

- (i) the sum assured, and
 - (ii) the bid value at the date of death of the units deemed to have been invested, plus the total of the portion of the premiums which would have been invested in units between the date of death and the maturity date, had the life assured survived, plus 30% of the sum assured.
- (b) A deduction is made from the bid value of the units deemed to be included in the maturity or death proceeds in respect of New Zealand capital gains tax of an amount not exceeding the company's tax liability if it were to dispose of the units deemed to have been invested at the time of the claim. Income from the unit trusts is retained by the company to meet renewal expenses.
- (c) Benefits are not linked to the internal funds of the issuing office.
- (d) The benefits are linked to the units of Prudential Equity Trust (in New Zealand), which is external to the issuing office.

(iv) Investorbond

- (a) These contracts are recurrent single premium contracts which have been issued since April 1990.

4.(1) linked business New Zealand continued

- (b) In December 1995, the maximum initial charge for a single premium which was less than \$5,000 was 5% of the single premium. If the single premium was \$5,000 or more, the maximum initial charge was 3.5% of the single premium. There is an ongoing charge of 1.60% of the fund. This charge may be increased at any time subject to a maximum of 2.40%.
- (c) Benefits are linked to assets with the following funds : Beaver, Fixed Interest, Squirrel and Stag.
- (d) Benefits are not linked to external funds.

(v) *Prudential Portfolio*

- (a) These contracts have been issued since May 1991. They are recurrent single premium contracts. Non linked insured death and disability benefits may be added.
- (b) For the Personal Superannuation Plan (issued prior to 15 August 1994) and the Savings and Protection Plan the charges payable in December 1995 were 3.5% of regular premiums and 3.5% of lump sums. For the Personal Superannuation Plan issued on or after 15 August 1994 the charges were 2.5% of regular premiums and 3.5% of lump sums. For the Business Insurance Plan the charges were 3.5% of lump sums only. Regular premiums purchase Primary Units until two years of Target Premiums have been paid. The Target Premium is the proportion of the premium on which new business commission is earned. The proportion is at the discretion of the agent responsible for the sale. All other premiums purchase Growth Units.

At the end of the funding period, or after 15 years from commencement (whichever is later), all units are transferred to Growth Plus units.

For the Savings and Protection Plan and the Business Insurance Plan there is an annual investment charge of 4.35% of assets in the Primary Unit accounts, 1.35% of assets in the Growth Unit accounts and 1.10% of assets in the Growth Plus Unit accounts. For the Personal Superannuation Plan the charges are 4.10%, 1.10% and 0.85% respectively. These charges may be increased at any time subject in each case to a maximum charge of twice the rate stated above.

There is a monthly policy fee of \$5.20 (except for the Personal Superannuation Plan issued on or after 15 August 1994, for which the monthly policy fee is \$3.50) which increases each year in line with the Consumer Price Index.

- (c) Benefits are linked to assets of the following funds: Capital, Balanced, Entrepreneurial, Capital Stable, International Balanced and International Growth.
- (d) Benefits are not linked to external funds.

(C) Hong Kong

(i) *Global Growth Fund*

- (a) Global Growth Fund is a group plan.
- (b) The charges payable in December 1995 were:
 - 1% per annum on the average balance of the fund.
 - administration charges per annum as a fixed amount per contract, per member and per dollar contribution.
 - a back end charge upon the termination of the contract within the first five scheme years of 5% of the fund in year 1, reducing linearly to 1% of the fund in year 5.
- (c) Benefits are not linked to internal funds.
- (d) The benefits are linked to the units of the Global Growth Fund (Guernsey).

4.(2) Information regarding internal linked funds

(A) United Kingdom

- (a) (i) **Prufund** invests in shares of United Kingdom and overseas companies, British Government securities, property and cash. Part of this is via holdings in units managed by Prudential Unit Trusts Ltd

The fund pays the costs of acquisition and disposal of investments, any fees for property valuations and the cost of managing properties plus any expenses directly related to overseas investment.

- (ii) The general nature of the investments of the **Prudential Holborn Pensions Limited (PHPL)** internal linked funds are as follows (* indicates that the fund invests in a Prudential Unit Trust of the same name):

Prudential Individual :

Property Pension

Equity Pension

Fixed Interest Pension

Managed Pension

Index Linked Gilt Pension

International Money Pension

Global Equity Pension

Cash Pension

* **Special Situations Pension**

* **Small Companies Pension**

* **Global Growth Pension**

* **Japanese Pension**

* **European Pension**

* **North American Pension**

* **International Smaller Companies Pension**

* **Premier Income Pension**

* **Equity Income Pension**

* **High Income Pension**

* **UK Growth Pension**

* **International Growth Pension**

* **Pacific Markets Pension Fund**

offices and industrial premises in the United Kingdom.

principally United Kingdom equity shares.

gilt edged and other United Kingdom fixed interest stock.

gilt edged and fixed interest stock, equities and property, principally in the United Kingdom.

index linked gilts.

cash and short term deposits in foreign currencies.

equity shares quoted on foreign stock exchanges.

sterling money market instruments and short term deposits.

equity shares (principally United Kingdom quoted).

equity shares of relatively small companies, principally in the United Kingdom.

equity shares of international companies.

Japanese securities.

equity shares of European (excluding United Kingdom) companies.

United States and Canadian securities.

equity shares of relatively small companies quoted on international stock exchanges.

fixed interest stocks.

higher yielding equities, principally in the United Kingdom.

higher yielding equities and fixed interest stocks, principally in the United Kingdom.

mainly United Kingdom equities, with some fixed interest stocks.

mainly international equities, with some fixed interest stocks.

Securities in the developing markets of the Pacific basin and Australasia (not Japan).

- (iii) The general nature of the investments of the **Prudential Pensions Ltd (PPL)** internal linked funds, which together comprise the Pensions Investment Account, are as follows:

The Pensions :

UK Equity Fund

Fixed Interest Fund

Index-Linked Fund

International Fund

Cash Fund

Managed Fund

equity shares of companies in the United Kingdom.

British Government securities and other fixed income assets.

index linked securities

equity shares in overseas companies and foreign currency.

short term deposits and bonds.

equity shares in companies in the United Kingdom and overseas, fixed interest and index-linked stock, property shares, cash deposits and bonds. The fund may also hold units in any of the special sector funds listed above.

equity shares in UK and overseas companies.

office, shop, industrial and agricultural properties primarily in the UK.

The Pensions Global Equity Fund

The Pensions Property Fund

4.(2) internal linked funds UK continued

- (iv) The "MPP funds" of Prudential Pensions Limited are invested in corresponding Group Investment Linked Plan (GILP) funds of Prudential Pensions Limited. The name (and general nature of the underlying investments) of the appropriate GILP fund are, for each MPP fund, given below:

MPP :

Equity Fund	equity shares of companies in the United Kingdom
International Fund	equity shares in overseas companies and holdings of foreign currencies
International Bond Fund	overseas fixed interest securities
Fixed Interest Fund	British Government securities
Index Linked Fund	index linked securities
Cash Fund	cash and other short term instruments
Discretionary Fund	holdings in the GILP Equity, International, Fixed Interest, Index-Linked, Property and Cash funds
Global Equity Fund	units of the Equity and International funds
Property Fund	office, shop, industrial and agricultural properties primarily in the UK

- (v) The general nature of the investments of the Prudential Holborn Life Limited (PHLL) internal linked funds (Prudential Series 2 Life Investment Funds) are as follows:

Prudential Individual :

Property	offices and industrial premises in the United Kingdom.
Equity	principally United Kingdom equity shares.
Fixed Interest	gilt edged and other United Kingdom fixed interest stock.
Managed	gilt edged and fixed interest stock, equities and property, principally in the United Kingdom.
Pacific Basin	direct investment in the Japanese, Hong Kong, Singapore and Australian stock markets.
North America	direct investment in the US and Canadian Stock markets.
European	European (excluding UK) securities.
International	investments in other Prudential Individual Life geographical funds, with separate management of currency exposure.
Cash	short term money market investments.
Distribution Fund	equity shares, gilt edged and other fixed interest stocks, principally in the United Kingdom.
Distribution Cash Fund	short term money market investments.

The following funds consist principally of units in a range of Prudential Unit Trusts, but may also involve direct investment in shares, fixed interest stocks, property or the money markets:

Balanced Growth
Prudential Individual Strategic Growth
Prudential Individual Special Situations
Prudential Individual Small Companies
Prudential Individual Global Growth
Prudential Individual Japanese Unit Trust
Prudential Individual European Unit Trust
Prudential Individual Premier Income Unit Trust
Prudential Individual Equity Unit Trust
Prudential Individual Equity Income Unit Trust
Prudential Individual High Income Unit Trust
Prudential Individual UK Growth Unit Trust
Prudential Individual International Growth Unit Trust
Prudential Individual Pacific Markets Unit Trust

The internal funds of both PHPL and PPL are charged with the expenses of investment in the relevant fund, which is reflected in the unit price.

4.(2) internal linked funds UK continued

- (b) In the case of Prufund, an initial charge of 4% of the premiums invested is allowed for in the price of units, being incorporated in the difference between the bid and offer prices. The offer price is obtained by dividing the net asset value of the fund by the number of units of the fund in issue on the day before the appropriate valuation date and then rounding to the higher 0.1p. The bid price involves rounding to the lower 0.1p. A monthly investment charge equivalent to 0.0833% of the value of Prufund is allowed for in both the offer and bid prices of units. This charge may be varied without upper limit subject to six months' notice. The unit price is also adjusted in respect of tax on capital gains (see 5.(e)).

In the case of PHPL, PHLL and PPL there is an initial charge of 5% rounded up by no more than 0.1p. This charge is included in the difference between the bid and offer prices of units. The internal funds of PHPL and PHLL are subject to an annual management charge of 1% per annum. The funds of PPL are subject to an annual management charge of 0.75% per annum of the fund. These charges may be varied without upper limit, but in the case of PPL any increase in these charges is subject to six months notice being given.

There are no other charges or pricing adjustments.

- (c) Investment guidelines permit investments in a diversified portfolio of assets as outlined in 4(2)(A)(a) above or cash. The guidelines also require that such assets are permitted under Schedule 10 of the Insurance Companies Regulations 1994 (as amended).

The Company's investment guidelines for derivative contracts are set out in the section 22B statement in the Notes to the Returns in Schedules 1, 3 and 6.

(B) New Zealand

- (a) The ordinary unit fund and superannuation unit fund are invested primarily in shares, debentures and fixed interest securities quoted on the Australian and New Zealand stock exchanges, in bank bills, in deposits on the short term money market and in commercial property within Australia and New Zealand.

The Squirrel Fund and the Capital Fund invest solely in New Zealand short term money market securities.

The Beaver Fund and the Balanced Fund invest primarily in shares, debentures and fixed interest securities quoted on the New Zealand Stock Exchange, in deposits on the short term money market and in commercial property in New Zealand. They also invest in shares quoted on stock exchanges outside New Zealand.

The Stag Fund and the Entrepreneurial Fund invest primarily in shares quoted on the New Zealand Stock Exchange and in short term money market securities. They may also invest in debentures and fixed interest securities quoted on the New Zealand Stock Exchange and in shares quoted on stock exchanges outside New Zealand.

The Fixed Interest Fund invests solely in New Zealand fixed interest securities.

- (b) For the ordinary unit and the superannuation unit fund, the monthly management charge is 0.10% of the fund. This charge is guaranteed not to exceed 0.20%.

For the Squirrel, Beaver and Stag funds, the annual management charge is 1.60% of the fund. This charge is guaranteed not to exceed 2.40%.

There are no other charges or pricing adjustments.

- (c) Investment guidelines permit investments in a diversified portfolio of assets as outlined in 4(2)(B)(a) above or cash.

The Company's investment guidelines for derivative contracts are set out in the section 22B statement in the Notes to the Returns in Schedules 1, 3 and 6.

4.(3) Information regarding authorised unit trusts

Units of the Prudential Equity Trust (in the United Kingdom) are purchased by the Company at a discount of 3% from the published offer prices. In all other respects the conditions of sale and purchase are the standard conditions applied by the Prudential Unit Trusts Limited.

5. Valuation bases

Unless specified to the contrary, the mathematical reserve is the difference between the present value of the benefits and the present value of the future valuation net premiums, both calculated with provision for immediate payment of claims. Contracts with a common attained age and number of years to run to maturity or premium cessation are grouped together, except where it is necessary to value individually to eliminate negative reserves (see section 5(1)(c) below regarding principles observed).

(i) The following assumptions have been made:

<u>For endowment assurances issued in</u>	<u>Assumed age attained on the maturity date</u>
New Zealand	Fifty-nine and a half.
Other countries (including the United Kingdom)	Half a year less than the quinquennial age nearest to that attained on the birthday after the maturity date.

The valuation net premiums are calculated at an age equal to the assumed age attained on the maturity date minus the original term.

<u>For whole life assurances issued in</u>	<u>Valuation net premium calculated at</u>
All countries	Half a year less than the age attained on the next birthday after entry.

The mathematical reserve for with-profit benefits under Prudence Bond and Prudence Savings Account contracts is the number of units allocated at the valuation date multiplied by the bid price of the appropriate units.

The mathematical reserve for certain minor classes of assurance is based on the premiums paid or is not less than the reserve calculated retrospectively.

(ii) The mathematical reserve for group pension with-profit deferred annuities, for group pension without-profit deferred annuities (including the without-profit element of Bond 32), and for deferred annuities in PCPS and the SAO and SPO Funds, is the present value of the annuity secured to date. The mathematical reserve for lump sum retirement benefits under PCPS is the amount of the accumulated fund attributable to those benefits.

The mathematical reserve for deferred annuities under the SAO and SPO Funds assumes that the option that exists on these contracts is exercised against the office.

The mathematical reserve for contingent annuities is based on the premiums paid.

The mathematical reserve for deferred contingent annuities associated with specific deferred annuities is based on the present value of such deferred annuities.

The mathematical reserve for with-profit immediate annuities is obtained by discounting future payments allowing for guaranteed bonus additions.

5. Valuation bases continued

Certain classes of deferred assurances and deferred annuities, where the death benefit is the return of the premiums paid, are valued without allowance for mortality during the period of deferment.

The mathematical reserve for CA, CAAVC, EPP, PCRS, MPP1, PSP, the with-profit element of Bond 32 and the AVC Deposit Fund, and Hong Kong cash accumulation business is the amount of the accumulated fund as at the date of valuation. For Bond 32 the mathematical reserve has been increased, where necessary, to ensure that it is not less than the value, at 4%, of the GMP.

- (iii) The mathematical reserve for some individual deferred annuities is obtained by accumulating the premiums paid at the greater of a rate of interest guaranteed at the date of issue and a concessionary rate of interest declared for each year, these concessionary rates being the rates of interest used in determining the benefits payable.

The mathematical reserve for United Kingdom single premium individual deferred annuity bonds is obtained by discounting the value of the cash option.

- (iv) The mathematical reserve for United Kingdom individual Personal Pension Policy contracts, individual Personal Pension Scheme contracts, individual Free-Standing Additional Voluntary Contribution Scheme contracts and with-profit benefits under PPA, EPP 2/3/4, EIB, EIA, PPP, FSAVC, GPP1/2, PTP, PTB32, MPP2 and WP Inv Acc is the number of units available at the selected retirement date in respect of premiums paid before the valuation date multiplied by the bid price of the appropriate units. The units are discounted at a zero interest rate and future increases in the bid price of units by way of bonus additions are ignored. In cases where a higher benefit would be payable in the event of early death or discontinuance of premium payments, due allowance has been made. Where relevant, reserves (described as "adjustments") have been set up for outstanding premiums, premiums in respect of policies not yet accepted and adjustments to allow for the incidence of initial commission.
- (v) The mathematical reserve for Crisis Cover contracts in Hong Kong is more than sufficient to cover claim costs and expenses.
- (vi) The mathematical reserve for Prudential Portfolio contracts in New Zealand consists of a unit liability based on the value at the date of valuation of Growth Units allocated to policyholders plus the capitalised value of Primary Units allocated to policyholders and a non-unit liability, which is shown on Form 55.
- (vii) The mathematical reserve for other linked contracts consists of a unit liability together with a non-unit liability. The unit liability is based on the value at the date of valuation of the units allocated to policyholders and on the value of the units held as part of the death benefit under the Prufund Investment Bond in excess of the units so allocated. The unit liability under Prudence Bond, PPA, EPP 2/3/4, EIB, EIA, PPP, FSAVC, AVC, GPP1/2, MPP2 and PTP contracts is wholly reassured. A discounted cash flow method of valuation is used to determine the non-unit liability and this ensures that, if the valuation assumptions are fulfilled, no valuation strains will emerge in future years. Any inadequacy in the office premium is therefore recognised immediately. Part of the available fund charge is reserved for funding the death benefit for the Prufund Investment Bond. This ensures that the unit liability is suitably matched. Specific reserves are set up for tax on capital gains, for outstanding premiums, and where relevant for premiums in respect of policies not yet accepted.
- (viii) The mathematical reserves for both linked and non-linked contracts include explicit provision for the full liability arising from the Company's future payments in respect of Life Assurance Premium Relief on policies which were in course of issue and subsequently not allowed as eligible following the Finance Act 1984.

5 Valuation bases continued

(1) In particular, the following principles have been observed:

- (a) Liabilities in each currency are covered by assets in that currency, with the exception of contracts issued in Maltese currency, for which the liability is small and sterling assets are held, and group cash accumulation business in Hong Kong. For the latter the liabilities are denominated in Hong Kong dollars but the bulk of the backing assets are currently invested in US dollar denominated assets. The resultant currency mismatch is considered to be of little practical significance given the existence of the Hong Kong to US dollar currency peg.

Unit liabilities under linked business are covered by assets which correspond to the liabilities. Liabilities for future capital gains tax in respect of Prutrust policies are covered partly by fixed interest securities and partly by units in the Prudential Equity Trust. The valuation interest rate adopted for each significant category of such contracts includes a margin, where appropriate, as a provision against the effects of any mismatch by term.

A provision for any mismatch between the nature and term of the assets held and the liabilities valued is made in Form 9 as described in section 5(2) below. A further provision has been included in the mathematical reserves shown in Form 58 for certain contracts issued in New Zealand.

- (b) The net premium method has been used without modification for without-profit assurances issued in the United Kingdom, for temporary assurances in other countries, for individual deferred annuities and for deferred annuities under PUS. All other assurances have been valued by the modified net premium method.

For assurance policies the addition to the net premium is an amount having a capitalised value at the date of issue of the policy of:

- (A) 1.5% of the sum assured for business in Malta;
- (B) 3% of the sum assured for with-profit business in the United Kingdom and whole life and endowment assurance business in all other countries.

For with-profit individual retirement annuities issued in the United Kingdom the addition is 2% of the relevant capital sum.

These modifications conform with Regulation 68 of The Insurance Companies Regulations 1994 (as amended).

- (c) Those policies where negative reserves could arise have been valued individually and the mathematical reserves increased to zero where necessary. Appropriate provision has been included within the additional reserve to ensure that outstanding premiums do not result in any policies being treated as an asset.
- (d) For with-profit assurance policies where premiums have ceased, allowance is made for future reversionary bonuses at a rate of not more than 1% per annum simple.
- (e) No provision for any prospective liability for tax on unrealised capital gains in respect of non-linked business has been included in the mathematical reserves shown in Form 58 since the fund shown in that Form relates to assets at book value. A provision is made in Form 9, however, as described in section 5(2) below.

For Prutrust policies the reserve for tax on capital gains shown in Form 56 has been calculated on the assumption that all units were realised at 31 December 1995, with due allowance for the future deductions which would be available from policy proceeds.

5.1 Valuation bases continued

For Prufund policies the reserve for tax on capital gains shown in Form 56 has been taken as 25% of the unrealised capital gain on assets at 31 December 1995, and unit prices are calculated net of this reserve.

Where there are linked benefits under Prudence Bond contracts, reserves for any capital gains tax liability arising on the sale of units are maintained by the reinsurer.

- (f) For United Kingdom deposit administration contracts an accumulation rate of interest of 4.75% per annum compound (2.5% per annum for new monies invested on or after the first scheme renewal date following 15 March 1996) is guaranteed in respect of deposits made within the first 3 years, except for EPP, PCRS and MPP1 where the period of guarantee is 5 years and for PSP and the AVC Deposit Fund where there is no guaranteed accumulation rate. No specific provisions are made for these guarantees.

Specific provision has been made in respect of investment performance guarantees for Ideal policies and Equity Plan Assurance policies in New Zealand.

- (g) Specific provision is made for certain options under which policies may be effected without evidence of health.

The additional reserve in respect of non-linked business covers: guaranteed values and all options not specifically reserved for; revivals; a provision in respect of outstanding premiums to ensure that such outstanding premiums do not result in any contract being treated as an asset; a provision for AIDS; a provision for mismatching in respect of certain contracts issued in New Zealand which have guaranteed surrender values; a provision in New Zealand for certain groups of policies to ensure that the total liability is not less than the surrender value; a provision for early premium cessation under United Kingdom assurance policies (other than those in the pension business fund) issued after 1956; a provision for potential compensation and other costs in respect of United Kingdom pension opt-outs and transfer cases; a provision for potential compensation in respect of United Kingdom DSS rebate business; and contingencies for which provision is not otherwise made.

For all United Kingdom business the provision for AIDS has been assessed on the assumptions underlying Projection R6A of the Institute of Actuaries Working Party Bulletin No.5 but modified so that mortality rates are assumed not to decline from their peak values. A corresponding approach has been adopted for other business. The provision for AIDS is held within the additional reserve.

The additional reserve in respect of non-linked ordinary life business at 31 December 1995 was £373.4m.

- (h) No allowance was made for derivative contracts in the determination of the amount of the long term liabilities.
- (2) A provision has been made in Form 9 for mismatching and the prospective liability for tax on unrealised capital gains.

This provision, based on all industrial and non unit-linked ordinary branch business issued in the United Kingdom considered together, has been assessed by considering:

- (i) an amount equal to 15% of the estimated chargeable gains at 31 December 1995 in respect of the prospective liability for tax on unrealised capital gain;

5.2 Valuation bases continued

- (ii) the effect of the following changes on the value of the liabilities and the value of a group of assets equal in market value to the total mathematical reserves (after distribution of surplus) plus the other long term business liabilities and on the prospective liability in respect of unrealised capital gains:
 - (a) an immediate decrease of 20% in the rates of interest obtainable on fixed interest securities and a fall of 10% in the market value of equities and property, together with a corresponding rise in the dividend and rental yield;
 - (b) an immediate decrease of 10% in the rates of interest obtainable on fixed interest securities and a fall of 25% in the market value of equities and a fall of 20% in the market value of property, together with a corresponding rise in the dividend and rental yield;
 - (c) an immediate increase of 3 percentage points in the rates of interest per annum obtainable on fixed interest securities and a fall of 25% in the market value of equities and a fall of 20% in the market value of property, together with a corresponding rise in the dividend and rental yield.

When testing for the effects of 5(2)(ii) above, dividend and rental income was limited where necessary to ensure that no equity or property asset had a yield (before the market fall) in excess of the annual yield on British Government 2½% Consolidated Stock at 31 December 1995.

For other business, investigations have been made corresponding to the above procedures.

6. Interest rates and mortality

- (1) The rates of interest and tables of mortality assumed in the valuation are shown in Forms 55 and 56.
- (2) No unpublished mortality or disability tables have been used.

7. Valuation of non-linked business

- (a) The proportion of office premiums implicitly or explicitly reserved for expenses and profits is shown in Form 55 wherever such provision is made.
- (b) For non-linked assurances in the United Kingdom, no specific reserve is held for expenses after premiums have ceased as it is considered that sufficient provision is contained in the margin in the valuation rate of interest. Some allowance is made in Hong Kong.

For all annuities in payment, specific allowance is made for expenses of payment.

- (c) A prospective valuation has been used for all types of non-linked business except for:
 - (i) unitised with-profit pensions business and deposit administration contracts for which a full prospective valuation is not appropriate (see the answers to questions 5(ii) and 5(iv)); and
 - (ii) miscellaneous minor categories for which the total mathematical reserves are negligible.
- (d) With the exception of a few miscellaneous minor categories of business, future premiums to be valued have been calculated in accordance with Regulation 67(1) of The Insurance Companies Regulations 1994 (as amended).

8. Valuation of linked business

- (a) The unit liability in respect of linked contracts (subject to the exception for certain New Zealand policies as shown below) has been obtained by valuing those units allocated to policyholders, reduced where appropriate for future cancellation of units and additional charges made on special series of units associated with initial contributions, at the unit valuation price on the valuation date plus an additional amount in respect of Prufund Investment Bond death benefit (see the answer to question 5(viii)). In the case of contracts linked to an external unit trust, this price is the bid price of units; in the case of contracts linked to an internal fund, it is determined by the net asset value of the fund and the number of units.

For New Zealand Ideal Plan and Equity Plan contracts a net premium method was used with additional reserves for capital appreciation, capital gains tax and investment performance guarantee.

For United Kingdom business the following parameters were used in determining the non-unit liability:

(i) *Prutrust (Whole life and Endowment):*

Per policy expenses (net of tax) applicable at 31 December 1995:

Renewal	
Premium paying policies	£13.00 (plus 0.75% of premium)
Other	£10.00
Claim	£27.00
	% p.a.
Interest (net)	4.75
Inflation	4.50
Fund growth	3.60

Turn on investments: 6% on units allocated

Mortality A1967/70 Ult rated down 1 year.

There is a five-year age reduction for female lives.

(ii) *Prufund (Protection Plan):*

No non-unit reserve is currently deemed necessary as units are de-allocated each month to meet the administration charge and the expected mortality cost based on the sum at risk and the age of the life assured. The administration charge may be varied in the future to meet renewal expenses and is reviewed annually. The mortality charge may also be varied subject to six months notice being given.

The maximum sum assured allowed will be reviewed after 10 years and subsequently every 5 years until age 70 with annual reviews thereafter.

At the valuation date each paid-up contract was subject to unit de-allocations to meet administration charges.

(iii) *Prufund (Savings Plan and Investment Bond):*

Per policy expenses (net of tax) applicable at 31 December 1995:

Renewal	
Premium paying policies	£13.00 (plus 0.75% of premium)
Other	£10.00
Claim	£27.00
	% p.a.
Interest (net)	4.75
Inflation	4.50
Fund growth	3.60

Mortality A1967/70 Ult rated down 1 year.

There is a five-year age reduction for female lives.

8. Valuation of linked business (continued)

Fund charge: 0.90% of the fund (viz. the full fund charge less investment expenses, net of tax). For the Investment Bond part of the fund charge (0.051%) was earmarked as provision for the death benefit in excess of the unit reserve.

(iv) PPA, EPP2/3/4, EIB, EIA, PPP and FSAVC:

Valuation rate 6.25%; gross fund growth rate 6.5% per annum (before adjustment to allow for fund charges and loyalty bonus where applicable); fund charge 0.8% per annum for PPA, EIB, EIA and FSAVC (as well as EPP3 and PPP written after 6 April 1990), and 0.55% per annum for EPP and for PPP (written before 6 April 1990); (these charge rates are net of investment expenses and make full allowance for the accrual of future guaranteed loyalty bonus units on EPP 2/3 and PPP); inflation 4.50% per annum. 100% persistency is assumed throughout for PPA, PPP and FSAVC. For EPP, EIB and EIA persistency is assumed to be 100% for the first 2 years and 85% thereafter.

In determining the future income from net fund charges the value of units is based on average bid prices during 1995.

Mortality 70% A67/70 Ult.

For regular premium contracts it is assumed that premiums will be paid in full for the first 2 years and that from the third anniversary onwards 85% of the premiums paid in the previous year will be renewed.

Renewal expenses per annum at 31 December 1995.

	PPA and PPP	EPP 2/3/4 EIB and EIA
Single premium		
per cent of premium	1.10	0.80
per policy	£2.30	£2.30
Regular premium -premium paying		
per cent of premium issued pre July 1988	5.60	4.90
per cent of premium issued post June 1988	6.40	5.90
per policy	£4.50	£4.50
per payment	£1.00	£1.00
Regular premium - non premium paying		
per cent of premium	2.25	2.25
per policy	£2.30	£2.30

less policy fees where applicable. In the case of policies with both with-profit and unit linked benefits, a proportionate part of the per policy loadings is valued.

(v) AVC, GPP1/2, PTP and MPP2:

Per policy expenses applicable at 31 December 1995:

Renewal	
Premium paying policies	£100.00 pa
Other policies	£100.00 pa
Fund Charge	0.75% pa
	% p.a.
Interest	5.25
Inflation	4.50
Fund growth	5.75 (after reduction for 0.75% pa fund charge)
Mortality	Nil

8. Valuation of linked business (continued)

In determining the future income from net fund charges the value of units is based on the bid price of units at 31 December 1995.

It has been assumed in calculating the non-unit liability that charges will be increased to cover expenses after 3 years (current levels of charges can be increased subject to 6 months notice).

(vi) *Prudence Bond, Prudence Managed Fund and Distribution Bond:*

Valuation rate 4.75%; inflation 4.50% per annum; gross fund growth rate 4.50% per annum (before adjustment to allow for fund charges); fund charge 1.0% per annum less the net cost of 0.15% in respect of investment management charges.

Mortality 70% A67/70 Ult.

In determining the future income from net fund charges the value of units is based on average bid prices during 1995.

Renewal expenses per annum (net of tax relief at 25%) at 31 December 1995:

per cent of premium	0.45
per policy	£2.00

In the case of policies with both with-profit and unit linked benefits, a proportionate part of the per policy loadings are valued.

The additional reserve in respect of linked business at 31 December 1995 was £9.2m. This includes a provision for AIDS assessed on Projection R6A of the Institute of Actuaries Working Party Bulletin No.5 but modified so that mortality rates are assumed not to decline from their peak levels. In the case of Prufund Protection Plan contracts allowance has been made for the facility to vary mortality charges and also for the possible cessation of administration deductions in the event that life cover ceases for paid-up policies.

- (b) Explicit provision has been made for future expenses on business transacted in the United Kingdom. In respect of other countries variable charges are imposed.

9. Currency matching

The proportion of the total mathematical reserves (other than liabilities for property-linked benefits under linked contracts) as shown in Forms 55 and 56 not covered by assets in the same currency is less than 0.5%.

10. Reinsurance

- (1) (a) Premiums of £2,000 were paid in 1995 in respect of reinsurance business ceded on a facultative basis to reinsurers not authorised to carry on business in the United Kingdom. There were no deposit-back arrangements.

- (b) None of these was paid to a connected company.

10. Reinsurance treaties continued

- (2) The following reinsurance treaties were in force at 31 December 1995. Except where stated none of the treaties is closed to new business. Except where stated below, none of the business is ceded to reinsurers authorised to carry on business in the United Kingdom.

No allowance has been made for the refund of any reinsurance commission in determining the net liability.

There were no deposit-back arrangements.

The premiums payable during 1995 are shown below:

	<u>Contract</u>	<u>Premiums payable</u>
αβ	(i) United Kingdom group pension temporary assurances and annuities ceded on a modified quota share basis	£630,000
αβ	(ii) United Kingdom group pension temporary assurances in excess of loss form on a risk premium basis	(£33,000)
αβ	(iii) United Kingdom linked benefits under Group AVC, MPP2, GPP1/2 and PTP contracts on a risk premium basis (investment risk only)	£16,385,000
αβ	(iv) United Kingdom linked benefits under PPA, EPP 2/3, EIB, EIA and PPP on a 100 per cent quota share basis	£26,943,000
αβ	(v) United Kingdom linked benefits under Prudence Bond, Prudence Managed Bond and Distribution Bond on a 100% quota share basis	£25,982,000
αβ	(vi) United Kingdom pension annuities in payment on a 100% quota share basis	£310,749,000
α	(vii) New Zealand assurances in surplus form on an original terms basis under three separate treaties - one of these is closed to new business	£6,000
α	(viii) New Zealand assurances in surplus form on a risk premium basis under four separate treaties	£167,000
	(ix) New Zealand assurances in surplus form on a risk premium basis under four separate treaties	£485,000
αβ	(xvii) Hong Kong individual assurances in surplus form on a risk premium basis	£1,708,000
αβ	(xviii) Hong Kong group temporary assurances in surplus form on a risk premium basis	£278,000
	(xix) In addition to the above treaties the Company participates in the Catastrophe Risks Pool of the Association of British Insurers. A catastrophe is defined as four or more deaths resulting from an event (or related events) spread over less than three days. Only United Kingdom business is covered. Claims are met by a levy on members: none had occurred by 31 December 1995.	
α	<i>Treaties with reinsurers authorised to carry on business in the United Kingdom.</i>	
β	<i>Treaties with a connected company.</i>	

11. Participation in profits

Policyholders do not participate in profits arising from long term sickness and accident business nor do they participate in profits from most investment linked business. Linked business in which policyholders do participate in profits is included in the non-linked Forms 40 and, separately identified, in Form 56. It comprises :

- (i) certain group contracts issued in the United Kingdom since 1991.
- (ii) all regular premium investment linked business written in New Zealand prior to 1 January 1994.
- (iii) individual business issued in the United Kingdom between 1 January 1992 and 31 December 1993 under which the policyholder has the option of investing in linked or unitised with-profits funds.

See note 11 of the Notes to the Returns under Schedules 1, 3 and 6.

12. Distribution of profits

The Articles of Association of the Company define the basis on which any distribution of profits may be made. Policies are stated to be either with-profit or without-profit; on conversion of a with-profit policy to a paid-up policy for a reduced amount participation usually continues except for United Kingdom and Malta whole life and endowment assurances where participation automatically ceases. Advertisements may refer to the proportion of profits allocated to with-profit policyholders. The company's bonus philosophy in the United Kingdom is also set out in the With - Profits Guide.

After deduction of:

- (i) the profits arising from business designated to be investment-linked business,
- (ii) the profits arising from the long term sickness and accident business, and
- (iii) such sums as the Directors may set aside for the creation or augmentation of contingency funds,

a sum of not less than 90% of the divisible profits is allocated to policyholders. The residue of the divisible profits is available at the discretion of the Directors to be transferred to the Profit and loss account.

13. Bonuses

The bonus declaration following the valuation as at 31 December 1995 provided that, as regards policies entitled to participate, bonuses should be added as follows:

(A) United Kingdom

(a) *For with-profit assurance policies:*

- (i) A reversionary bonus at the rates of 2.70% of the sum assured and 4.00% of the existing reversionary bonuses.
- (ii) A terminal bonus payable on policies becoming claims by death or maturity between 1 April 1996 and 31 March 1997 inclusive at the rates per cent of sum assured shown in *Table 1* (page 42).

(b) For Prudence Savings Account contracts :

Life With-Profits Fund :

- (i) A rate of bonus interest of 4.25% per annum applied daily from 6 April 1996 until further notice.
- (ii) Bonus units of
- 1.00% per annum applied monthly for accounts of at least £4,000 and less than £6,000 and
 - 2.00% per annum applied monthly for accounts of at least £6,000
- will apply from 6 April 1996 until further notice. The account values of £4,000 and £6,000 exclude terminal bonus and any market value adjustment and can be varied at any time.
- (iii) A terminal bonus is paid as an addition to the rate of reversionary bonus on policies becoming claims by death or reaching the terminal bonus date. From 6 April 1996 until further notice the addition is such as to provide the following overall returns:

Period	Overall Return		
	Accounts less than £4,000	Accounts of at least £4,000 and less than £6,000	Accounts of at least £6,000
6/4/96 onwards	6.25%	7.25%	8.25%
6/4/95 - 5/4/96	6.00%	7.00%	8.25%
1/7/94 - 5/4/95	6.50%	7.50%	8.75%

The account values of £4,000 and £6,000 exclude terminal bonus and any market value adjustment and can be varied at any time. Bonus units are eligible for terminal bonus from the next anniversary of the account.

(c) For with-profit individual retirement annuity policies (excluding those policies in (d) and (e) below)

- (i) A reversionary bonus on benefits not yet commenced at the rates of 2.00% of the basic annuity and 3.00% of the existing reversionary bonuses.
- (ii) A terminal bonus payable on annuities commencing between 1 May 1996 and 30 April 1997 inclusive at the rates per cent of basic annuity shown in column 2 of *Table 2* (page 42). Separate rates in column 1 of *Table 2* (page 42) apply to single premium contracts.
- (iii) A terminal bonus payable on death during the period of deferment to enhance the contractual benefit (if less than the transfer value) to the transfer value available at the date of death.
- (iv) A final bonus payable on annuities commencing between 1 May 1996 and 30 April 1997 inclusive at the following specimen rates per cent compound.

Age Next Birthday at Vesting	Final bonus %	
	Males	Females
50 and below	34.00	36.00
55	30.00	32.00
60	26.00	28.00
65	22.00	24.00
70	18.00	20.00
75	13.00	16.00

NOTE: The scale of final bonus is subject to variation during the year.

Bonuses - United Kingdom - continued

Table 1			
Assurances			
Relevant Year	Terminal Bonus	Relevant Year	Terminal Bonus
1995	0.00	1958	746.10
1994	0.70	1957	781.50
1993	1.60	1956	819.10
1992	2.50	1955	842.30
1991	3.70	1954	865.60
1990	7.70	1953	889.80
1989	13.80	1952	915.50
1988	20.10	1951	939.90
1987	26.60	1950	964.80
1986	29.50	1949	988.20
1985	37.00	1948	1,012.60
1984	44.70	1947	1,038.50
1983	53.60	1946	1,065.20
1982	62.70	1945	1,075.80
1981	75.30	1944	1,086.80
1980	93.20	1943	1,098.80
1979	113.80	1942	1,111.50
1978	137.40	1941	1,124.00
1977	164.20	1940	1,136.90
1976	194.60	1939	1,149.10
1975	228.40	1938	1,162.40
1974	262.90	1937	1,175.20
1973	301.70	1936	1,188.10
1972	349.40	1935	1,200.60
1971	393.30	1934	1,213.60
1970	415.10	1933	1,227.00
1969	438.30	1932	1,239.10
1968	463.40	1931	1,251.70
1967	489.50	1930	1,264.20
1966	515.60	1929	1,277.00
1965	539.00	1928	1,289.90
1964	563.20	1927	1,303.10
1963	587.80	1926	1,316.30
1962	614.30	1925	1,329.40
1961	645.10	1924	1,343.00
1960	679.00	1923 and earlier years.	1,356.80
1959	712.00		

Table 2		
With-Profit Individual Retirement Annuities		
Relevant Year	Single Premium	Other
	Terminal Bonus	Terminal Bonus
	(1)	(2)
1995	4.00	2.50
1994	8.00	7.40
1993	8.10	12.50
1992	5.20	14.50
1991	5.90	15.80
1990	6.30	15.80
1989	14.80	17.00
1988	20.10	20.50
1987	34.60	22.70
1986	41.90	22.70
1985	58.50	33.40
1984	89.90	44.80
1983	118.30	57.00
1982	138.60	65.30
1981	161.60	74.40
1980	208.80	87.50
1979	248.00	97.70
1978	298.00	117.30
1977	341.30	140.60
1976	388.90	171.60
1975	418.10	204.80
1974	462.20	239.60
1973	502.50	278.20
1972	536.00	319.50
1971	571.00	364.70
1970	618.90	403.60
1969	663.70	440.80
1968	708.40	478.20
1967	755.60	518.40
1966	803.20	559.00
1965	841.10	609.40
1964	873.90	657.20
1963	904.20	704.70
1962	935.70	754.90
1961	968.70	807.70
1960	1,002.60	850.40
1959	1,038.00	895.60
1958	1,074.90	943.10
1957	1,113.30	992.80

Bonuses - United Kingdom - continued

- (d) *For individual retirement annuity policies, free standing additional voluntary contribution contracts and personal pension contracts under unitised with-profit arrangements sold through the Direct Sales Force:*

Cash accumulation fund:

- (i) A rate of reversionary bonus interest of 7.00% per annum will apply from 1 May 1996 until further notice.
- (ii) A terminal bonus is paid as an addition to the rate of reversionary bonus on policies becoming claims by death or reaching the terminal bonus date. From 1 May 1996 until further notice the addition is such as to provide the following overall returns:

Period	Overall Return
1/1/96 onwards	9.50%
1/1/95 - 31/12/95	10.50%
1/1/93 - 31/12/94	11.00%
1/1/88 - 31/12/92	12.00%
1/5/87 - 31/12/87	13.50%

NOTE: These bonuses are subject to variation during the year.

Deposit fund:-

The rate of reversionary bonus interest has regard to the returns available from time to time on short term financial instruments and hence changes frequently.

- (e) *For individual retirement annuity policies, personal pension contracts, free standing additional voluntary contribution contracts, Exempt Investment Bonds and executive pension plans under unitised with-profit arrangements other than those in (d) above:*

Long Term With-Profits Fund and With-Profits Fund:-

- (i) A rate of reversionary bonus interest of 7.00% per annum will apply from 6 April 1996 until further notice.
- (ii) A terminal bonus is paid as an addition to the rate of reversionary bonus on policies becoming claims by death or reaching the terminal bonus addition date. Until further notice the addition will be such that the aggregate rate of reversionary plus terminal bonus interest is at the rates per annum shown below.

Date of deposit	Aggregate rate of reversionary plus terminal bonus interest % per annum
6/4/95 onwards	9.50
6/4/94 - 5/4/95	10.00
6/4/93 - 5/4/94	10.25
6/4/92 - 5/4/93	11.00
6/4/90 - 5/4/92	11.50
6/4/89 - 5/4/90	11.50
6/4/88 - 5/4/89	11.75
pre 5/4/88	12.25

NOTE: These bonuses are subject to variation during the year.

Short Term With-Profits Fund:-

The rate of reversionary bonus interest has regard to the returns available from time to time on short term financial instruments and hence changes frequently.

Bonuses - United Kingdom - continued

(f) For Exempt Investment Accounts under unitised with-profit arrangements which are administered as Individual Pensions business:

With-Profits Investment Fund:-

- (i) A rate of reversionary bonus interest of 7.00% per annum will apply from 6 April 1996 until further notice.
- (ii) A terminal bonus is paid as an addition to the rate of reversionary bonus on policies becoming claims. Until further notice the addition is as shown in the table below:-

Date of deposit	% per annum
6/4/96 onwards	0.75
6/4/95 - 5/4/96	0.25
6/4/94 - 5/4/95	0.50
6/4/93 - 5/4/94	0.50
6/4/92 - 5/4/93	2.00
6/4/91 - 5/4/92	3.00
6/4/90 - 5/4/91	4.00
pre 5/4/90	5.50

NOTE:- These bonuses are subject to variation during the year.

(g) For Grouped Personal Pension contracts issued as Corporate Pensions business:-

Long Term Accumulation Fund and Long Term Accumulation (Series B) Fund:

- (i) A reversionary bonus of 7.25% per annum will apply with effect from 6 April 1996 until further notice.
- (ii) A terminal bonus is payable for policies becoming claims by death or reaching terminal bonus date from 6 April 1996 until further notice. The amount payable will be sufficient to bring the total annual yields on deposits to the levels shown in *Table A* (page 48), dependent upon the date of deposit of each premium.

Short Term Accumulation Fund and Short Term Accumulation (Series B) Fund:

The rate of reversionary bonus interest has regard to the returns available from time to time on short term financial instruments and hence changes frequently.

(h) For unitised Group Personal Pension contracts issued as Corporate Pensions business:-

Pensions With-Profits Fund:

- (i) A reversionary bonus of 7.25% per annum compound with effect from 6 April 1996 until further notice.
- (ii) A terminal bonus is payable on policies becoming claims by death or retirement from 6 April 1996 until further notice. The amount payable will be sufficient to bring the total annual yields on deposits to the levels in *Table A* (page 48), dependent upon the date of deposit of each premium.

(i) For unitised Pension Transfer Plan, Trustees Transfer Plan, Pension Transfer Bond 32 and Money Purchase Plan (New) contracts:-

Pensions With-Profits Fund:

- (i) A reversionary bonus of 7.25% per annum compound with effect from 6 April 1996 until further notice. For units designated to cover GMP in the With Profit II fund the reversionary bonus with effect from 6 April 1996 will be 6.25%.

Bonuses - United Kingdom - continued

- (ii) A terminal bonus is payable on policies becoming claims by death or retirement from 6 April 1996 until further notice. The amount payable will be sufficient to bring the total annual yields on deposits to the levels shown in *Table A* (page 48), dependent upon the date of deposit of each premium.

NOTE:- For units designated to cover GMP these yields will be 1% per annum less than this.

(j) For With-Profit Investment Account and With-Profit Investment Bond:-

Pensions With-Profits Fund:

- (i) A reversionary bonus of 7.25% per annum compound with effect from 6 April 1996 until further notice.
- (ii) A terminal bonus is payable on policies becoming claims by death or retirement from 6 April 1996 until further notice. The amount payable will be sufficient to bring the total annual yields on deposits to the levels shown in *Table A* (page 48), dependent upon the date of deposit of each premium.

(k) For Compulsory Purchase Annuities and Personal Pension Annuities - With-Profit Option:-

- (i) A reversionary bonus on pensions in payment of 7.25% per annum compound with effect from 6 April 1996 until further notice.
- (ii) Terminal bonus is an addition to the pension payable in the year following the policy anniversary occurring in the bonus year 6 April 1996 to 5 April 1997. It does not form part of the following year's pension.

Terminal bonus will apply at the following rates:-

Policy anniversary	Commencement date of pension	Terminal bonus (%)
1	6/4/95 onwards	1.25
2	6/4/94 - 5/4/95	3.00
3	6/4/93 - 5/4/94	5.25
4	6/4/92 - 5/4/93	9.00
5	6/4/91 - 5/4/92	12.75

(l) For PUS policies:-

- (i) A reversionary bonus on benefits being purchased at the rate of 4.50% simple.
- (ii) A final bonus on pensions secured for members who reach normal retiring age between 1 April 1996 and 31 March 1997 inclusive at the rate of 30% compound.

(m) For group pensions deferred annuity policies:-

- (i) A reversionary bonus on benefits not yet commenced at the rate of 3.00% compound.
- (ii) A terminal bonus on pensions, including reversionary bonus, commencing between 15 March 1996 and 14 March 1997 inclusive at the following rates: -
- (a) on additional voluntary contributions commencing after 14 March 1981, for each premium year since the member commenced payment at the rate of 0.5% per annum simple.
- (b) on all other contributions at 8.0%.
- (iii) A final bonus on pensions commencing between 15 March 1996 and 14 March 1997 inclusive at the rate of 23% compound.

NOTE: The rate of final bonus is subject to variation during the year.

Bonuses - United Kingdom - continued

(n) For CA (Defined Benefit only) issued as Corporate Pensions business:-

- (i) A reversionary bonus on sums standing credited to policy accounts at the rate of 4.25% compound (for funds subject to a basic accumulation rate of 2.50%) and 2.00% compound (for funds subject to a basic accumulation rate of 4.75%).
- (ii) A terminal bonus paid on amounts withdrawn to secure retirement benefits during the scheme year ending between 15 March 1996 and 14 March 1997 inclusive. The rate of bonus will be as shown in *Table B* (Page 48) dependent upon the number of complete scheme years since deposit at the time the amounts are withdrawn.

The overall effect of these bonuses is to give amounts withdrawn average yields per annum as shown in *Table E* (Page 49) dependent upon the duration since deposit.

(o) For EPP, MPP (old) and the With-Profit element of Bond 32, issued as Corporate Pensions business:-

- (i) A reversionary bonus on sums standing credited to policy accounts at the rate of 4.25% compound (for funds subject to a basic accumulation rate of 2.50%) and 2.00% compound (for funds subject to a basic accumulation rate of 4.75%).
- (ii) A terminal bonus paid on amounts withdrawn to secure retirement and death benefits between 15 March 1996 and 14 March 1997 inclusive (1 April 1996 and 31 March 1997 inclusive for Bond 32) at the rates shown in *Table B* (Page 48) dependent upon the number of complete scheme years since deposit.

The overall effect of these bonuses is to give amounts withdrawn average yields per annum as shown in *Table E* (Page 49) dependent upon the duration since deposit.

(p) For CAAVC:-

- (i) A reversionary bonus on sums standing credited to policy accounts at the rate of 4.00% compound (for funds subject to a basic accumulation rate of 2.50%) and 1.75% compound (for funds subject to a basic accumulation rate of 4.75%).
- (ii) A terminal bonus paid on amounts withdrawn to secure retirement and death benefits between 15 March 1996 and 14 March 1997 inclusive, calculated as follows:-
 - (a) for contributions in scheme years commencing on or after 15 March 1982 at the rates shown in *Table C* (Page 48) dependent upon the number of complete scheme years since deposit.
 - (b) for contributions in scheme years commencing prior to 15 March 1982 at the rate shown in *Table D* (Page 48), applied to the total deposits in these years, dependent upon the number of complete scheme years since contributions commenced. If the last complete scheme year ends between 15 March 1996 and 14 March 1997 inclusive then the rate in column (1) is used. If it ends before 15 March 1996, the rate in column (2) is used.

The overall effect of these bonuses is to give amounts withdrawn average yields per annum as shown in *Table F* (Page 49), dependent upon the duration since deposit.

NOTE: AVC Deposit Fund

The rate of reversionary bonus interest for the AVC Deposit Fund has regard to the returns available from time to time on short term financial instruments and hence is subject to frequent variation.

(q) For PCRS and PCPS policies:-

- (i) A reversionary bonus on amounts standing credited to policy accounts at the rate of 4.00% compound (for funds subject to a basic accumulation rate of 2.50%) and 1.75% compound (for funds subject to a basic accumulation rate of 4.75%).
- (ii) A reversionary bonus on pensions in course of payment at the rate of 6.75% compound.

Bonuses - United Kingdom - continued

(iii) A terminal bonus paid on amounts withdrawn to secure benefits between 1 April 1996 and 31 March 1997 inclusive (6 April 1996 and 5 April 1997 inclusive for PCPS) calculated as follows:-

- (a) For premiums in scheme years commencing on or after 1 April 1982 (6 April 1982 for PCPS) at the rates in *Table C* (page 48) dependent upon the number of complete scheme years since deposit.
- (b) For premiums in scheme years commencing prior to April 1982 (6 April 1982 for PCPS) the rates in *Table D* (page 48) are applied to the total deposits in those years dependent upon the number of complete scheme years since commencement.

The overall effect of these bonuses is to give amounts withdrawn average yields per annum as shown in *Table F* (Page 49), dependent upon the duration since deposit.

(r) For PSP policies:-

- (i) Reversionary bonus interest on amounts standing credited to policy accounts at a rate of 4.75% compound.
- (ii) A capital growth bonus paid on amounts withdrawn to secure benefits between 6 April 1996 and 5 April 1997 except in respect of contributions paid in the first twelve months of membership and reversionary bonus attaching to those contributions.

The bonus is applied separately to deposits made in each year of contribution and will be such as is necessary to give the pattern of yields shown in the table below, which also shows the capital growth bonus rates to be applied to each year of deposit, for each year of notional term.

Year of deposit	Average yield % per annum	Capital Growth bonus % per annum
6/4/95 onwards	8.00	2.86
6/4/94 - 5/4/95	8.50	3.03
6/4/93 - 5/4/94	8.75	2.88
6/4/92 - 5/4/93	9.50	3.15
6/4/91 - 5/4/92	10.00	3.22
6/4/90 - 5/4/91	10.00	2.87
6/4/89 - 5/4/90	10.00	2.59
6/4/88 - 5/4/89	10.25	2.60
6/4/87 - 5/4/88	10.75	2.89

NOTE: The rates of reversionary bonus interest and capital growth bonus are subject to variation during the year.

(s) For Prudence Bond contracts under with-profit arrangements issued as Individual Life Business :

Life With-Profits Fund:

- (i) A rate of reversionary bonus interest of 6.25% per annum will apply from 6 April 1996 until further notice.
- (ii) A terminal bonus is paid as an addition to the rate of reversionary bonus, on policies becoming claims by death and on qualifying income withdrawals. From 6 April 1996 until further notice, the amount payable will be sufficient to bring the total annual yield on deposits to the levels shown below, dependent upon the date of deposit of each premium.

Date of Deposit	Yield % per annum
6/4/95 onwards	8.25
6/4/94 - 5/4/95	8.75
6/4/93 - 5/4/94	9.00
6/4/92 - 5/4/93	9.50
6/4/91 - 5/4/92	10.00

Bonuses - United Kingdom - continued

Table A	
Date of deposit	Yield % per annum
6/4/95 onwards	9.75
6/4/94 - 5/4/95	10.25
6/4/93 - 5/4/94	10.50
6/4/92 - 5/4/93	11.25
6/4/91 - 5/4/92	11.75
6/4/90 - 5/4/91	11.75
6/4/89 - 5/4/90	11.75
6/4/88 - 5/4/89	12.00
6/4/87 - 5/4/88	12.50

Table B	
Completed scheme years since deposit	Terminal bonus (Rates per cent) %
1	2.8
2	6.4
3	9.6
4	14.5
5	18.6
6	20.3
7	20.8
8	23.5
9	28.9
10	41.7
11	51.1
12	62.4
13	81.2
14	98.6
15	112.6
16	128.2
17	145.5
18	166.5
19	190.0
20	202.4
21	216.8
22	247.0
23	264.2

Table C				
Completed scheme years since deposit	Terminal bonus % (Rates per cent)			
	AVCs		PCRS	PCPS
1	2.1		2.1	2.1
2	5.0		5.0	5.0
3	7.4		7.4	7.4
4	11.4		11.4	11.4
5	14.8		14.8	14.8
6	17.1		17.1	17.1
7	17.4		17.4	17.4
8	19.8		19.2	19.8
9	26.7		26.1	26.7
10	38.8		38.1	38.8
11	47.3		46.6	47.3
12	57.7		57.0	57.7
13	75.2		74.4	75.2
14	91.2		90.4	92.2

Completed years since commencement of contributions	Table D			
	Terminal bonus % (Rates per cent)			
	AVCs (1)	AVCs (2)	PCRS	PCPS
15	103.9	97.6	102.9	105.9
16	110.9	104.3	116.9	122.3
17	118.4	111.6	132.4	141.6
18	126.9	119.8	151.3	165.0
19	136.2	128.7	172.3	192.7
20	144.2	136.6	182.7	212.4
21	151.7	144.1	195.1	234.9
22	160.6	152.9	221.7	278.1
23	169.2	161.4	236.2	308.7

Bonuses - United Kingdom - continued

Duration	Table E	Table F
	Average yield % p.a.	Average yield % p.a.
1	9.75	8.75
2	10.25	9.25
3	10.50	9.50
4	11.25	10.25
5	11.75	10.75
6	11.75	11.00
7	11.75	11.00
8	12.00	11.25
9	12.50	12.00
10	13.50	13.00
11	14.00	13.50
12	14.50	14.00
13	15.25	14.75
14	15.75	15.25
15	16.00	15.50
16	16.25	15.75
17	16.50	16.00
18	16.75	16.25
19	17.00	16.50
20	17.00	16.50
21	17.00	16.50
22	17.25	16.75
23	17.25	16.75

13.(B) New Zealand

(a) For assurance policies other than Ex Aetna or Ex General Accident Class:-

(i) A reversionary bonus at the following rates:-

	<u>per cent of sum assured</u>	<u>per cent of existing bonus</u>
First series	3.63	-
Second series	2.25	2.25

A reversionary bonus with cash equivalent at the following rates per cent of accrued savings benefit:-

PruPac series Superannuation	0.50
Other	0.50

(ii) A terminal bonus payable on policies becoming claims by death or maturity between 1 April 1996 and 31 March 1997 inclusive at the following rates per cent of sum assured :-

Relevant year	First & second series	Relevant year	First & second* series
1995	-	1962	40.86
1994	-	1961	42.96
1993	-	1960	45.12
1992	0.30	1959	47.28
1991	0.48	1958	49.44
1990	1.08	1957	59.40
1989	1.56	1956	62.04
1988	2.16	1955	64.74
1987	3.24	1954	67.44
1986	4.32	1953	70.08
1985	5.40	1952	72.84
1984	6.48	1951	75.48
1983	7.56	1950	78.72
1982	8.64	1949	81.96
1981	9.72	1948	85.20
1980	10.80	1947	93.78
1979	11.88	1946	97.02
1978	12.84	1945	100.26
1977	14.52	1944	103.98
1976	16.08	1943	107.76
1975	17.76	1942	111.54
1974	19.32	1941	119.26
1973	21.00	1940	123.58
1972	22.56	1939	127.90
1971	24.12	1938	132.16
1970	25.80	1937	136.48
1969	27.36	1936	140.80
1968	29.04	1935	151.86
1967	30.60	1934	156.90
1966	32.22	1933	161.58
1965	34.38	1932	166.38
1964	36.54		
1963	38.70		

* -For Second Series policies issued before 1960, the 1960 rate of 45.12 applies.

Bonuses - New Zealand - continued

(b) For Flagship series:-

Superannuation	3.25%
Other	3.25%

The bonus rate applies to the daily balance excluding the year's base interest rate for the policy year ending after 31 March 1996 and before 1 April 1997.

For the policy year ending after 31 March 1996 and before 1 April 1997 the base interest rate is 3.00%.

(c) For Deposit Administration policies

A bonus rate of 2.00% applies to the mean fund including base rate interest. Base rates are fixed quarterly in advance. From 1 January 1996, the base interest rate is 3.00%.

(d) For Ex Aetna assurance policies: -

(i) A reversionary bonus at the following rates:-

	per cent of sum assured	per cent of existing bonus
Series A	1.300	2.600
Series B to D, F, L, Q to U & Z	0.175	0.625
Series E	0.600	1.200
Series G & I	0.670	1.340
Series M	1.000	2.000

(ii) A terminal bonus payable for policies becoming claims by death or maturity between 1 April 1996 and 31 March 1997 inclusive at a rate of 25% of the attaching reversionary bonuses at the date of claim.

(e) For Ex General Accident assurance policies:-

(i) A reversionary bonus at the following rates:-

	per cent of sum assured	per cent of existing bonus
Series A & B	2.775	-
Series C	3.125	-
Series D	2.875	-
Series E, G & H	2.250	2.250
Series F	2.000	2.000
Series I	2.500	2.500

(ii) A terminal bonus payable for policies becoming claims by death or maturity between 1 April 1996 and 31 March 1997 inclusive at a rate of 18% of the attaching reversionary bonuses at the date of claim.

13.(C) Hong Kong

(a) For assurance policies

- (I) A reversionary bonus at the following rates :-

	<u>per cent of sum assured</u>	<u>per cent of existing bonus</u>
First series	4.50	4.50
Second series	2.50	2.50
Better Life	4.00	5.60

The bonus for Better Life applies only to policies which have been in force for at least 3 years on the date that the bonus would be applied.

- (ii) A terminal bonus payable for Better Life policies becoming claims in the year commencing on the policy anniversary between 1 April 1996 and 31 March 1997 and which have been in force for at least 3 years at the date of claim, at the following rates per cent of the participating sum assured and attaching reversionary bonus at the date of claim :-

<u>Curtate duration in force (years)</u>	<u>Per cent of sum assured and existing bonuses</u>
3	3.50
4	7.00
5	9.00
6	11.00
7	13.00

(b) For group pension CA policies:-

- (i) For policies subject to a guaranteed rate of 5%, a reversionary bonus on benefits secured at the rate of 2.0% compound.
- (ii) For policies subject to a guaranteed rate of 3%, a terminal bonus on policies becoming claims between 1 April 1996 and 31 March 1997, the effect of which is to accumulate members' accounts at 7.5% pa inclusive of the 3% guarantee.
- (iii) For policies with no guaranteed rate, a terminal bonus on policies becoming claims between 1 April 1996 and 31 March 1997, the effect of which is to accumulate members' accounts at 8.5%pa.

13.(D) Malta***For with profit assurance policies:-***

- (i) A reversionary bonus at the rates of 2.70% of the sum assured and 4.00% of the existing reversionary bonuses.
- (ii) A terminal bonus payable for policies becoming claims by death or maturity between 1 April 1996 and 31 March 1997 inclusive at the following rates per cent of sum assured.

Relevant year	Terminal bonus	Relevant year	Terminal bonus
1995	-	1965	539.0
1994	-	1964	563.2
1993	-	1963	587.8
1992	0.4	1962	614.3
1991	2.3	1961	645.1
1990	3.4	1960	679.0
1989	4.4	1959	712.0
1988	6.2	1958	746.1
1987	9.8	1957	781.5
1986	12.6	1956	819.1
1985	15.6	1955	842.3
1984	18.2	1954	865.6
1983	21.6	1953	889.8
1982	25.6	1952	915.5
1981	31.6	1951	939.9
1980	39.3	1950	964.8
1979	52.9	1949	988.2
1978	67.3	1948	1,012.6
1977	82.5	1947	1,038.5
1976	98.8	1946	1,065.2
1975	117.1	1945	1,075.8
1974	137.0	1944	1,086.8
1973	153.8	1943	1,098.8
1972	168.8	1942	1,111.5
1971	393.3	1941	1,124.0
1970	415.1	1940 and	1,136.9
1969	438.3	all	
1968	463.4	earlier	
1967	489.5	years	
1966	515.6		

13.(E) Bonus distribution policy

The following bonuses are declared in anticipation out of the profits of the calendar year immediately following the date of the valuation:

- (1) Reversionary bonuses in the United Kingdom for individual Personal Pension Policy, individual Personal Pension Scheme and individual Free-Standing Additional Voluntary Contribution Scheme contracts, PSP, GPP1/2, PTP, PTB32, WP Inv Acc, the AVC Deposit Fund, the with-profit elements of PPA, EPP 2/3/4, EIB, EIA and PPP, the with-profit element of Prudence Bond, Prudence Savings Account, and in New Zealand for Group Deposit Administration Business;
- (2) Terminal bonuses for individual Personal Pension Policy, individual Personal Pension Scheme, individual Free-Standing Additional Voluntary Contribution scheme contracts, PSP, GPP1/2, PTP, PTB32, WP Inv Acc, the AVC Deposit Fund, Prudence Savings Account, MPP1/2, PIB, PCPS, PCRS, Hong Kong cash accumulation contracts and the with-profit elements of PPA, EPP2/3/4, EIB, EIA, PPP and Prudence Bond;
- (3) Terminal and final bonuses for retirement annuity contracts.

Reversionary bonuses for all other contracts and terminal bonuses for other assurance policies are declared out of the profits of the calendar year ending on the date of the valuation.

14. Bonus determination

The rates of bonus are independent of age, duration and the original term of the contract except where otherwise indicated in the answer to Question 13.

15. Bonus allocation

The bonuses vest immediately on allotment except that:

- (a) Reversionary bonuses vest on the policy anniversary for the following categories of business:

United Kingdom individual retirement annuity policies and PUS, New Zealand PruPac series policies, and Hong Kong individual policies.

- (b) Reversionary bonuses vest on the day next preceding the commencement of the premium year for the following categories of business:

Group pension deferred annuity policies, CA, CAAVC, EPP, PCRS, MPP1/2, Bond 32 and PCPS.

- (c) Terminal and final bonuses on annuity policies vest as follows:

- (i) on commencement of the annuity or pension in the case of individual retirement annuity policies and group pension annuity policies and terminal bonus also vests on death in the case of individual retirement annuity policies;
- (ii) for individual unitised with-profit pensions business contracts, PPA, EPP 2/3/4, EIB, EIA and PPP terminal bonus (in respect of with-profit benefits) is paid on policies becoming claims by death, vesting, realisation of units in order to meet charges or, where applicable, to switch into other linked funds; and for some policies on attainment of selected retirement age.
- (iii) final bonus on members reaching normal pension age in the case of PUS policies; and
- (iv) terminal bonus on the date an amount is withdrawn to secure benefits arising on death or retirement in the case of CA, CAAVC, EPP, PCRS, MPP1/2, Bond 32, GPP2, PTP, PTB32, WP Inv Acc and PCPS, and on claims by death or reaching the terminal bonus addition date for GPP1.

15. bonus allocation - continued

- (d) Capital Growth bonus vests on the date an amount is withdrawn from PSP to secure benefits arising on death, retirement or withdrawal.
- (e) Under policies issued on the lives of children, bonuses are not payable in the event of death prior to attainment of the following ages:

United Kingdom	16
New Zealand	10

16. Interim bonus payments

Except where the facility exists to vary bonuses at any time, bonuses are declared annually; therefore there is no interim bonus declaration.

17. Surplus

The surplus for:

- (i) life and annuity non-linked business (other than designated linked),
 - (ii) linked business and
 - (iii) non-linked pensions business (other than designated linked)
- is determined separately.

The relevant separate forms have been prepared.

18. Valuation results

The surplus for:

- (i) life and annuity non-linked business (other than designated linked)
 - (ii) linked business and
 - (iii) pensions business (other than designated linked)
- is determined separately.

Separate Forms 58 have been prepared.

19. Required minimum margin

See Form 60.

ORDINARY BRANCH - long term sickness and accident business

1. The investigation relates to 31 December 1995.
2. The previous investigation related to 31 December 1994.
3. **Description of non-linked contracts (other than miscellaneous) not fully described by the entry in column 1 of Form 55**

The permanent health and supplementary sickness business comprises disability lump sum benefits and disability income benefits (including waiver of premium benefits).

On payment of an additional premium, individual permanent health insurance policies issued in the United Kingdom between January 1982 and July 1988 carry an option to increase the original benefit by up to 25% (subject to the total benefit being no greater than 75% of earnings) on every fifth policy anniversary without medical evidence. This option cannot be exercised whilst incapacitated or within 10 years of the termination date of the policy.

Benefits under most income and lump sum disability policies issued in New Zealand increase in line with the rate of inflation. The premiums are on a recurrent single premium basis.

4. There are no linked contracts.
5. (1) The following general principles and methods apply in respect of all individual permanent health, supplementary sickness benefits and supplementary accident benefits in the United Kingdom except disability lump sum benefits.

- (a) No provision for any mismatching between the nature and term of the assets held and the liabilities valued has been included in the mathematical reserves shown in Form 58 since the fund shown in that Form relates to assets at book value.

A provision is made in Form 9, however, and this provision is deemed to cover any mismatching between the nature and term of the assets held and the liabilities valued in respect of long term sickness and accident business, which in any event will be small.

See Section 5(2) of the Valuation Report for the ordinary branch (life, annuity, pensions and linked long term business).

- (b) The net premium method of valuation has been used without modification.
- (c) Those policies where negative reserves could arise have been valued individually and the mathematical reserves increased to zero where necessary. The total amount involved is trivial and consequently no adjustment has been made in respect of outstanding premiums.
- (d) No contracts participate in profits.
- (e) No provision for any prospective liability for tax on unrealised capital gains has been included in the mathematical reserves shown in Form 58 since the fund shown in that Form relates to assets at book value.

A provision is made in Form 9, however, and this provision is deemed to cover any prospective liability for tax on unrealised capital gains in respect of long term sickness and accident business, which in any event will be small. See section 5(2) of the Valuation Report for the ordinary branch (life, annuity, pensions and linked long term business).

- (f) There are no linked or deposit administration contracts.

Long term sickness and accident - continued

- (g) The mathematical reserve for the option to increase the permanent health insurance benefit, described in 3. above, is an accumulation of the premiums attributable to that option in the period prior to the relevant option date, with this reserve being released:
 - (i) immediately, if the option is not exercised, or
 - (ii) during the remaining term of the contract if the option is exercised.

The additional reserve as at 31 December 1995 was £0.9m. This includes a provision in respect of AIDS assessed on assumptions regarding the spread of HIV infection and mortality from AIDS consistent with Projection R6A set out in Bulletin No.5 published by the Institute of Actuaries Working Party but with relevant rates assumed not to decline from their peak levels. Individual permanent health policies issued in the United Kingdom from June 1989 have contained a provision which excludes the payment of benefit if the policyholder is infected with HIV and hence no additional reserve for AIDS is held in respect of these policies. For the waiver of premium benefit attached to personal pensions policies, this exclusion applied in respect of premiums commencing to be payable after June 1990.

For all other business, the mathematical reserve is based on the premiums paid and where appropriate an addition for the claims in payment.

- 6. (1) The rates of interest and tables of mortality and disability assumed in the valuation are shown in Forms 55.
- (2) Supplementary accident benefits attached to United Kingdom individual life business have been valued using an accident table based on 1978 published population accident statistics.
- 7. (a) The proportion of office premiums implicitly or explicitly reserved for expenses and profits is shown in Form 55 wherever such provision is made.
- (b) For individual permanent health policies issued in the United Kingdom after 1981 and waiver of premium riders attaching to retirement annuities and to personal pension scheme contracts in the United Kingdom, premiums cease one year before the policy benefits cease. No specific provision is made for expenses in the final year.

There are no other policies under which premiums cease before the termination of the contract.

- (c) Where a prospective method of valuation has not been used, the mathematical reserve (other than for claims in course of payment) has been taken as a proportion of:
 - (i) the revenue premiums,
 - (ii) the premiums in force on the valuation date, or
 - (iii) the accumulated premiums paid.
- (d) Where future premiums have been valued they have been calculated in accordance with Regulation 67(1) of The Insurance Companies Regulations 1994 (as amended).
- 8. There are no linked contracts.
- 9. The proportion of the total mathematical reserves as shown in Form 55 not covered by assets in the same currency is under 5%.
- 10. (1) There were no facultative reinsurance premiums payable.

Long term sickness and accident - continued

- (2) The following reinsurance treaties were in force at 31 December 1995. None of the treaties is closed to new business. Except where stated, none of the reinsurance is ceded to reinsurers authorised to carry on business in the United Kingdom. The premiums payable during 1995 are shown below.

No allowance has been made for the refund of any reinsurance commission in determining the net liability.

There were no deposit-back arrangements.

	<u>Contract</u>	<u>Premiums payable</u>
$\alpha\beta$ (i)	United Kingdom permanent health insurance business in surplus form on an original terms basis.	£65,000
α (ii)	United Kingdom permanent health insurance business in surplus form on an original terms basis.	£7,000
$\alpha\beta$ (ii)	United Kingdom group long term incapacity insurance on an original terms basis.	£75,000
α (iii)	New Zealand disability income benefits in surplus form on a risk premium basis under two separate treaties.	£66,000
α (iv)	New Zealand lump sum disability benefits in surplus form on a risk premium basis under two separate treaties.	£11,000
(v)	New Zealand disability income benefits in surplus form on a risk premium basis under two separate treaties.	£120,000
(vi)	New Zealand lump sum disability benefits in surplus form on a risk premium basis under three separate treaties.	£57,000
$\alpha\beta$ (xvi)	Hong Kong accident lump sum, lump sum disability and disability income benefits for individual contracts in surplus form on a risk premium basis.	£89,000
$\alpha\beta$ (xvii)	Hong Kong lump sum disability benefits for group contracts in surplus form on a risk premium basis.	£27,000
α	<i>Treaties with reinsurers authorised to carry on business in the United Kingdom.</i>	
β	<i>Treaties with a connected company.</i>	

11. The whole of the distributed profits is transferred to the Profit and loss account. A separate Form 40 is shown in Schedule 3.
12. No contracts participate in profits.
- to 16.
17. The surplus for long term sickness and accident business is determined separately. Separate Forms 55 have been prepared.
18. The surplus for long term sickness and accident business is determined separately. A separate Form 58 has been prepared.
19. See Forms 60 and 61.

Notes to Form 55

- 1. The tables of mortality and disability assumed in the valuation are indicated in Form 55 by the following code letters.**
- A** A1967/70 Ult rated down 1 year for males/6 years for females
- B** A1967/70 Ult rated down 3 years for males/8 years for females in deferment; IM/IF80 C10 in possession for deferred annuities.
- C** AM80/AF80Ult rated down 1 year in deferment; [PMA80 - 0.0005/PFA80 C10] rated down 1 year in possession.
- D** IM/IF80 C10
- E** PMA80 / PFA80 C10 in possession.
- F** A1949/52 Ult.
- G** A1967/70 Ult.
- H** A1967/70 Ult rated down 1 year in deferment for pension benefits and rated down 1 year for males/6 years for females for temporary assurance benefits.
- I** PMA80/PFA80 C10 in deferment and possession.
- J** 1978 population statistics for England & Wales (males/females separately)
A1967/70 Ult mortality rated down 1 year for males/6 years for females.
- K** 1978 population fatal accident statistics for England & Wales (combined rates determined as 60% male/40% female experience).
A1967/70 Ult mortality rated up 1 year.
- L** For lives in non-hazardous occupations A67/70 Ult rated down 5 years for males/ 10 years for females & 100% of MU 1893/97(AHJ). Sickness rates are increased 50% for females.
Reserves are increased for other occupational classes depending on the degree of hazard.
- M** A67/70 Ult rated down 3 years for males/8 years for females & 100% of MU 1893/97 (AHJ).
Sickness rates are increased by 50% for females.
- N** For claims in payment A67/70 Ult rated up 5 years for males/2 years for females.
- O** A67/70 Ult rated down 1 year & 80% of MU 1893/97 (AHJ)
- P** A1967/70 Ult - 1
- Q** 70% A1967/70 Ult
- R** IM/IF 80 C10 rated down 1 year
- S** A 1967/70 Ult rated down 1 year for males/6 years for females in deferment, IM/IF 80 C10 rated down 1 year in possession
- T** A 1967/70 Ult rated down 5 years for males/10 years for females in deferment; IM/IF 80 C10 rated down 1 year in possession for deferred annuities; A 1967/70 Ult rated down 1 year for males/6 years for females for assurances.
- U** A 1967/70 Ult rated down 5 years for males/10 years for females.
- V** [PMA80 - 0.0005/PFA80 C10] rated down 1 year.
- W** a(90) ult (males/females separately) in possession.

2. Notes other than the tables of mortality and disability assumed in the valuation are indicated in Form 55 by the following code letters.

- a. 5% in deferment for premium-paying policies, 4% in deferment for non-premium-paying policies and 5% in possession.
- b. An addition of 5% is made to the value of annuities in possession as provision for expenses of payment.
- c. Certain assurances in these groups are payable at age 90 and have been valued as maturing at age 90.
- d. 3% for basic policy; 4% for bonus additions.
- e. An addition of 30% is made to the value of annuities in possession as provision for expenses of payment.
- f. An addition of 2.5% is made to the value of annuities in possession as provision for expenses of payment.
- g. An addition of 0.50% is made to the value of annuities as provision for expenses in payment.
- h. An addition of 5% is made to the value of annuities in possession as provision for expenses of payment. The valuation interest rate is reduced by 0.1% to allow for improvement in mortality.
- i. Certain assurances in these groups are payable at age 90 and have been valued as maturing at age 90. The valuation interest rate is reduced by 0.1% to allow for improvement in mortality.
- j. The valuation interest rate is reduced by 0.1% to allow for improvement in mortality.
- k. An addition of 3% is made to the value of annuities in possession as provision for expenses of payment.
- l. Interest at 5.75% for claims in payment.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

LIFE ASSURANCE

31st December 1995

Form 55
(Sheet 1)

OB

United Kingdom

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
WITH PARTICIPATION IN PROFITS											
Whole life	3.00	A	108,265	537,410	14,062	9,171	0.348	288,955	140,831	90,114	198,841
Prudence Bond		Q	2,519,655	3,410,434				3,410,432			3,410,432
Prudence Savings Account		A	154,663	549,337	47,679			541,654			541,654
Endowment	3.00	A	1,168,454	6,137,837	310,707	220,082	0.292	4,939,052	1,986,834	1,398,837	3,540,215
Deferred	3.00	A	23,350	77,799	5,178	3,450	0.332	56,566	46,550	31,215	25,351
Low cost endowment	3.00	A	598,210	6,071,844	158,458	118,297	0.253	2,284,478	1,723,690	1,289,093	975,385
Miscellaneous	3.00	A	27,230	512,280	11,383	7,637	0.329	157,398	142,553	99,618	57,780
Total With Participation in Profits			4,599,847		547,467	358,647		11,658,535	4,040,458	2,908,877	8,749,658
WITHOUT PARTICIPATION IN PROFITS											
Whole life	4.75	A	115,858	209,505	2,035	1,418	0.303	77,602	23,431	16,249	61,353
Endowment	4.75	A	109,791	167,020	1,077	936	0.131	106,163	6,249	5,445	100,718
Miscellaneous :											
- Whole Life	4.75	A	71	24				22			22
- Whole Life Last Survivor	4.75	A	604	12,764	191	147	0.230	4,545	2,615	1,551	2,994
- Endowment	4.75	A	97	43				97			97
- Income Benefit	4.75	A	101,841	2,464,784	4,970	2,137	0.570	16,039	30,006	15,200	839
- Level Temporary	4.75	A	118	3,252	13	11	0.154	175	108	97	78
- Convertible Level Temporary	4.75	A	140,680	3,040,065	7,159	4,236	0.408	51,922	58,861	34,638	17,284

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

LIFE ASSURANCE

(Continued)

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
- Reserve for conversion options	4.75	-			1,025			12,247			12,247
- Pudence Family Cover	4.75	A	71,976	2,515,366	8,289	4,323	0.478	49,169	90,270	47,689	1,480
- Personal pension temporary	5.25	H	256	11,177	37	24	0.351	293	364	259	34
- Decreasing temporary	4.75	A	4,552	6,423	121	78	0.355	2,301	487	335	1,966
~ with survival benefit	4.75	A	57,604	1,014,392	6,404	4,389	0.315	48,430	57,160	40,281	8,149
~ without survival benefit	-	-	61	58,946	137			108			108
- Group temporary	4.75	A	289,096	6,388,332	25,143	16,628	0.339	197,866	212,309	139,944	57,922
- Other level temporary	4.75	A			17			344			344
- Guaranteed insurability benefit	-	-	5	431	6			5			5
- Risk premium reinsurance accepted	-	-	20	573				3			3
- Contingent assurances											
Total Without Participation in Profits			892,630		56,624	34,327		567,331	481,880	301,688	266,643
Miscellaneous :											
- Extra premiums	-	-			3,412			3,412			3,412
- Group life continuation option	-	-						1,000			1,000
- LAPR reserve	4.75	A			237			1,600			1,600
TOTAL LIFE ASSURANCE REASSURANCES			5,492,477		607,740	392,974		12,231,878	4,522,336	3,210,565	9,021,313
					500	347		7,990	3,327	2,701	5,289
NET TOTAL					607,240	392,627		12,223,868	4,519,011	3,207,864	9,016,024

The total number of contracts includes 585,434 income and temporary benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (non-linked pensions business only)

Direct business & Reinsurance accepted

PENSIONS

Form 55
(Sheet 3)

OB

United Kingdom

31st December 1995

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
WITH PARTICIPATION IN PROFITS											
INDIVIDUAL											
- Non-premium paying	(a)	T(1)	285,746	185,981 p.a.				1,294,969			1,294,969
- Premium paying	(a)	T(1)	224,510	717,851 p.a.	160,145	128,768	0.196	3,997,191	1,415,571	1,154,192	2,842,999
Personal Pension Policy	-	H	153,438	563,797	54,448			513,373			513,373
Personal Pension Scheme	-	H	1,265,234	4,793,469	306,820			4,564,540			4,564,540
Free-Standing AVC Scheme	-	H	64,029	121,877	45,092			103,515			103,515
PPA	-	Q	3,518	12,258	300			11,903			11,903
EPP2/3/4	-	Q	20,003	218,530	29,873			201,795			201,795
EIB, EIA	-	Q	2,404	243,942				243,942			243,942
PPP	-	Q	100,877	262,170	16,266			252,067			252,067
FS AVC	-	Q	2,711	7,172	1,890			6,237			6,237
Miscellaneous assurances:											
- Endowment	5.25	A(1)	140	1,302	11		0.364	940	59	45	895
Miscellaneous annuities:											
- Deferred	5.25	T(1)	7	4 p.a.				5			5
Deferred annuities											
- Premium paying schemes	3.00	C(b)	170	2,277 p.a.				18,679			18,679
- paid up schemes	3.00	C(b)	4,624	1,161 p.a.				12,800			12,800
Utilised group	-	-	27,810	410,540 p.a.	45,075			728,674			728,674
GROUP											

The Prudential Assurance Company Limited

United Kingdom

Fund - Ordinary Branch (non-linked pensions business only)

31st December 1995

Direct business & Reinsurance accepted

(Continued)

PENSIONS

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
Other group	-	-	20,563	1,378,160 p.a.	224,480			1,774,726			1,774,726
Annuities in payment		E(b)	1,611	1,653 p.a.				19,681			19,681
Miscellaneous annuities:											
Deferred - PCPS	4.75	C(b)	2,061	6,510 p.a.	10			16,700			16,700
Deferred - PUS	6.00	C(b)	5	15 p.a.	1	1		93	4	4	89
Other	-	-						269			269
Annuities in payment	4.75	E(b)	170	2,872 p.a.				34,752			34,752
Late notified movements	-	-						520			520
Total With Participation in Profits			2,179,731		884,411	128,776		13,797,371	1,415,634	1,154,241	12,643,130
WITHOUT PARTICIPATION IN PROFITS											
INDIVIDUAL Temporary assurances											
Personal pension temporary	5.25	T(i)	37,656	939,570	3,567	3,034	0.149	50,632	30,795	27,595	23,037
Deferred annuities	5.25	H	177,447	5,969,309	20,604	13,631	0.338	178,743	216,926	147,267	31,476
Annuities in payment	5.25	T(h)	1,996	281 p.a.	8	8		2,075	28	24	2,051
- Single Life	8.20	R(k)	133,970	105,554 p.a.				946,791			946,791
- Joint life and last survivor	8.20	R(k)	10,115	10,820 p.a.				117,806			117,806
- Other	8.20	R(k)	1,263	2,680 p.a.				29,559			29,559
Secured annuity option	8.20	V(e)	1	30 p.a.				554			554
Miscellaneous assurances endowment	5.25	A (i)	176	509 p.a.	1			324	3	1	323

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (non-linked pensions business only)

Direct business & Reinsurance accepted

PENSIONS

(Continued)

United Kingdom

31st December 1995

Form 55
(Sheet 5)

OB

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
	£000	£000		£000	£000	£000		£000	£000	£000	£000
GROUP											
Miscellaneous annuities											
- annuities in payment	8.20	R(k)	19,413	17,471 p.a.				161,010			161,010
- contingent	5.25	T(h)	183	185 p.a.		13		399			399
Temporary assurances	5.20	P	3,602	181,843		841	0.166	8,695	7,638	6,376	2,319
Deferred annuities											
- Premium paying schemes	7.50	C(e)	208	8,662 p.a.				79,550			79,550
- paid up schemes	8.20	C(e)	1,449	24,188 p.a.				92,975			92,975
Secured pension option	8.20	V(e)	56	354 p.a.		17		6,961			6,961
Other group - CA	-	-	45	2,090				5,216			5,216
Annuities in payment											
- non RPI	8.20	V(f)	90,462	139,197 p.a.				1,586,767			1,586,767
- RPI	3.75	V(g)	734	15,298 p.a.				228,387			228,387
Miscellaneous assurances											
- Temporary	-	-	1,705	2,922,146		9,961		5,077			5,077
Miscellaneous annuities in payment											
- non-RPI	8.20	V(f)	2,077	3,328 p.a.				37,457			37,457
- non RPI	7.50	E(f)	1,384	1,998 p.a.				32,977			32,977
- RPI	3.75	V(g)	15	304 p.a.				4,325			4,325
Miscellaneous contingent annuities											

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (non-linked pensions business only)

Direct business & Reinsurance accepted

PENSIONS

(Continued)

United Kingdom

31st December 1995

Form 55
(Sheet 6)

OB

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
- by recurrent single premium	7.50	I(b)	241	64,489 p.a.	2,183			1,092			1,092
- by single premium	7.50	I(b)	34	617 p.a.				244			244
Late notified movements	-	-						(8,713)			(8,713)
Total Without Participation in Profits			484,232		37,195	17,374		3,568,903	255,390	181,263	3,387,640
Miscellaneous											
- extra premiums	-	-			629			629			629
- outstanding premium								30,737			30,737
- late notified movements								6,931			6,931
TOTAL PENSIONS REASSURANCES			2,663,963		922,235	146,150		17,404,571	1,671,024	1,335,504	16,069,067
					645	1		3,229,060	8	8	3,229,052
NET TOTAL					921,590	146,149		14,175,511	1,671,016	1,385,496	12,840,015

The total number of contracts shown includes 497,036 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

GENERAL ANNUITY

31st December 1995

United Kingdom

OB

Form 55
(Sheet 7)

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
WITH PARTICIPATION IN PROFITS											
INDIVIDUAL	(b)	B (c)	1,514	1,192 p.a.				8,214			8,214
Deferred (Premium paying)	(b)	B (c)	2,559	10,883 p.a.	3,151	2,544	0.193	57,987	29,055	23,713	34,274
Miscellaneous :											
Personal Pension Policy	-	H	2,565	9,573	2,085			8,399			8,399
~ Jersey & Guernsey	-	H	2,044	5,868	531			5,492			5,492
~ Isle of Man											
GROUP											
Deferred annuities											
- Premium paying schemes	3.00	C(b)	9	140 p.a.				1,487			1,487
- Paid up schemes	3.00	C(b)	676	116 p.a.				1,358			1,358
Utilised Group - GPP1	-	-	1	380				953			953
Other - CA, EPP, PCRS and Bond 32	-	-	164	16,780	1,853			28,020			28,020
Late notified movements	-	-						(384)			(384)
Total With Participation in Profits			9,532		7,620	2,544		111,526	29,055	23,713	87,813
WITHOUT PARTICIPATION IN PROFITS											
INDIVIDUAL	6.20	-	319	300				2,477			2,477
Deferred Bonds											
Annuities in payment											
- Single life	8.20	R(b)	6,394	5,076 p.a.				31,127			31,127
- Joint life and last survivor	8.20	R(b)	629	568 p.a.				4,985			4,985
- Capital protected temporary	8.90	-	257	172 p.a.				287			287

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

GENERAL ANNUITY

(Continued)

31st December 1995

United Kingdom

OB

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
- Other temporary	8.90	R(b)	6,935	7,728 p.a.				31,020			31,020
Miscellaneous:											
- Deferred by accumulation	-	-	256	17 p.a.	1			1,005			1,005
- Deferred other	5.25	S(h)	177	30 p.a.	4			335			335
- Annuities in payment	8.90	R(b)	393	599 p.a.				5,103			5,103
- Contingent	5.25	S(h)	87	93 p.a.	1			180			180
GROUP											
Deferred annuities											
- premium paying schemes	7.50	C(e)	3	89 p.a.				2,561			2,561
- PUS			222	55 p.a.				327			327
- Paid up schemes	7.50	C(e)	107	491 p.a.				3,785			3,785
- non RPI annuities in payment	7.50	E(f)	6,624	3,549 p.a.				31,459			31,459
- RPI annuities in payment	3.75	E(g)	20	128 p.a.				1,854			1,854
Miscellaneous:											
- non RPI annuities in payment	7.50	E(f)	29	114 p.a.				299			299
- RPI	3.75	E(f)	3	11 p.a.				168			168
- Contingent	-	-	17	1,724 p.a.		45		220			220
Late notified movements	-	-		(296)p.a.		51		(64)			(64)
Total Without Participation in Profits			22,472					117,128			117,128

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

GENERAL ANNUITY

(Continued)

United Kingdom

31st December 1995

Form 55
(Sheet 9)

OB

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
Miscellaneous : outstanding premiums	-	-					8	99			99
Total								99			99

The number of contracts shown includes 419 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (long-term sickness and accident only)

Direct business & Reinsurance accepted

PERMANENT HEALTH

31st December 1995

United Kingdom

OB

Form 55
(Sheet 10)

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
Individual permanent health insurance											
- Basic benefits	5.00	L	6,980	34,435 p.a.	991	905	0.087	12,947	8,763	8,385	4,562
- Guaranteed insurability benefits	5.00	-			22			80			80
- Extra premiums	-	-			157			157			157
Individual SSB											
- Miscellaneous - Critical illness	5.00		2,052	93,593	763	495	0.351	6,091	9,104	5,878	213
- Disability lump sum	-	-	3,408	5,873	57			42			42
- Waiver of premium benefit	5.00	M	39,356	31,856 p.a.	1,039	611	0.412	8,012	11,621	6,307	1,705
Group pensions	(I)	N	26	17,748 & 21,580 p.a.	220			6,221			6,221
Miscellaneous :											
Individual PHI											
- Basic benefits	5.00	L	126	165 p.a.	3	3		47	15	13	34
- Guaranteed insurability benefits	5.00	-						152			152
Individual SSB											
- Continuous disability benefit	5.00	L	75	58 p.a.	1	1		15	5	4	11
- Waiver of premium benefit	5.00	O	17,354	3,249 p.a.	83	67	0.193	806	632	592	214
TOTAL PERMANENT HEALTH REASSURANCES			101,381		11,007	4,626		263,323	59,185	44,892	218,431
					185	48		3,677	593	484	3,193
NET TOTAL					10,822	4,578		259,646	58,592	44,408	215,238

The number of contracts shown includes 56,836 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (long-term sickness and accident only)

Direct business & Reinsurance accepted

SUPPLEMENTARY ACCIDENT BUSINESS

31st December 1995

United Kingdom

Form 55
(Sheet 11)

OB

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Individual											
- attached to ordinary branch	4.75	J	461,285	1,355,617	1,429	406	0.716	3,765	10,242	3,103	662
- attached to industrial branch	4.75	K	1,669,594	1,267,243	1,062	411	0.613	3,427	5,556	2,083	1,344
Miscellaneous			34,303	34,303				14			14
Group pensions	-	-	1	17,477	17			18			18
TOTAL SUPPLEMENTARY ACCIDENT BUSINESS REASSURANCES			2,165,183		2,508	817		7,224	15,798	5,186	2,038
								14			14
NET TOTAL					2,508	817		7,210	15,798	5,186	2,024
TOTAL UNITED KINGDOM BUSINESS					1,542,160	544,171		26,666,255	6,264,417	4,592,954	22,073,301

The number of contracts shown includes 2,165,183 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

LIFE ASSURANCE

31st December 1995

Form 55
(Sheet 12)

OB

New Zealand

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
WITH PARTICIPATION IN PROFITS											
NON SUPERANNUATION											
FIRST SERIES											
Whole life (c)	4.00	G	3,069	5,708	45	19	0.578	3,606	368	147	3,459
Miscellaneous	4.00	G	206	216	2	1	0.500	183	6	3	180
SECOND SERIES											
Whole Life	4.00	G	25,808	273,656	3,753	2,305	0.386	80,364	65,037	38,942	41,422
Endowment	4.00	G	2,056	8,029	175	131	0.251	5,831	1,075	771	5,060
Deferred : Whole life	4.00	G	620	12,100	80	32	0.600	1,033	1,851	755	278
Miscellaneous : other	4.00	G	292	1,326	20	13	0.350	774	203	129	645
Miscellaneous Pure endowments	4.00		12	80	2	2		57	13	10	47
PRU PAC SERIES Pure endowments	(d)		4,702	41,644	1,009	681	0.325	20,998	15,151	10,125	10,873
FLAGSHIP AND CAPITAL BOND			1,964	5,382	1,274			5,329			5,329
EX-GENERAL ACCIDENT											
Whole life	4.00	G	7,211	37,831	363	204	0.438	14,493	5,477	2,975	11,518
Endowment	4.00	G	2,047	8,792	174	128	0.264	6,331	1,064	751	5,580
Miscellaneous	4.00	G	239	768	15	11	0.267	512	115	80	432
EX-AETNA											
Whole life	4.00	G	4,176	30,611	418	254	0.392	12,662	5,591	3,231	9,431
Endowment	4.00	G	915	6,804	101	58	0.426	2,608	1,314	670	1,938
Miscellaneous	4.00	G	683	4,664	37	23	0.378	1,484	363	220	1,264

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

LIFE ASSURANCE

(Continued)

31st December 1995

Form 55
(Sheet 13)

OB

New Zealand

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table		5	6	Office premiums	Net premiums		9	10	Office premiums	Net premiums	
1	2	3	4	£000	£000	£000	£000	8	£000	£000	£000	£000	12
CASHBUILDER & ASSETBUILDER	-	-	1,099	3,164		659			3,126				3,126
SUPERPLAN	-	-	1,443	4,522		474			4,475				4,475
SUPERANNUATION													
FIRST & SECOND SERIES	4.00	G	105	632		6	4	0.333	276	80	47		229
PRU PAC SERIES Pure Endowments	(d)		3,715	32,320		772	583	0.245	16,448	8,238	6,168		10,280
FLAGSHIP AND CAPITAL BOND			727	1,427		391			1,410				1,410
Total With Participation In Profits			61,089			9,770	4,449		182,000	105,946	65,024		116,976
WITHOUT PARTICIPATION IN PROFITS													
Whole Life	4.00	G	2,417	12,238		190	169	0.111	4,894	2,455	2,185		2,709
Endowment	4.00	G	86	95		4	3	0.250	76	16	14		62
Design life : endowments	3.00		755	2,462		325			2,315				2,315
Design Life : endowments	4.00		341	1,136		158			1,059				1,059
MISCELLANEOUS	4.00	G	150	79		1	1		41	14	11		30
PRUPAC, FLAGSHIP & PRUDENTIAL PORTFOLIO													
- Insured benefits - PruPac	3.00	G	23,694	1,088,330		2,490	259	0.896	4,637	3,427	2,610		2,027
- Insured benefits - other	-		29,446	544,431		1,305			611				611
- Insured benefits - PruPac	4.00	G	490	9,725		33	13	0.606	169	140	109		60
- Insured benefits - other			2,723	74,935		174			88				88
- Group temporary			185	443,265		907			453				453
- Risk premium reinsurance accepted			4,187	35,003					546				546

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

LIFE ASSURANCE

(Continued)

31st December 1995

Form 55
(Sheet 14)

OB

New Zealand

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6 £000	7 £000	8	9 £000	10 £000	11 £000	12 £000
- Design life insured benefits	3.00	G	390	4,421	13			6			6
- Whole life and endowment attachments	4.00	G	2,357	31,609	107	59	0.449	558	764	410	148
- Temporary	4.00	G	8,474	55,137	86	43	0.500	1,123	344	282	841
- Co-operative policies	4.00	G	68	31				16			16
- Pure endowment	4.00	G	2		78			46			46
- attached insured benefits	-		882	21,596	5,871	547		16,638	7,160	5,621	11,017
Total Without Participation In Profits			76,647								
Extra Premiums					293			293			293
TOTAL LIFE ASSURANCE REASSURANCES			137,736		15,934	4,996		198,931	113,106	70,645	128,286
					641	1		420	14	10	410
NET TOTAL					15,293	4,995		198,511	113,092	70,635	127,876

The total number of contracts shown includes 45,803 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

GENERAL ANNUITY

31st December 1995

New Zealand

OB

Form 55
(Sheet 15)

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
WITH PARTICIPATION IN PROFITS											
GROUP PENSIONS :											
- Cash accumulation				616	88			616			616
Total With Participation In Profits			8	88				616			616
WITHOUT PARTICIPATION IN PROFITS											
INDIVIDUAL :											
- Annuities in payment	4.00	W(b)	149	180				1,979			1,979
GROUP PENSIONS :											
- Cash accumulation			44	7,809	913			7,994			7,994
Total Without Participation In Profits			193	913				9,973			9,973
TOTAL GENERAL ANNUITY			201		1,001			10,589			10,589
NET TOTAL					1,001			10,589			10,589
TOTAL NEW ZEALAND BUSINESS					16,294	4,995		209,100	113,092	70,635	138,465

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

LIFE ASSURANCE

Form 55
(Sheet 16)

OB

Hong Kong

31st December 1995

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
WITH PARTICIPATION IN PROFITS											
Miscellaneous											
- other	4.00	G	100,506	2,585,805	42,293	22,468	0.469	424,044	651,281	323,665	100,379
- Group pensions cash accumulation			724		19,115			63,815			63,815
Total With Participation in Profits			101,230		61,408	22,468		487,859	651,281	323,665	164,194
WITHOUT PARTICIPATION IN PROFITS											
Miscellaneous											
- Crisis cover	6.00	G	46,389	1,026,818	3,988	2,882	0.277	41,868	53,167	38,893	2,975
- Other	6.00	G	58,365	2,771,791	4,746	3,351	0.294	45,214	38,981	32,391	12,823
Group temporary			937	397,060	700			350			350
Total Without Participation in Profits			105,691		9,434	6,233		87,432	92,148	71,284	16,148
Extra premiums					666			325			325
TOTAL LIFE ASSURANCE REASSURANCES			206,921		71,498	28,701		575,616	743,429	394,949	180,667
					1,571			785			785
NET TOTAL					69,927	28,701		574,831	743,429	394,949	179,882

The total number of contracts shown includes 99,842 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

GENERAL ANNUITY

31st December 1995

Hong Kong

OB

Form 55
(Sheet 17)

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
WITHOUT PARTICIPATION IN PROFITS											
INDIVIDUAL Miscellaneous : Annuities in payment	6.00	D	6	44 p.a.				228			228
Total Without Participation In Profits			6					228			228
TOTAL GENERAL ANNUITY								228			228
NET TOTAL								228			228
TOTAL HONG KONG BUSINESS					69,927	28,701		575,059	743,429	394,949	180,110

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

LIFE ASSURANCE

31st December 1995

Form 55
(Sheet 18)

OB

Malta

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
WITH PARTICIPATION IN PROFITS Miscellaneous	4.00	F	1,165	17,823	270	155	0.426	10,566	2,321	1,283	9,283
Total With Participation In Profits			1,165		270	155		10,566	2,321	1,283	9,283
WITHOUT PARTICIPATION IN PROFITS Miscellaneous	4.00	F	480	6,872	75	67	0.107	2,096	790	709	1,387
Total Without Participation In Profits			480		75	67		2,096	790	709	1,387
TOTAL LIFE ASSURANCE REASSURANCES			1,645		345	222		12,662	3,111	1,992	10,670
NET TOTAL					343	222		12,662	3,111	1,992	10,670

The total number of contracts shown includes 23 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Direct business & Reinsurance accepted

GENERAL ANNUITY

31st December 1995

Type of insurance	Valuation basis			Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table				Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3		4	5	6	7	8	9	10	11	12
					£000	£000	£000		£000	£000	£000	£000
WITHOUT PARTICIPATION IN PROFITS Miscellaneous				17	6 p.a.				39			39
Total Without Participation In Profits				17					39			39
TOTAL GENERAL ANNUITY				17					39			39
NET TOTAL									39			39
TOTAL MALTA BUSINESS						343	222		12,701	3,111	1,992	10,709

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (long-term sickness and accident only)

Direct business & Reinsurance accepted

PERMANENT HEALTH

31st December 1995

Overseas

Form 55
(Sheet 20)

OB

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table		5	£000	Office premiums	Net premiums		9	£000	Office premiums	Net premiums	
1	2	3	4	5	£000	6	7	8	9	£000	10	11	12
CI & IoM													
Miscellaneous :													
- Group Pensions	(i)	N	1				5						6
- Individual PHI : Basic benefits	5.00	L	55	229 p.a.			5	5			39		33
- Guaranteed insurability benefit	5.00	-											2
- Extra premiums	-	-					1						1
- Individual SSB : Waiver of premium	5.00	M	189	169 p.a.			7	3			64	35	7
- Individual SSB : Critical Illness	5.00		18	932			6	4			84	56	2
New Zealand													
- Individual		-	12,626	343,915			1,828						776
- Group		-	157	227,974			432						183
Hong Kong													
- Individual			95,876	156,892			3,264						2,250
- Group			35	113,468			46						23
Malta													
- Waiver of premium			90	24 p.a.			1						5
TOTAL PERMANENT HEALTH REASSURANCES			109,047				5,595	12			187	130	3,288
							506				4	4	394
NET TOTAL							5,089	12			183	126	2,894

The number of contracts shown includes 105,362 attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (long-term sickness and accident only)

Direct business & Reinsurance accepted

SUPPLEMENTARY ACCIDENT BUSINESS

31st December 1995

Overseas

OB

Form 55
(Sheet 21)

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
Miscellaneous CI & IOM Individual	4.75	J	2,751	11,954	12	4	0.667	28	81	24	4
New Zealand		-	4,137	9,242	12			5			5
Hong Kong - Individual			7,345	245,820	415			106			106
Hong Kong - Group			864	147,378	108			54			54
Malta			666	6,040	7			3			3
TOTAL SUPPLEMENTARY ACCIDENT BUSINESS REASSURANCES			15,763		554	4		196	81	24	172
					19			10			10
NET TOTAL					535	4		186	81	24	162
TOTAL OVERSEAS BUSINESS					5,624	16		3,206	264	150	3,056

The total number of contracts shown includes 15,763 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Reinsurance ceded

LIFE ASSURANCE

31st December 1995

Form 55
(Sheet 22)

OB

United Kingdom

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
WITH PARTICIPATION IN PROFITS											
Whole life	3.00	A	107	1,560	40	31	0.225	1,021	389	311	710
Endowment	3.00	A	606	3,996	153	117	0.235	3,297	932	716	2,581
Low cost endowment	3.00	A	392	5,165	171	142	0.170	2,391	1,466	1,235	1,156
Miscellaneous :	3.00	A	4	373	6			8	7	6	2
Total With Participation in Profits			1,109		370	290		6,717	2,794	2,268	4,449
WITHOUT PARTICIPATION IN PROFITS											
Whole life	4.75	A	99	186	2	2		86	17	14	72
Prudence Family Cover	4.75	A		30							
Endowment	4.75	A	86	639	3	3		414	16	15	399
Miscellaneous :											
- Whole life last survivor	4.75	A	2	62	1	1		23	9	7	16
- Income benefit	4.75	A	16	12,095	2	1	0.500	108	27	23	85
- Convertible level temporary	4.75	A	13	1,028	2	2		26	19	15	11
- Reserve for conversion options	4.75	-						5			5
- Decreasing temporary											
~ with survival benefit	4.75	A	8	9				5	1		5
~ without survival benefit	4.75	A	78	3,910	23	19	0.174	181	167	144	37
- Group temporary	-	-	4	2,046							

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Reinsurance ceded

LIFE ASSURANCE

(Continued)

31st December 1995

Form 55
(Sheet 23)

OB

United Kingdom

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of Interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
- Other level temporary	4.75	A	204	10,369	38	29	0.237	366	277	215	151
Total Without Participation In Profits			510		71	57		1,214	533	433	781
Miscellaneous : Extra premiums	-	-			59	59		59			59
Total					59	59		59			59
TOTAL CEDED LIFE ASSURANCE			1,619		500	347		7,990	3,327	2,701	5,289

The number of contracts shown includes 285 income and temporary contracts attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (non-linked pensions business only)

Reinsurance ceded

PENSIONS

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
WITHOUT PARTICIPATION IN PROFITS											
INDIVIDUAL Temporary assurances		U(i)	7	283		1	1	17	8	8	9
Annuities in payment	5.25	R(k)	1,263	136,525 p.a.				1,255,166			1,255,166
Secured annuity option	8.20	V(e)	1	30 p.a.				554			554
Deferred - Paid up schemes	8.20	C(e)	2,213	17,034 p.a.				109,111			109,111
Secured pension option	8.20	V(e)	56	354 p.a.		17		6,961			6,961
Annuities in payment - non RPI	8.20	V(f)	90,462	139,197 p.a.				1,586,767			1,586,767
Annuities in payment - RPI	3.75	V(g)	734	15,298 p.a.				228,387			228,387
Miscellaneous assurances - temporary			122	268,317		612		307			307
Miscellaneous annuities											
- Annuities in payment - RPI	3.75	V(g)	15	304 p.a.				4,325			4,325
- Annuities in payment - non RPI	8.20	V(f)	2,077	3,328 p.a.				37,457			37,457
- Contingent by recurrent single premium			5	519		15		8			8
Total Without Participation in Profits			96,955			645	1	3,229,060	8	8	3,229,052
TOTAL CEDED PENSIONS			96,955			645	1	3,229,060	8	8	3,229,052

The number of contracts shown includes 61 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (long-term sickness and accident only)

Reinsurance ceded

PERMANENT HEALTH

31st December 1995

United Kingdom

OB

Form 55
(Sheet 25)

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Individual permanent health insurance											
- Basic benefits	5.00	L	808	2,287 p.a.	54	48	0.111	762	592	483	279
- Extra premiums	-	-			7			7			7
Group pensions	(I)	N	26		122			2,889			2,889
Miscellaneous :											
Individual PHI											
- Basic benefits	5.00	L	10	9				3	1	1	2
- Guaranteed insurability benefits	5.00	-			2			16			16
Total			844		185	48		3,677	593	484	3,193
TOTAL CEDED PERMANENT HEALTH			844		185	48		3,677	593	484	3,193

The number of contracts shown includes 10 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (long-term sickness and accident only)

Reinsurance ceded

SUPPLEMENTARY ACCIDENT BUSINESS

31st December 1995

United Kingdom

Form 55
(Sheet 26)

OB

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6 £000	7 £000	8	9 £000	10 £000	11 £000	12 £000
Miscellaneous			34,303	34,303				14			14
Individual - attached to ordinary branch	4.75	J	27	116				14			14
Total			34,330								
TOTAL CEDED SUPPLEMENTARY ACCIDENT BUSINESS			34,330					14			14
TOTAL CEDED UNITED KINGDOM BUSINESS					1,330	396		3,240,741	3,928	3,193	3,237,548

The total number of contracts shown includes 34,330 benefits attached to other contracts.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Reinsurance ceded

LIFE ASSURANCE

31st December 1995

Form 55
(Sheet 27)

OB

New Zealand

Type of Insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table		5	£000	Office premiums	Net premiums		9	£000	Office premiums	Net premiums	
1	2	3	4	5	£000	6	7	8	9	£000	10	11	12
													£000
WITH PARTICIPATION IN PROFITS													
SECOND SERIES													
Whole Life	4.00	G	20	127		2	1	0.500	86		12	9	77
Endowment	4.00	G	2	6					5				5
Miscellaneous : Joint life	4.00	G	2	16					8		2	1	7
Total With Participation In Profits			24			2	1		99		14	10	89
WITHOUT PARTICIPATION IN PROFITS													
Whole Life	4.00	G	3	1									
Miscellaneous :													
- Group temporary	-	-	99	69,461		126			63				63
- Temporary assurances	4.00	-	23	133					2				2
- Risk premium ceded	-	-	4,095	266,202		513			256				256
Total Without Participation In Profits			4,220			639			321				321
TOTAL CEDED LIFE ASSURANCE			4,244			641	1		420		14	10	410
TOTAL CEDED NEW ZEALAND BUSINESS						641	1		420		14	10	410

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Reinsurance ceded

LIFE ASSURANCE

(Continued)

31st December 1995

Form 55
(Sheet 28)

OB

Hong Kong

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
WITHOUT PARTICIPATION IN PROFITS											
Miscellaneous : Group temporary			87	88,152	128			64			64
Risk premium ceded			28,427	1,416,611	1,443			721			721
Total Without Participation In Profits			28,514		1,571			785			785
TOTAL CEDED LIFE ASSURANCE			28,514		1,571			785			785
TOTAL CEDED HONG KONG BUSINESS					1,571			785			785

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

Reinsurance ceded

LIFE ASSURANCE

(Continued)

31st December 1995

Form 55
(Sheet 29)

OB

Malta

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
WITHOUT PARTICIPATION IN PROFITS											
Miscellaneous			6	990	2						
Total Without Participation in Profits			6		2						
TOTAL CEDED LIFE ASSURANCE			6		2						
TOTAL CEDED MALTA BUSINESS					2						

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (long-term sickness and accident only)

Reinsurance ceded

PERMANENT HEALTH

Overseas

31st December 1995

Form 55
(Sheet 30)

OB

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums		Office premiums	Net premiums			
1	2	3	4	5	6	7	8	9	10	11	12	£000
CI & IoM												
Miscellaneous:												
Group pensions	(I)	N				4						4
CI & IoM - Individual PHI basic benefits	5.00	L	9	26 p.a.						4	4	4
New Zealand												
- Individual		-	4,538	57,831		136						58
- Group		-	102	& 19,437 p.a. 34,698		101						43
Hong Kong												
- Individual			3,947	5,074		250						277
- Group			26	& 25,452 p.a. 48,655		15						8
Total			8,622			506				4	4	394
TOTAL CEDED PERMANENT HEALTH			8,622			506				4	4	394

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (long-term sickness and accident only)

Reinsurance ceded

SUPPLEMENTARY ACCIDENT BUSINESS

31st December 1995

Overseas

OB

Form 55
(Sheet 31)

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
Miscellaneous											
- New Zealand			2	40							
- Hong Kong - Individual			369	21,037		12		6			6
- Hong Kong - Group			25	13,821		7		4			4
Total			396			19		10			10
TOTAL CEDED SUPPLEMENTARY ACCIDENT BUSINESS			396			19		10			10
TOTAL CEDED OVERSEAS BUSINESS						525		408	4	4	404

Returns under Insurance Companies Legislation
Valuation Summary of non - linked contracts
Global business (All business)
The Prudential Assurance Company Limited

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
UNITED KINGDOM BUSINESS EXCLUDING CHANNEL ISLANDS (CI) AND ISLE OF MAN (IoM)											
Life assurance			5,475,302		£'000	£'000		£'000	£'000	£'000	£'000
General annuity business			22,035		601,436	388,820		12,144,734	4,476,562	3,177,622	8,967,112
Pension business			2,663,963		56	146,149		100,591	1,671,016	1,335,496	100,591
Supplementary accident business			2,165,183		921,590	817		14,175,511	15,798	5,186	12,840,015
Permanent health & supplementary sickness business			69,377		2,508	2,034		30,893	29,537	20,695	10,198
Total UK business excluding CI & IoM			10,395,860		1,628,741	537,820		26,458,939	6,192,913	4,638,999	21,919,940
OVERSEAS BUSINESS											
Life assurance :			17,175		5,804	3,807		79,154	42,449	30,242	48,912
CI & IoM			137,736		15,293	4,995		198,511	113,092	70,635	127,876
New Zealand			206,921		69,927	28,701		574,831	743,429	394,949	179,882
Hong Kong			1,645		343	222		12,662	3,111	1,992	10,670
Malta			363,477		91,367	37,725		865,168	902,081	497,818	367,340
Total overseas life assurance business			9,969		7,615	2,544		128,162	29,055	23,713	104,449
General annuity business :			201		1,001			10,589			10,589
CI & IoM			6					228			228
New Zealand			17					39			39
Hong Kong			10,193		8,616	2,644		139,018	29,055	23,713	115,305
Malta											
Total overseas general annuity business											

Returns under Insurance Companies Legislation
Valuation Summary of non - linked contracts
Global business (All business)
The Prudential Assurance Company Limited

Form 55
Summary Sheet
OB
31st December 1995

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	8	7	8	9	10	11	12
OVERSEAS BUSINESS					£'000	£'000			£'000	£'000	£'000
Supplementary accident business											
CI & IoM											
New Zealand			2,751		12	4		28	81	24	4
Hong Kong			4,137		12			5			5
Malta			8,209		504			150			150
			666		7			3			3
Total overseas supplementary accident business			15,763		535	4		186	81	24	162
Permanent health and Supplementary sickness business											
CI & IoM											
New Zealand			263		20	12		169	183	126	43
Hong Kong			12,783		2,023			858			858
Malta			95,911		3,045			1,988			1,988
			90		1			5			5
Total overseas permanent health and supplementary sickness business			109,047		5,089	12		3,020	183	126	2,894
Total overseas business			498,480		105,607	40,286		1,007,382	931,400	521,681	485,701
Total non linked business			10,894,340		1,634,348	578,105		27,466,321	7,124,313	5,060,680	22,405,641
Additional reserve											
Total			10,894,340		1,634,348	578,105		27,840,695	7,124,313	5,060,680	22,779,915

Direct business & Reinsurance accepted LIFE ASSURANCE

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities			Amount of mathematical reserves
	Rate of interest	Mortality table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums	Mortality and expenses			Options and guarantees other than investment performance guarantees			
1	2	3	4	5 £000	6 £000	7 £000	8 £000	9 £000	10	11 £000	12 £000	13 £000	14 £000	15 £000	
INDIVIDUAL Prutrust : - Whole life - Endowment - Capital gains tax reserve - Outstanding premium reserve - Extra premiums reserve Prufund : - Protection Plan - Savings Plan (Series1) - Savings Plan (Series2) - Investment Bond - Outstanding premiums reserve - Capital gains tax reserve - LAPR reserve Prudence Bond Prudence Managed Bond Distribution Bond TOTAL LIFE ASSURANCE Reinsurance	(a)	(a)	672	452	7,270				External UT	8,091	16			8,107	
	(a)	(a)	5,299	21,679	49,403		1,139			43,177	60			43,237	
											2,836			2,836	
								1				5		5	
											1			1	
NET TOTAL			176,389					21,759		478,097	34,564	234		512,895	

(a) See answer to Question 8(a).

Returns under Insurance Companies Legislation
Valuation summary of linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Ordinary Branch (linked business only)

Direct business & Reinsurance accepted

PENSIONS

United Kingdom

31st December 1995

Form 56
(Sheet 2)

OB

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities		Amount of mathematical reserves																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
				Rate of interest	Mortality table	Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums			Net premiums	Mortality and expenses			Options and guarantees other than investment performance guarantees																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
	2	3															4	5	£000	6	£000	7	£000	8	£000	9	£000	10	11	£000	12	£000	13	£000	14	£000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
1																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															

(a) See answer to Question 8(a).

LIFE ASSURANCE

Direct business & Reinsurance accepted

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities		Amount of mathematical reserves
	Rate of interest	Mortality table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums			Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5 £000	6 £000	7 £000	8 £000	9 £000	10	11 £000	12 £000	13 £000	14 £000
INDIVIDUAL													
Prudence Bond	(a)	(a)	4,523		5,923				Internal Fund of Prudential Holborn Life Ltd	5,923	73		5,996
TOTAL LIFE ASSURANCE Reinsurance			4,523		5,923					5,923	73		5,996
NET TOTAL			4,523								73		5,923
													73

(a) See answer to Question 8(a).

The Prudential Assurance Company Limited

Fund - Ordinary Branch (non-linked pensions business only)

OB
United Kingdom

31st December 1995

Direct business & Reinsurance accepted PENSIONS

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities			Amount of mathematical reserves	
				Guaranteed on death		Current on death	Guaranteed on maturity	Office premiums	Net premiums			Mortality and expenses	Options and guarantees other than investment performance guarantees			
	Rate of interest	Mortality table		2	3	4	5 £000	6 £000	7 £000				8 £000	9 £000		10
1																
INDIVIDUAL																
PPA	(a)	(a)	621		1,529			49		Internal Fund	1,487	71	44		1,602	
EPP Series 2 & 3	(a)	(a)	1,513		10,455			2,003		of Prudential	9,090	250			9,340	
EIA, EIB	(a)	(a)	32		3,029					Holborn	3,029	83			3,112	
PPP	(a)	(a)	13,472		20,430			1,516		Pensions Ltd	19,232	1,381			20,613	
FS AVC	(a)	(a)	517		1,176			307			966	39			1,005	
Miscellaneous :																
- AVC's, utilised GPP/PTP	(a)	(a)	622		55,105					Internal Fund	54,746	9,322			64,068	
- MPP2	(a)	(a)	142		20,214					of Prudential	20,152	3,442			23,594	
TOTAL PENSIONS			16,919					3,875		Pensions Ltd	108,702	14,588	44		123,334	
Reinsurance					111,938			3,875			108,702		44		108,746	
NET TOTAL			16,919									14,588			14,588	
TOTAL UNITED KINGDOM BUSINESS			235,464					21,759			478,097	54,104	234		532,435	

(a) See answer to Question 8(a).

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities			Amount of mathematical reserves
	Rate of interest	Mortality table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums	Mortality and expenses			Options and guarantees other than investment performance guarantees			
1	2	3	4	5 £000	6 £000	7 £000	8 £000	9 £000	10	11 £000	12 £000	13 £000	14 £000	15 £000	
Ordinary Fund : - Investor Bond - Prudential Portfolio - Flagship Superannuation Fund : - Prudential Portfolio:Personal Superannuation - Flagship MISCELLANEOUS Ex-General Accident Business : - Endowment Assurance Ideal Policy Equity Policy - Miscellaneous rider benefits - Investment performance guarantee reserve - Capital gains tax reserve TOTAL LIFE ASSURANCE Reinsurance	(a)	(a)	3,986		39,238				Internal Fund	39,238				39,238	
	(a)	(a)	7,193		19,466		5,682			17,974				17,974	
	(a)	(a)	140		460		101			460				460	
	(a)	(a)	10,709		19,292		7,727		Internal Fund	17,042				17,042	
	(a)	(a)	6		8		3			8				8	
NET TOTAL			22,891				13,566	44		79,247	26	232		79,505	

(a) See answer to Question 8(a).

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities		Amount of mathematical reserves
	Rate of interest	Mortality table		Guaranteed on death	Current on death	Guaranteed on maturity		Office premiums	Net premiums			Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5 £000	6 £000	7 £000		8 £000	9 £000	10	11 £000	12 £000	13 £000	14 £000
Ordinary Fund : - Prudential Portfolio - Prudential Portfolio:Personal Superannuation	(a) (a)	(a) (a)	8,856 6,584 15,440		32,381 36,128			7,979 6,994 14,973			27,309 30,855 58,164			27,309 30,855 58,164
TOTAL NEW ZEALAND BUSINESS			38,331					28,539	44		137,411	26	232	137,669

(a) See answer to Question 8(a).

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities			Amount of mathematical reserves
	Rate of interest	Mortality table		Guaranteed on death	Current on death	Guaranteed on maturity		Office premiums	Net premiums			Mortality and expenses	Options and guarantees other than investment performance guarantees		
1	2	3	4	5 £000	6 £000	7 £000		8 £000	9 £000	10	11 £000	12 £000	13 £000	14 £000	
GROUP PENSIONS Global Growth Fund	(a)	(a)	57		4,843			46,191		Unit Trust	4,843				4,843
TOTAL LIFE ASSURANCE Reinsurance			15,497					61,164			63,007				63,007
NET TOTAL			15,497					61,164			63,007				63,007
TOTAL HONG KONG BUSINESS			57					46,191			4,843				4,843

(a) See answer to Question 8(a).

Reinsurance ceded

LIFE ASSURANCE

(Continued)

31st December 1995

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities		Amount of mathematical reserves
	Rate of interest	Mortality table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums	Mortality and expenses			Options and guarantees other than investment performance guarantees		
1	2	3	4	5 £000	6 £000	7 £000	8 £000	9 £000	10	11 £000	12 £000	13 £000	14 £000	
INDIVIDUAL	(a)	(a)	17	558	558			1	Internal Fund					
Prufund - Protection Plan														
Prudence Bond	(a)	(a)	2,479		3,440				Internal Fund	3,406			3,406	
Prudence Managed Bond	(a)	(a)	5,489		12,205				of Prudential	12,084			12,084	
Distribution Bond	(a)	(a)	76,588		152,213				Holborn Life Ltd	150,706			150,706	
Total			84,573					1		166,196			166,196	
TOTAL CEDED LIFE ASSURANCE			84,573					1		166,196			166,196	

(a) See answer to Question 8(a).

PENSIONS

31st December 1995

Reinsurance ceded

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities		Amount of mathematical reserves
	Rate of interest	Mortality table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums			Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5 £000	6 £000	7 £000	8 £000	9 £000	10	11 £000	12 £000	13 £000	14 £000
INDIVIDUAL PPA EPP Series 2 & 3 EIA, EIB PPP FS AVC Total	(a) (a) (a) (a) (a)	(a) (a) (a) (a) (a)	6,529 5,529 89 24,775 711 37,633	14,565 54,961 5,377 47,184 900			600 8,582 3,048 379 12,609		Internal Fund of Prudential Holborn Pensions Ltd	13,585 49,290 5,377 45,190 900 114,342		179 179	13,764 49,290 5,377 45,190 900 114,521
TOTAL CEDED PENSIONS			37,633				12,609			114,342		179	114,521

(a) See answer to Question 8(a).

The Prudential Assurance Company Limited

Fund - Ordinary Branch (other)

United Kingdom

Reinsurance ceded

LIFE ASSURANCE

31st December 1995

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities		Amount of mathematical reserves
	Rate of interest	Mortality table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums			Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5 £000	6 £000	7 £000	8 £000	9 £000	10	11 £000	12 £000	13 £000	14 £000
INDIVIDUAL Prudence Bond	(a)	(a)	4,523		5,923				Internal Fund of Prudential of Holborn Life Ltd	5,923			5,923
Total			4,523							5,923		✓	5,923
TOTAL CEDED LIFE ASSURANCE			4,523							5,923			5,923

(a) See answer to Question 8(a).

Name of contract	Valuation basis		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability	Non-unit liabilities		Amount of mathematical reserves
	Rate of interest	Mortality table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums	Mortality and expenses			Options and guarantees other than investment performance guarantees		
1	2	3	4	5 £000	6 £000	7 £000	8 £000	9 £000	10	11 £000	12 £000	13 £000	14 £000	
INDIVIDUAL PPA EPP Series 2 & 3 EIA, EIB PPP FS AVC Miscellaneous : - AVCs, utilised GPP/PTP - MPP2	(a) (a) (a) (a) (a) (a) (a) (a)	(a) (a) (a) (a) (a) (a) (a) (a)	621 1,513 32 13,472 517 16,919		1,529 10,455 3,029 20,430 1,176 54,746 20,152		49 2,003 1,516 307 3,875		Internal Fund of Prudential Holborn Pensions Ltd Internal Fund of Prudential Pensions Ltd	1,487 9,090 3,029 19,232 966 54,746 20,152 108,702		44	1,531 9,090 3,029 19,232 966 54,746 20,152 108,746	
TOTAL CEDED PENSIONS			16,919				3,875			108,702		44	108,746	
TOTAL CEDED UNITED KINGDOM BUSINESS			143,648				16,485			395,163		223	395,386	

(a) See answer to Question 8(a).

The Prudential Assurance Company Limited

31st December 1995

The Prudential Assurance Company Limited															
Type of insurance	Valuation basis (1)		Number of contracts	Amount of sums assured, annuities per annum, or other measure of benefit, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit Liability	Non Unit Liabilities			Amount of mathematical reserves
	Rate of interest	Mortality or disability table		Guaranteed on Death	Current on Death	Guaranteed on maturity	Office premiums	Net premiums	Mortality and Expenses			Options and guarantees other than investment performance guarantees			
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
UNITED KINGDOM BUSINESS															
Life Assurance Business :															
Prutrust policies			5,971	28,102	56,673	-	1,140	-	External U.T.	51,268	2,913	5	54,186		
Prufund policies			85,862	317,417	591,844	-	20,619	-	Internal Fund	426,829	31,564	229	458,622		
Prudence Bond policies			11,170	-	-	-	-	-	(a)	-	160		160		
Prudence Managed Bond			5,210	-	-	-	-	-	(a)	-	-		-		
Distribution Bond policies			72,699	-	-	-	-	-	(a)	-	-		-		
Total United Kingdom Life Assurance Business			180,912	345,519	648,517	-	21,759	-		478,097	34,637	234	512,968		
Pension Business :															
Individual			53,788	-	-	-	-	-	(b)	-	6,703	-	6,703		
Group			764	-	421	-	-	-	(c)	-	12,764	-	12,764		
Total United Kingdom Pension Business			54,552	-	421	-	-	-		-	19,467	-	19,467		
Total United Kingdom Business			235,464	345,519	648,938	-	21,759	-		478,097	54,104	234	532,435		
OVERSEAS BUSINESS															
Life Assurance Business:															
New Zealand			37,488	-	146,990	-	28,486	-	Internal Fund	132,886	-	232	133,118		
New Zealand			843	1,821	4,121	1,821	53	44	Unit Trust	4,525	26	-	4,551		
Hong Kong			57	-	4,843	-	46,191	-	Unit Trust	4,843	-	-	4,843		
Total Overseas Business			38,388	1,821	155,954	1,821	74,730	44		142,254	26	232	142,512		
Additional Reserve				-	-	-	-	-				-	9,206		
Total unit linked business including additional reserve			273,852	347,340	804,892	1,821	96,489	44		620,351	54,130	466	684,153		

(a) Internal Fund of Prudential Holborn Life Ltd.
(b) Internal Fund of Prudential Holborn Pensions Ltd.
(c) Internal Fund of Prudential Pensions Ltd.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global Business (Issued in the United Kingdom)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
MPP			
Equity Fund	1.781000	686,239	1,222
International Fund	1.577000	335,540	529
International Bond	1.652000	61,120	101
Fixed interest Fund	1.680000	289,232	486
Index Linked Fund	1.473000	29,867	44
Cash Fund	1.286000	619,571	797
Discretionary Fund	1.667000	9,868,098	16,449
Global Equity Fund	1.730000	266,546	461
Property Fund	1.371000	45,941	63
Total MPP			20,152

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global Business (Issued in the United Kingdom)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
PIA			
Equity Fund	4.866000	1,136,541	5,530
International Fund	3.644000	1,016,679	3,705
Fixed interest Fund	3.380000	394,575	1,334
Index Linked Fund	2.627000	303,710	798
Cash Fund	2.446000	919,392	2,249
Global Equity Fund	1.597000	1,361,291	2,174
Managed Fund	2.854000	13,501,195	38,532
Property Fund	1.137000	284,106	323
'A' Fund	0.881000	114,588	101
Total PIA			54,746

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global Business (Issued in the United Kingdom)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
<u>Prudential Equity Trust</u>	8.321000	6,161,316	51,268
Total Prudential Equity Trust			51,268

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global Business (Issued in the United Kingdom)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
<u>Prudential Individual</u>			
Property Pension	4.796150	275,090	1,319
Equity Pension	13.946550	578,406	8,067
Fixed Interest Pension	8.017390	386,183	3,096
Managed Pension	10.195190	9,811,053	100,026
Index-Linked Gilt Pension	3.218350	203,034	654
International Money Pension	3.427170	336,994	1,155
Global Equity Pension	4.763480	1,210,925	5,768
Cash Pension	2.718280	4,032,325	10,961
Equity Unit Trust Pension	1.212390	8,602	11
Special Situations Pension	1.786700	433,415	774
Small Companies Pension	1.843870	874,457	1,612
Global Growth Pension	1.562540	182,245	285
Japanese Pension	1.933410	2,844,076	5,499
European Pension	1.864470	1,591,798	2,968
North American Pension	1.889250	730,636	1,380
International Smaller Companies Pension	2.368080	348,409	825
Premier Income Pension	1.161000	112,705	131
Equity Income Pension	2.047170	120,131	246
High Income Pension	1.842800	48,441	89
UK Growth Pension	1.620970	359,203	582
International Growth Pension	2.029330	558,271	1,133
Pacific Markets Pension	2.405440	650,599	1,565
Property Series 2	4.889830	169,709	830
Equity Series 2	17.441740	115,575	2,015
Fixed Interest Series 2	6.173510	45,607	281
Managed Series 2	9.042410	1,439,730	13,019
Pacific Basin Series 2	3.996280	226,266	904
North America Series 2	3.260530	39,818	130
International Series 2	7.166310	232,952	1,669
European Series 2	3.104160	124,415	386
Cash Series 2	3.811040	154,200	588
Balanced Growth Series 2	1.779390	66,456	118
Strategic Growth Series 2	1.908980	86,012	164
Special Situations Series 2	2.013530	16,352	33
Small Companies Series 2	1.770180	50,683	90
Global Growth Series 2	2.196350	10,316	23
Japanese Unit Trust Series 2	1.806290	161,442	292

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global Business (Issued in the United Kingdom)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
Prudential Individual			
European Unit Trust Series 2	2.706940	15,287	41
Premier Income Unit Trust Series 2	1.772710	7,820	14
Equity Unit Trust Series 2	1.994290	85,316	170
Equity Income Unit Trust Series 2	2.169250	14,294	31
High Income Unit Trust Series 2	2.041140	15,742	32
UK Growth Unit Trust Series 2	2.037380	18,567	38
International Growth Unit Trust Series 2	1.958920	46,029	90
Pacific Markets Unit Trust Series 2	2.245420	82,925	186
Distribution Fund Series 2	1.042250	144,625,569	150,736
Distribution Cash Fund Series 2	0.963970	199,987	193
International Smaller Companies Unit Trust Series 2	2.416540	12,229	29
North American Unit Trust Series 2	3.439690	4,852	17
Total Prudential Individual			320,265

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global Business (Issued in the United Kingdom)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
<u>Prufund</u>	3.864992	110,000,000	426,827
Total Prufund			426,827

Instructions for completion of this form are printed in the appendix at the end of this return.

OB

31st December 1995

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global business (Issued in New Zealand)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
External Funds Equity Policy Ideal Policy	0.640000 0.640000	793,750 6,276,563	508 4,017
Total External Funds			4,525

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global business (Issued in New Zealand)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
<u>Ordinary Fund - Flagship</u>	0.670000	688,153	460
Total Ordinary Fund - Flagship			460

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global business (Issued in New Zealand)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link 1	Valuation price per unit 2 £	Number of units deemed allocated to contracts 3	Unit liability 4 £000
<u>Ordinary Fund - Investor Bond</u>			
Beaver Fund Growth Units	0.750000	23,443,513	17,583
Squirrel Fund Growth Units	0.750000	4,416,000	3,312
Stag Fund Growth Units	0.750000	8,682,667	6,512
Fixed interest Fund Growth Units	0.490000	24,144,898	11,831
Total Ordinary Fund - Investor Bond			39,238

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global business (Issued in New Zealand)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link 1	Valuation price per unit 2 £	Number of units deemed allocated to contracts 3	Unit liability 4 £000
Ordinary Fund - Wealth Portfolio			
Balanced Fund Growth Plus Units	6.020000	29,907	180
Balanced Fund Growth Units	5.780000	4,637,370	26,804
Capital Fund Growth Units	4.860000	281,738	1,369
Capital Fund Growth Plus Units	4.960000	391	2
Entrepreneurial Fund Growth Plus Units	6.380000	10,264	66
Entrepreneurial Fund Growth Units	6.140000	2,332,410	14,321
Capital Stable Fund Growth Units	4.510000	182,018	820
Capital Stable Fund Growth Plus Units	4.520000	12,869	58
International Balanced Fund Growth Units	4.510000	183,551	828
International Balanced Fund Growth Plus Units	4.530000	543	3
International Growth Fund Growth Plus Units	4.510000	264	1
International Growth Fund Growth Units	4.490000	184,789	830
Total Ordinary Fund - Wealth Portfolio			45,282

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global business (Issued in New Zealand)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
<u>Superannuation Fund - Flagship</u>	0.670000	12,899	8
Total Superannuation Fund - Flagship			8

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global business (Issued in New Zealand)**

OB

Direct business and reinsurance accepted

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
Superannuation Fund - Wealth Portfolio			
Balanced Fund Growth Plus Units	6.000000	24,817	149
Balanced Fund Growth Units	5.800000	4,958,276	28,758
Capital Fund Growth Units	4.880000	283,811	1,385
Capital Fund Growth Plus Units	4.950000	1,107	5
Entrepreneurial Fund Growth Units	6.170000	2,482,334	15,316
Entrepreneurial Fund Growth Plus Units	6.310000	19,282	122
Capital Stable Fund Growth Units	4.520000	167,936	759
Capital Stable Fund Growth Plus Units	4.530000	478	2
International Balanced Fund Growth Units	4.530000	185,711	841
International Balanced Fund Growth Plus Units	4.540000	150	1
International Growth Fund Growth Units	4.510000	118,345	534
International Growth Fund Growth Plus Units	4.530000	5,544	25
Total Superannuation Fund - Wealth Portfolio			47,897

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global Business (Issued in the United Kingdom)**

OB

31st December 1995

Reinsurance ceded

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
MPP			
Equity Fund	1.781000	686,239	1,222
International Fund	1.577000	335,540	529
International Bond	1.652000	61,120	101
Fixed interest Fund	1.680000	289,232	486
Index Linked Fund	1.473000	29,867	44
Cash Fund	1.286000	619,571	797
Discretionary Fund	1.667000	9,868,098	16,449
Global Equity Fund	1.730000	266,546	461
Property Fund	1.371000	45,941	63
Total MPP			20,152

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global Business (Issued in the United Kingdom)**

OB

Reinsurance ceded

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
PIA			
Equity Fund	4.866000	1,136,541	5,530
Cash	2.446000	919,392	2,249
International Fund	3.644000	1,016,679	3,705
Fixed interest Fund	3.380000	394,575	1,334
Index Linked Fund	2.627000	303,710	798
Global Equity Fund	1.597000	1,361,291	2,174
Managed Fund	2.854000	13,501,195	38,532
Property Fund	1.137000	284,106	323
'A' Fund	0.881000	114,588	101
Total PIA			54,746

Instructions for completion of this form are printed in the appendix at the end of this return.

Analysis of unit liabilitiesName of company **The Prudential Assurance Company Limited**

Global business

Fund/Part of Fund **Global Business (Issued in the United Kingdom)**

OB

Reinsurance ceded

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
<u>Prudential Individual</u>			
Property Pension	4.796150	275,090	1,319
Equity Pension	13.946550	578,406	8,067
Fixed Interest Pension	8.017390	386,183	3,096
Managed Pension	10.195190	9,811,053	100,026
Index-Linked Gilt Pension	3.218350	203,034	654
International Money Pension	3.427170	336,994	1,155
Global Equity Pension	4.763480	1,210,925	5,768
Cash Pension	2.718280	4,032,325	10,961
Equity Unit Trust Pension	1.212390	8,602	11
Special Situations Pension	1.786700	433,415	774
Small Companies Pension	1.843870	874,457	1,612
Global Growth Pension	1.562540	182,245	285
Japanese Pension	1.933410	2,844,076	5,499
European Pension	1.864470	1,591,798	2,968
North American Pension	1.889250	730,636	1,380
International Smaller Companies Pension	2.368080	348,409	825
Premier Income Pension	1.161000	112,705	131
Equity Income Pension	2.047170	120,131	246
High Income Pension	1.842800	48,441	89
UK Growth Pension	1.620970	359,203	582
International Growth Pension	2.029330	558,271	1,133
Pacific Markets Pension	2.405440	650,599	1,565
Property Series 2	4.889830	169,709	830
Equity Series 2	17.441740	115,575	2,015
Fixed Interest Series 2	6.173510	45,607	281
Managed Series 2	9.042410	1,439,730	13,019
Pacific Basin Series 2	3.996280	226,266	904
North America Series 2	3.260530	39,818	130
International Series 2	7.166310	232,952	1,669
European Series 2	3.104160	124,415	386
Cash Series 2	3.811040	154,200	588
Balanced Growth Series 2	1.779390	66,456	118
Strategic Growth Series 2	1.908980	86,012	164
Special Situations Series 2	2.013530	16,352	33
Small Companies Series 2	1.770180	50,683	90
Global Growth Series 2	2.196350	10,316	23
Japanese Unit Trust Series 2	1.806290	161,442	292

Instructions for completion of this form are printed in the appendix at the end of this return.

OB

31st December 1995

Name of unit link	Valuation price per unit	Number of units deemed allocated to contracts	Unit liability
1	2 £	3	4 £000
Prudential Individual			
European Unit Trust Series 2	2.706940	15,287	41
Premier Income Unit Trust Series 2	1.772710	7,820	14
Equity Unit Trust Series 2	1.994290	85,316	170
Equity Income Unit Trust Series 2	2.169250	14,294	31
High Income Unit Trust Series 2	2.041140	15,742	32
UK Growth Unit Trust Series 2	2.037380	18,567	38
International Growth Unit Trust Series 2	1.958920	46,029	90
Pacific Markets Unit Trust Series 2	2.245420	82,925	186
Distribution Fund Series 2	1.042250	144,625,570	150,736
Distribution Cash Fund Series 2	0.963970	199,987	193
International Smaller Companies Unit Trust Series 2	2.416540	12,229	29
North American Unit Trust Series 2	3.439690	4,852	17
Total Prudential Individual			320,265

Instructions for completion of this form are printed in the appendix at the end of this return.

Valuation result	Fund carried forward		1	24,158,344
	Bonus payments made to policyholders in anticipation of a surplus		2	800,861
	Transfers out of Fund/Part of Fund	Net transfer to (from) statement of other income and expenditure	3	164,530
		Net transfer to (from) other Funds/Parts of Funds	4	
	Net transfer out of Fund/Part of Fund (3 + 4)		5	164,530
	Total (1 + 2 + 5)		6	25,123,735
	Mathematical reserves for non-linked contracts		7	22,779,915
	Mathematical reserves for linked contracts		8	684,153
	Total (7 + 8)		9	23,464,068
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (6 - 9)		10	1,659,667
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		11	1,487
	Transfers into Fund/Part of Fund	Net transfer from (to) statement of other income and expenditure	12	
		Net transfer from (to) other Funds/Parts of Funds	13	
	Net transfer into Fund/Part of Fund (12 + 13)		14	
	Surplus arising since the last valuation		15	1,658,180
	Total (11 + 14 + 15) (=10)		16	1,659,667
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		17	800,861
	Allocated to policyholders by way of	cash bonuses	18	
		reversionary bonuses	19	418,989
		other bonuses	20	273,756
		premium reductions	21	
	Total allocated to policyholders (17 to 21)		22	1,493,606
	Net transfer out of Fund/Part of Fund (=5)		23	164,530
	Total distributed surplus (22 + 23)		24	1,658,136
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		25	1,531
	Total (24 + 25) (=10)		26	1,659,667
Percentage of distributed surplus allocated to policyholders of Fund/Part of Fund			27	
Corresponding percentage at three immediately previous valuations	latest (date of valuation 31 DEC 94)		28	
	earlier (date of valuation 31 DEC 93)		29	
	earliest (date of valuation 31 DEC 92)		30	

Instructions for completion of this form are printed in the appendix at the end of this return.

Valuation result	Fund carried forward		1	10,201,864
	Bonus payments made to policyholders in anticipation of a surplus		2	229,028
	Transfers out of Fund/Part of Fund	Net transfer to (from) statement of other income and expenditure	3	78,987
		Net transfer to (from) other Funds/Parts of Funds	4	
	Net transfer out of Fund/Part of Fund (3 + 4)		5	78,987
	Total (1 + 2 + 5)		6	10,509,879
	Mathematical reserves for non-linked contracts		7	9,660,132
	Mathematical reserves for linked contracts		8	58,257
	Total (7 + 8)		9	9,718,389
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (6 - 9)		10	791,490
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		11	1,487
	Transfers into Fund/Part of Fund	Net transfer from (to) statement of other income and expenditure	12	
		Net transfer from (to) other Funds/Parts of Funds	13	
	Net transfer into Fund/Part of Fund (12 + 13)		14	
	Surplus arising since the last valuation		15	790,003
	Total (11 + 14 + 15) (=10)		16	791,490
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		17	229,028
	Allocated to policyholders by way of	cash bonuses	18	
		reversionary bonuses	19	251,941
		other bonuses	20	230,003
		premium reductions	21	
	Total allocated to policyholders (17 to 21)		22	710,972
	Net transfer out of Fund/Part of Fund (=5)		23	78,987
	Total distributed surplus (22 + 23)		24	789,959
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		25	1,531
	Total (24 + 25) (=10)		26	791,490
Percentage of distributed surplus allocated to policyholders of Fund/Part of Fund			27	90.00
Corresponding percentage at three immediately previous valuations	latest (date of valuation 31 DEC 94)		28	90.08
	earlier (date of valuation 31 DEC 93)		29	90.06
	earliest (date of valuation 31 DEC 92)		30	90.00

Instructions for completion of this form are printed in the appendix at the end of this return.

Valuation result	Fund carried forward		1	609,408
	Bonus payments made to policyholders in anticipation of a surplus		2	
	Transfers out of Fund/Part of Fund	Net transfer to (from) statement of other income and expenditure	3	(880)
		Net transfer to (from) other Funds/Parts of Funds	4	
	Net transfer out of Fund/Part of Fund (3 + 4)		5	(880)
	Total (1 + 2 + 5)		6	608,528
	Mathematical reserves for non-linked contracts		7	
	Mathematical reserves for linked contracts		8	609,408
	Total (7 + 8)		9	609,408
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (6 - 9)		10	(880)
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		11	
	Transfers into Fund/Part of Fund	Net transfer from (to) statement of other income and expenditure	12	
		Net transfer from (to) other Funds/Parts of Funds	13	
	Net transfer into Fund/Part of Fund (12 + 13)		14	
	Surplus arising since the last valuation		15	(880)
	Total (11 + 14 + 15) (=10)		16	(880)
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		17	
	Allocated to policyholders by way of	cash bonuses	18	
		reversionary bonuses	19	
		other bonuses	20	
		premium reductions	21	
	Total allocated to policyholders (17 to 21)		22	
	Net transfer out of Fund/Part of Fund (=5)		23	(880)
	Total distributed surplus (22 + 23)		24	(880)
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		25	
	Total (24 + 25) (=10)		26	(880)
Percentage of distributed surplus allocated to policyholders of Fund/Part of Fund			27	
Corresponding percentage at three immediately previous valuations	latest (date of valuation 31 DEC 94)		28	
	earlier (date of valuation 31 DEC 93)		29	
	earliest (date of valuation 31 DEC 92)		30	

Instructions for completion of this form are printed in the appendix at the end of this return.

Valuation result	Fund carried forward		1	16,148
	Bonus payments made to policyholders in anticipation of a surplus		2	
	Transfers out of Fund/Part of Fund	Net transfer to (from) statement of other income and expenditure	3	2,055
		Net transfer to (from) other Funds/Parts of Funds	4	
	Net transfer out of Fund/Part of Fund (3 + 4)		5	2,055
	Total (1 + 2 + 5)		6	18,203
	Mathematical reserves for non-linked contracts		7	16,148
	Mathematical reserves for linked contracts		8	
	Total (7 + 8)		9	16,148
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (6 - 9)		10	2,055
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		11	
	Transfers into Fund/Part of Fund	Net transfer from (to) statement of other income and expenditure	12	
		Net transfer from (to) other Funds/Parts of Funds	13	
	Net transfer into Fund/Part of Fund (12 + 13)		14	
	Surplus arising since the last valuation		15	2,055
	Total (11 + 14 + 15) (=10)		16	2,055
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		17	
	Allocated to policyholders by way of	cash bonuses	18	
		reversionary bonuses	19	
		other bonuses	20	
		premium reductions	21	
	Total allocated to policyholders (17 to 21)		22	
	Net transfer out of Fund/Part of Fund (=5)		23	2,055
	Total distributed surplus (22 + 23)		24	2,055
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		25	
	Total (24 + 25) (=10)		26	2,055
Percentage of distributed surplus allocated to policyholders of Fund/Part of Fund			27	
Corresponding percentage at three immediately previous valuations	latest (date of valuation)		28	
	earlier (date of valuation)		29	
	earliest (date of valuation)		30	

Instructions for completion of this form are printed in the appendix at the end of this return.

Valuation result		Fund carried forward		1	13,330,924
		Bonus payments made to policyholders in anticipation of a surplus		2	571,833
		Transfers out of Fund/Part of Fund	Net transfer to (from) statement of other income and expenditure	3	84,368
			Net transfer to (from) other Funds/Parts of Funds	4	
		Net transfer out of Fund/Part of Fund (3 + 4)		5	84,368
		Total (1 + 2 + 5)		6	13,987,125
		Mathematical reserves for non-linked contracts		7	13,103,635
		Mathematical reserves for linked contracts		8	16,488
		Total (7 + 8)		9	13,120,123
		Surplus including contingency and other reserves held towards the solvency margin (deficiency) (6 - 9)		10	867,002
		Composition of surplus		Balance of surplus brought forward unappropriated from last valuation	
Transfers into Fund/Part of Fund	Net transfer from (to) statement of other income and expenditure			12	
	Net transfer from (to) other Funds/Parts of Funds			13	
Net transfer into Fund/Part of Fund (12 + 13)				14	
Surplus arising since the last valuation				15	867,002
Total (11 + 14 + 15) (=10)				16	867,002
Distribution of surplus		Bonus payments made to policyholders in anticipation of a surplus		17	571,833
		Allocated to policyholders by way of	cash bonuses	18	
			reversionary bonuses	19	167,048
			other bonuses	20	43,753
			premium reductions	21	
		Total allocated to policyholders (17 to 21)		22	782,634
		Net transfer out of Fund/Part of Fund (=5)		23	84,368
		Total distributed surplus (22 + 23)		24	867,002
		Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		25	
		Total (24 + 25) (=10)		26	867,002
Percentage of distributed surplus allocated to policyholders of Fund/Part of Fund				27	90.27
Corresponding percentage at three immediately previous valuations	latest (date of valuation 31 DEC 94)			28	90.16
	earlier (date of valuation 31 DEC 93)			29	90.23
	earliest (date of valuation 31 DEC 92)			30	90.26

Instructions for completion of this form are printed in the appendix at the end of this return.

INDUSTRIAL BRANCH

1. The investigation relates to 31 December 1995.
2. The previous investigation related to 31 December 1994.
3. (1) **Descriptions of non-linked contracts not fully described by the entry in column 1 of Form 55**

N.B. New business has not been actively marketed since 1 January 1995.

(i) PruSave

These contracts have been issued since August 1984, and are regular premium 5 year term endowment-type assurances. An initial lump sum payment may also be made subject to a maximum of £2,000 except where the premium arises from the proceeds of another Industrial branch policy (including PruSave).

Life cover depends on the four-weekly premium paid and the age at entry.

The accumulated fund consists of premiums, less charges of the whole of the first 3 four-weekly premiums together with a deduction from each subsequent four-weekly premium, plus bonus interest declared in respect of profit. For a policy issued in December 1994 the deduction was £2.50.

On maturity the policyholder can elect to invest the maturity proceeds in a new Prudence Savings Account policy without evidence of health.

The benefits are as follows:

On death the sum assured together with the accumulated fund at the date of death and any terminal bonus. On maturity the accumulated fund and any terminal bonus.

(ii) Young PruSaver

These contracts, which have been issued since November 1985, are regular premium 5 year term endowment-type assurances. An initial lump sum payment may also be made subject to a maximum of £500 except where the premium arises from the proceeds of a Young PruSaver policy.

The policy is effected by an adult on the life, and for the absolute benefit, of a child aged 1 to 16 next birthday at entry.

The accumulated fund consists of premiums, less charges of the first 2 four-weekly premiums together with a deduction from each subsequent four-weekly premium, plus bonus interest declared in respect of profit. For a policy issued in December 1994 the deduction was £1.00.

On maturity the policyholder can elect to invest the maturity proceeds in a Prudence Savings Account (Child's Account) provided the life assured is then aged under 16.

The benefits are as follows:

On death before age 10 a return of premiums paid without interest.

On death after attainment of age 10 the greater of (i) the accumulated fund at the date of death and any terminal bonus and (ii) the premiums paid without interest.

On maturity the accumulated fund and any terminal bonus.

3.1 non-linked contracts - Industrial Branch - continued

(iii) *Other whole life and endowment assurances*

Nearly all these contracts are endowments payable on the attainment of age 65 with a smaller benefit payable on prior death, the death benefit being independent of entry age.

All these policies have been converted to free policies for full benefits.

(2) **Guarantees and options**

(i) *Premium rate guarantees and guaranteed options:*

- (a) Guaranteed paid-up policy values are provided under the Industrial Assurance Act 1923.
- (b) A proportionate paid-up policy value is guaranteed for all policies issued prior to April 1979.
- (c) PruSave and Young PruSaver contracts contain a guarantee that the sum payable on maturity will be at least equal to the total premiums less charges and deductions.

(ii) *Mortality option:*

PruSave contracts contain an option to effect at maturity a further contract, without evidence of health, for a premium not exceeding 130% of the current four-weekly premium. In view of the short-term nature of the PruSave mortality option no specific allowance has been made for it in calculating the AIDS reserve.

4. There are no linked contracts.

5. For PruSave and Young PruSaver the mathematical reserve is the fund at 31 December 1995 accumulated from premiums paid before the valuation date together with (in the case of PruSave) a mortality reserve for a single premium level term assurance. The fund is discounted at a zero interest rate and future increases in the fund by way of bonus additions and payment of future premiums are ignored.

For all other contracts, the mathematical reserve is the difference between the present value of the benefits and the present value of the future valuation net premiums, both calculated with provision for the immediate payment of claims. The net premiums are calculated at an age which is one half a year less than that attained on the next birthday after entry.

The mathematical reserves include explicit provision for the full liability arising from the Company's future payments in respect of Life Assurance Premium Relief on policies which were in course of issue and subsequently not allowed as eligible following the Finance Act 1984.

In particular, the following principles have been observed:

- (a) No provision for any mismatching between the nature and term of the assets held and the liabilities valued has been included in the mathematical reserves shown in Form 58 since the fund shown in that Form relates to assets at book value. A provision is made in Form 9, however, as described in section 5(2) of the Valuation Report for the ordinary branch (life, annuity and linked long term business).
- (b) Where the net premium method has been used it has not been modified.
- (c) Those policies where negative reserves could arise have been valued under individual class-book groups which have a common year of entry, age at entry and policy term and any resulting negative mathematical reserves have been increased to zero. Appropriate provision has been included within the additional reserve to ensure that outstanding premiums do not result in any policies being treated as assets.
- (d) No specific reserve is made for future bonuses.

5. Valuation bases - Industrial Branch - continued

- (e) No provision for any prospective liability for tax on unrealised capital gains has been included in the mathematical reserves shown in Form 58 since the fund shown in that Form relates to assets at book value. A provision is made in Form 9, however, as described in section 5(2) of the Valuation Report for the ordinary branch (life, annuity and linked long term business).
 - (f) There are no linked or deposit administration contracts, although PruSave and Young PruSaver contracts have been valued on a cash accumulation basis.
 - (g) The additional reserve covers guaranteed paid-up policy values; revivals; a provision in respect of outstanding premiums under contracts where the mathematical reserve has been increased to zero in order to ensure that such outstanding premiums do not result in the contract being treated as an asset; a provision for AIDS assessed on the assumptions underlying Projection R6A of the Institute of Actuaries Working Party Bulletin No 5 but modified so that mortality rates are assumed not to decline from their peak values; an additional provision in respect of compliance with Regulation 71 of The Insurance Companies Regulations 1994 (as amended) (this provision has been increased to reflect the closure to new business); and contingencies for which provision is not otherwise made (but see answer to Question 3(B)(ii)). The additional reserve at 31 December 1995 was £180m.
6. (1) The rates of interest and table of mortality assumed in the valuation are shown in Form 55.
- (2) No unpublished mortality tables have been used.
7. (a) The proportion of office premiums implicitly or explicitly reserved for expenses and profits is shown in Form 55 wherever such provision is made.
- (b) No specific reserve is held for expenses after premiums have ceased as it is considered that sufficient provision is contained in the margin in the valuation rate of interest.
- (c) A prospective valuation has been used for all business except for:
- (i) PruSave and Young PruSaver; and
 - (ii) extra premiums for which the mathematical reserve has been taken as one year's premium (£80,000).
- (d) All future premiums to be valued have been calculated in accordance with Regulation 67(1) of The Insurance Companies Regulations 1994 (as amended).
8. There are no linked contracts.
9. All the mathematical reserves shown in Form 55 are covered by assets in the same currency.
10. (1) & (2) There are no reinsurances.
11. No policyholders have rights to participate in profits arising from particular parts of the Industrial branch fund.
- See Note 1 of the Notes to the Returns under Schedules 1, 3 and 6.
12. The Articles of Association of the Company define the basis on which any distribution of profits may be made. All policies are with-profit unless converted into paid-up policies for reduced amounts. Advertisements may refer to the proportion of profits allocated to with-profit policyholders. The company's bonus philosophy is also set out in the With-Profits Guide.

The Directors determine the divisible profits available after any creation or augmentation of contingency funds. The whole of the profits relating to increases in sum assured which arise in terms of paragraph 5(1) of The Industrial Assurance (Life Assurance Premium Relief) Regulations 1977 are attributable to policyholders, as is not less than 90% of the balance of the divisible profits. The residue of the divisible profits may be transferred to the Profit and loss account.

Industrial Branch - continued

13. The bonus declaration following the valuation as at 31 December 1995 provided that, as regards policies entitled to participate, bonuses should be added as follows:

(a) For PruSave policies, :-

annual reversionary bonus interest at an effective rate of 5.25% per annum payable with lunar monthly rests will apply from 3 June 1996 until further notice (an effective rate of 5.5% per annum is payable with lunar monthly rests until 2 June 1996).

For policies becoming claims by death or maturity of endowment

terminal bonus interest is payable, which is added to the rate of annual reversionary bonus interest. The sum of the two is applied as an effective rate per cent per annum payable with lunar monthly rests. A rate of terminal bonus interest of 3.00% per annum over the whole term of the contract will apply until further notice.

NOTE: These bonuses are subject to variation during the year.

(b) For policies other than PruSave which were paid-up policies for the full sum assured on 31 March 1968 and which become claims by death or maturity between 1 April 1996 and 31 March 1997 inclusive :-

an additional bonus at the rate of 1690% of the paid-up policy sum assured.

(c) For all other participating business issued before 1 July 1988:

- (i) A reversionary bonus at the rates of 2.6% of the sum assured and 4.0% of the existing reversionary bonuses.
- (ii) A terminal bonus payable on policies becoming claims by death or maturity between 1 April 1996 and 31 March 1997 inclusive at the rates per cent of sum assured shown in Table IB.

(d) For all other business issued from 1 July 1988:-

reversionary and terminal bonuses at the same rates as are applicable to ordinary branch United Kingdom with-profit assurance policies.

13. Bonuses - Industrial Branch - continued

Table IB					
Relevant Year	Terminal Bonus	Relevant Year	Terminal Bonus	Relevant Year	Terminal Bonus
1988	18.30	1955	796.20	1922	1,301.50
1987	25.50	1954	817.50	1921	1,301.70
1986	29.70	1953	839.80	1920	1,307.40
1985	38.30	1952	862.20	1919	1,316.90
1984	47.10	1951	883.50	1918	1,326.40
1983	57.30	1950	905.50	1917	1,335.90
1982	68.70	1949	925.90	1916	1,345.30
1981	83.30	1948	947.30	1915	1,354.80
1980	102.70	1947	969.50	1914	1,364.30
1979	124.50	1946	992.80	1913	1,373.80
1978	148.80	1945	1,002.90	1912	1,373.80
1977	175.90	1944	1,013.80	1911	1,373.80
1976	206.30	1943	1,025.50	1910	1,373.80
1975	239.10	1942	1,038.20	1909	1,373.80
1974	268.60	1941	1,051.00	1908	1,373.80
1973	299.90	1940	1,064.60	1907	1,373.80
1972	338.60	1939	1,077.90	1906	1,373.80
1971	380.10	1938	1,092.40	1905	1,373.80
1970	402.00	1937	1,106.20	1904	1,373.80
1969	424.50	1936	1,120.10	1903	1,379.70
1968	448.20	1935	1,133.60	1902	1,379.70
1967	472.30	1934	1,147.50	1901	1,379.70
1966	493.50	1933	1,161.70	1900	1,379.70
1965	511.40	1932	1,174.70	1899	1,385.40
1964	529.60	1931	1,188.10	1898	1,385.40
1963	547.40	1930	1,201.70	1897	1,385.40
1962	566.30	1929	1,215.10	1896	1,385.40
1961	589.40	1928	1,229.20	1895	1,385.40
1960	619.00	1927	1,243.10	1894	1,386.80
1959	649.40	1926	1,257.10	1893	1,386.80
1958	681.20	1925	1,271.10	1892	1,386.80
1957	714.30	1924	1,285.70		
1956	774.90	1923	1,301.30		

For policies, other than Family Income Plans, issued before 1 January 1974 whereunder all premiums due as at 2 August 1993 were paid and which were participating policies on the next premium due date following 2 August 1993, the terminal bonuses calculated using these rates are reduced by the uncollected premiums (net of LAPR) that would have been payable up to the fortieth policy anniversary, or date of claim if earlier. The reduction is restricted to the total unadjusted terminal bonus attaching to the policy.

Bonus distribution policy

For PruSave and Young PruSaver policies, annual reversionary bonus interest, maturity and terminal bonus interest are declared in anticipation out of the profits of the calendar year immediately following the date of valuation.

For all other assurance policies, all bonuses are declared out of the profits of the calendar year ending on the date of valuation.

Industrial Branch - continued

14. The rates of bonus are independent of age, duration and the original term of the contract except where otherwise indicated in the answer to Question 13.
15. (1) For PruSave and Young PruSaver contracts reversionary bonus is added on completion of each four-weekly period from the original date of issue of the policy.

(2) For all other contracts the reversionary bonuses vest immediately on allotment. Under such policies on the lives of children below the age of 16, bonuses are not payable on death occurring before the child's sixteenth birthday.
16. Except where the facility exists to vary bonuses at any time, bonuses are declared annually; therefore there is no interim bonus declaration.
17. Surplus is not determined separately for any part of the fund. See Form 55.
18. Surplus is not determined separately for any part of the fund. See Form 58.
19. See Form 60.

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Industrial Branch

Form 55
(Sheet 1)

IB

United Kingdom

31st December 1995

Direct business & Reinsurance accepted

LIFE ASSURANCE

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table		5	6	Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	£000	£000	£000	£000	8	9	10	11	12
WITH PARTICIPATION IN PROFITS	3.00	A6770 + 1	2,966,712	1,766,584	49,091	33,047		0.327	1,288,235	344,870	227,131	1,061,104
	3.00	A6770 + 1	1,592,814	1,764,168	127,804	87,588		0.315	1,562,786	499,905	333,094	1,229,692
			69,135	140,538	22,720				113,943			113,943
			103,815	79,982	12,452				64,602			64,602
			22,922	3,115					3,115			3,115
Total With Participation in Profits	3.00	A6770 + 1	3,083	217	212,067		120,635		196	844,775	560,225	2,472,652
WITHOUT PARTICIPATION IN PROFITS	4.75	A6770 + 1	2,413,972	69,948					37,984			37,984
	4.75	A6770 + 1	201,704	33,305					25,550			25,550
	4.75	A6770 + 1	183,897	1,254,325	2,664	1,411		0.470	11,849	15,786	9,679	2,170
Total Without Participation in Profits			2,799,573		2,664	1,411			75,383	15,786	9,679	65,704
Total	4.75	A6770+1			80				80			80
					4				24			24
					84				104			104

Valuation summary of non-linked contracts

Global business

The Prudential Assurance Company Limited

Fund - Industrial Branch

Direct business & Reinsurance accepted

ADDITIONAL RESERVE

Form 55
(Sheet 2)

IB

United Kingdom

31st December 1995

Type of insurance	Valuation basis		Number of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or disability table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
				£000	£000	£000		£000	£000	£000	£000
ADDITIONAL RESERVES								180,000			180,000
Total								180,000			180,000
TOTAL UNITED KINGDOM BUSINESS					214,815	122,046		3,288,364	860,561	569,904	2,718,460

The total number of contracts includes 373,284 income and temporary benefits attached to other contracts.

Valuation result	Fund carried forward		1	2,983,794
	Bonus payments made to policyholders in anticipation of a surplus		2	23,167
	Transfers out of Fund/Part of Fund	Net transfer to (from) statement of other income and expenditure	3	31,121
		Net transfer to (from) other Funds/Parts of Funds	4	
	Net transfer out of Fund/Part of Fund (3 + 4)		5	31,121
	Total (1 + 2 + 5)		6	3,038,082
	Mathematical reserves for non-linked contracts		7	2,718,460
	Mathematical reserves for linked contracts		8	
	Total (7 + 8)		9	2,718,460
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (6 - 9)		10	319,622
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		11	1,380
	Transfers into Fund/Part of Fund	Net transfer from (to) statement of other income and expenditure	12	
		Net transfer from (to) other Funds/Parts of Funds	13	
	Net transfer into Fund/Part of Fund (12 + 13)		14	
	Surplus arising since the last valuation		15	318,242
	Total (11 + 14 + 15) (=10)		16	319,622
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		17	23,167
	Allocated to policyholders by way of	cash bonuses	18	
		reversionary bonuses	19	88,718
		other bonuses	20	174,981
		premium reductions	21	
	Total allocated to policyholders (17 to 21)		22	286,866
	Net transfer out of Fund/Part of Fund (=5)		23	31,121
	Total distributed surplus (22 + 23)		24	317,987
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		25	1,635
	Total (24 + 25) (=10)		26	319,622
Percentage of distributed surplus allocated to policyholders of Fund/Part of Fund			27	90.21
Corresponding percentage at three immediately previous valuations	latest (date of valuation 31 DEC 94)		28	90.17
	earlier (date of valuation 31 DEC 93)		29	90.21
	earliest (date of valuation 31 DEC 92)		30	90.24

Instructions for completion of this form are printed in the appendix at the end of this return.

Required minimum margin - Long term business

CLASS	Classes I and II	Class III business with relevant factor of				Classes IV and V	Class VII business with relevant factor of				Unallocated additional mathematical reserves with relevant factor of		Total for all classes	
Relevant factor (Note 5)	4%	4%	1%	Nil	Total	4%	4%	1%	Nil	Total	4%	1%	The financial year	The previous year
1 Mathematical reserves before deduction for reinsurance														
(a) Reserves before distribution of surplus	28,164,300	81,677	137,729	850,187	1,069,593	16,746					1,763,376		31,014,015	30,855,098
(b) Reserves for bonus allocated to policyholders	956,651												956,651	1,089,980
(c) Reserves after distribution of surplus	29,120,951	81,677	137,729	850,187	1,069,593	16,746					1,763,376		31,970,666	31,945,078
2 Mathematical reserves after deduction for reinsurance														
(a) Reserves before distribution of surplus	24,928,760	79,868	137,729	457,350	674,947	13,158					1,763,376		27,380,241	27,794,676
(b) Reserves for bonus allocated to policyholders	956,444												956,444	1,089,655
(c) Reserves after distribution of surplus	25,885,204	79,868	137,729	457,350	674,947	13,158					1,763,376		28,336,685	28,884,331
3 Ratio of 2 (c) to 1 (c), or 0.85 if greater (see Note 1)	0.8889				0.8500	0.8500					1.0000			
4 Required margin of solvency - first result = 1 (c) x 3 x relevant factor	1,035,425				3,948	569					70,535		1,110,477	1,077,588
5 Non-negative capital at risk before reinsurance (see Note 2)														
(a) Temporary assurances with required margin of solvency of .001	3,438,340												3,438,340	
(b) Temporary assurances with required margin of solvency of .0015	93,874												93,874	118,137
(c) All other contracts with required margin of solvency of .003	45,729,790				180,380								45,910,170	72,623,993
(d) Total for (a) + (b) + (c)	49,262,004				180,380								49,442,384	79,496,149
6 Non-negative capital at risk after reinsurance (all contracts): (see Note 2)	47,123,248				171,649								47,294,897	75,696,237
7 Ratio of 6 to 5 (d), or 0.50 if greater	0.9566				0.9516									
8 Required margin of solvency - second result (see Note 3)	134,659				515								135,174	214,061
9 Sum of first and second result = 4 + 8	1,170,084				4,463	569					70,535		1,245,651	1,291,649
10 Required margin of solvency for Supplementary, Accident and Sickness Insurance													555	744
11 Total required margin of solvency for long term business = 9 + 10													1,246,206	1,292,393
12 Minimum guarantee fund													673	625
13 Required minimum margin (greater of 11 and 12)													1,246,206	1,292,393

Unallocated additional reserves of £1,763,376 (000) includes £1,200,000 (000) in respect of the mismatching reserve.
See note 17 to Returns in Schedules 1, 3 & 6 (Parts I, II & III).

Supplementary Accident and Sickness Insurance**Calculation of required margin of solvency**Name of company **The Prudential Assurance Company Limited**

Global business

Financial year ended **31st December 1995**

		The financial year	The previous year
		1 £000	2 £000
Gross premiums receivable	1	3,082	4,135
Premium taxes and levies (included in line 1)	2		
Sub-total A (1 - 2)	3	3,082	4,135
Adjusted sub-total A if financial year is not a 12 month period to produce an annual figure	4		
Division of sub-total A (or adjusted sub-total A if appropriate)	Up to and including sterling equivalent of 10M ECU x 18/100	5 555	744
	Excess (if any) over 10M ECU x 16/100	6	
Sub-total B (5 + 6)	7	555	744
Claims paid	8	213	486
Claims outstanding carried forward at end of financial year	9	40	85
Claims outstanding brought forward at beginning of financial year	10	85	66
Sub-total C (8 + 9 - 10)	11	168	505
Amounts recoverable from reinsurers in respect of claims included in sub-total C	12		
Sub-total D (11 - 12)	13	168	505
Required margin of solvency for Supplementary Accident and Sickness Insurance	14	555	744
Sub-total B x $\frac{\text{sub-total D}}{\text{sub-total C}}$ (or, if 1/2 is a greater fraction, x 1/2)			

Instructions for completion of this form are printed in the appendix at the end of this return.

P J NOWELL
Appointed Actuary

J W BLOOMER
Director

P J DAVIS
Director

P R RAWSON
Secretary

APPENDIX

INSTRUCTIONS FOR COMPLETION OF THE FORMS

Instructions for completion of Forms 55/56

1. Information shall be shown separately and totalled within each section in the sequence specified below:

- (i) United Kingdom business
- (ii) overseas business.

The totals net of reinsurance ceded of United Kingdom business and overseas business are also to be shown together with a summary of global net total business.

Separate totals for column 5 on Form 55 and columns 5, 6 and 7 on Form 56 shall be shown for sums insured, for annuities per annum and for other measures of benefit.

2. The information shall be analysed and sub-totalled within each type of business in the sequence specified below:

- (i) life assurance business
- (ii) general annuity business
- (iii) pension business
- (iv) permanent health business
- (v) capital redemption business.

3. The information shall be further analysed and sub-totalled within each basis of participation in profits in the sequence specified below:

- (i) with participation in profits
- (ii) without participation in profits.

4. Within each subdivision required under paragraphs 2 and 3 above the appropriate types of insurance from the following list shall be shown separately:

- (i) whole life assurance
- (ii) endowment assurance
- (iii) pure endowment assurance
- (iv) term assurance
- (v) other assurance (to be specified)
- (vi) miscellaneous assurance
- (vii) deferred annuity
- (viii) annuity in payment
- (ix) other annuity (to be specified)
- (x) miscellaneous annuity
- (xi) group pension
- (xii) group life
- (xiii) other group (to be specified)
- (xiv) permanent health insurance
- (xv) capital redemption assurance
- (xvi) annuity certain.

And particulars shall also be shown of any subsidiary provisions within general business class 1 or 2 which, by virtue of section 1(2) and (3) of the Insurance Companies Act 1982 are to be taken to be included in long term business of any class (Supplementary Accident and Sickness Insurance - see Form 61).

5. A further subdivision into each separate category of contract is required as follows:

Form 55 - each category of contract which is valued on a different valuation basis;

Form 56 - each category of contract which provides different guarantees or options, and each category of unit link. For the purpose of determining the category of the unit link, all authorised unit trusts may be considered to be one category and all internal linked funds may be considered to be one category.

Reserves for tax on capital gains or for investment performance guarantees may be shown on separate lines in the mathematical reserves column, where they are calculated on an aggregate basis, or in additional columns of non-unit liabilities, where they are calculated on an individual basis.

6. Special reserves (including reserves calculated on an aggregate basis for tax on capital gains and investment performance guarantees) or adjustments shall be shown on separate lines in the mathematical reserves column and the particulars of such reserves or adjustments shall be specified.
7. Any contract which consists of a combination of different types of insurance shall be treated as a number of separate contracts each dealing with one of the different types of insurance so combined and the amount by which the total number of contracts shown in column 4 of any valuation summary exceeds the actual number of contracts to which that valuation summary relates shall be stated:
- Provided that, in relation to any category of such combined contract, any types of insurance included in the combination which in the aggregate account for less than 10 per cent of the total mathematical reserves under that category of contract need not be separately distinguished.
8. Non-linked contracts the nature of which or the method of valuation of which makes it impossible or inappropriate to give the information required in columns 7 to 11 of Form 55 shall be shown separately and the reason for the impossibility or the inappropriateness stated.
9. Linked contracts the nature of which or the method of valuation of which makes it impossible or inappropriate to give the information in the exact form required by Form 56 shall be shown on a separate valuation summary with appropriately modified column headings and the reason for the modification stated.
10. Contracts of any description may be grouped together under any 'miscellaneous' heading provided that mathematical reserves for business shown under all such headings in any one valuation summary do not exceed 5 per cent of the total mathematical reserves for all business shown in that valuation summary.
11. Contracts with deferred participation in profits and contracts with an option to convert to another category of contract shall be included in the category in which they fall at the date to which the investigation relates.
12. Contracts on more than one life may be included with single life contracts.
13. Contracts subject to limited premiums may be included with contracts under which premiums are payable throughout.
14. Life annuities guaranteed for a term certain or which provide for a refund of the balance of the purchase money on early death may be included with other life annuities.
15. In the case of contracts with variable benefits the benefits shall be taken as at the date to which the investigation relates and, where such benefits are included as approximate amounts only, that fact shall be stated.
16. In relation to group deferred annuity contracts under which premiums have not ceased, a statement of how the amount of annual office premiums has been arrived at shall be given.
17. Where for group life and pension schemes the mathematical reserves at the valuation date are based on those in respect of the business in force at the last scheme revision date, any adjustment on account of changes after that date shall be shown separately.
18. It is to be stated in relation to each category of contract where it is appropriate, whether the amount of the sum assured or deferred annuity shown in the valuation summary is the full sum assured or annuity which would come into payment on the maturity date or the amount accrued or actually purchased at the date to which the investigation relates and, where it is the amount accrued or actually purchased at the date, an estimate of the full prospective sum assured or annuity for that category shall be given.

Instructions for completion of Form 57

1. The total of column 4 shall equal the total of column 11 on Form 56.
2. A separate line shall be used for each authorised unit trust and each different type of unit of each internal linked fund.

Instructions for completion of Form 58

1. The entry at line 1 shall be equal to the entry at line 16 in the revenue account for the relevant fund/part of fund.
2. Where interim, mortuary or terminal bonuses are determined in advance of a valuation and are paid in anticipation of surplus arising at the valuation, the amounts of such bonus actually paid in the period up to the valuation date shall be entered in lines 2 and 17. To the extent that it is the practice of the company to make specific provision for the cost of such bonuses payable on future claims out of surplus arising at a valuation, such amounts shall be treated as amounts allocated to policyholders at the valuation in question and included in line 20, and the actual amounts paid shall not appear at lines 2 and 17 at future valuations. An appropriate note shall be appended identifying the various items where necessary.
3. Where policies have been transferred from one fund/part of fund to another, the associated transfer of reserves shall not be included as a "transfer" in this Form. Where any other transfer has been made, only one positive figure shall be inserted in either line 5 or line 14 (depending on the direction of the net transfer) leaving the other line blank. Corresponding entries shall be made in either the block comprising lines 3 and 4 or the block comprising lines 12 and 13, as applicable.
4. Where the entry in line 4 or line 13 represents more than one transaction, each transfer shall be separately identified in the form or in a note.
5. In the case of a company which makes allocations to eligible policyholders generally at intervals of more than one year, bonus payments made to policyholders in anticipation of a surplus, transfers to or from other income and expenditure or to or from other funds or parts of funds shall include the amounts of all such bonus payments and transfers made since the date of the last general allocation. In that case the word "valuation" in lines 11 and 15 shall be replaced by "general allocation", and line 11 shall show the balance of the surplus brought forward unappropriated from the date of the last general allocation and line 15 shall show the total amount of the surplus arising since that date. When the bonus payments or transfers relate to a period of more than one year that fact shall be stated in a note.
6. Line 27 is line 22 as a percentage of line 24. Line 27 shall not be completed in years where there is no general allocation.

Instructions for completion of Form 60

1. For a pure reinsurer, the factor 0.85 shall be replaced by 0.50
2. After distribution of surplus
3. Line 8 equals line 7 x $[5(a) \times .001 + 5(b) \times .0015 + 5(c) \times .003]$ for Classes I and II, or line 7 x $5(d) \times .003$ for Class III and Class VII
4. Any additional mathematical reserves referred to in the note to Form 14 shall be included on this Form.
5. The appropriate factor specified in regulations 5(2) (a) and 6(3) and (4) of the Insurance Companies Regulations 1981.

Instruction for completion of Form 61

"Supplementary Accident and Sickness Insurance" means insurance falling within Class 1 (Accident) and Class 2 (Sickness) of general business included in contracts to which section 1(2) and (3) of the Insurance Companies Act 1982 applies.