

PA (GI) Limited

Annual FSA Insurance Returns for the year ended

31 December 2009

IPRU(INS) Appendices 9.1, 9.2, 9.5, 9.6

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Statement of solvency - general insurance businessName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day month year			Units
R1	71805	GL	31	12	2009	£000
			As at end of this financial year			As at end of the previous year
			1			2

Capital resources

Capital resources arising outside the long-term insurance fund	11	9616	9918
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		
Capital resources available to cover general insurance business capital resources requirement (11-12)	13	9616	9918

Guarantee fund

Guarantee fund requirement	21	3128	2518
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	6488	7400

Minimum capital requirement (MCR)

General insurance capital requirement	31	5380	5982
Base capital resources requirement	33	3128	2518
Individual minimum capital requirement	34	5380	5982
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	5380	5982
Excess (deficiency) of available capital resources to cover 50% of MCR	37	6926	6927
Excess (deficiency) of available capital resources to cover 75% of MCR	38	5581	5432

Capital resources requirement (CRR)

Capital resources requirement	41	5380	5982
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	4236	3936

Contingent liabilities

Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		
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Covering Sheet to Form 1

Form 1

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**



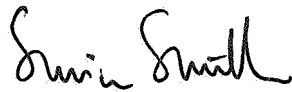
M J Merrick

Chief Executive



J S Moss

Director



J S B Smith

Director

Date: 26 March 2010

Components of capital resources

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2009

R3	Company registration number	GL/UK/CM	day month year			Units
	71805	GL	31	12	2009	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		1	2	3	4	

Core tier one capital

Permanent share capital	11	3000		3000	3000
Profit and loss account and other reserves	12	6616		6616	6918
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19	9616		9616	9918

Tier one waivers

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

Other tier one capital

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

Total tier one capital before deductions (19+24+25+26+27+28)	31	9616		9616	9918
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39	9616		9616	9918

Components of capital resourcesName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day month year			Units	
R3	71805	GL	31	12	2009	£000	
		General insurance business	Long-term insurance business	Total as at the end of this financial year	3	Total as at the end of the previous year	4
		1	2				

Tier two capital

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

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

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

Components of capital resourcesName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CH	day month year			Units	
	R3	71805	GL	31	12	2009	£000
			General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
			1	2	3	4	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72	9616			9616	9918
Inadmissible assets other than intangibles and own shares	73					
Assets in excess of market risk and counterparty limits	74					
Deductions for related ancillary services undertakings	75					
Deductions for regulated non-insurance related undertakings	76					
Deductions of ineligible surplus capital	77					
Total capital resources after deductions (72-73-74-75-76-77)	79	9616			9616	9918

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81	9616			9616	9918
Available capital resources for 50% MCR requirement	82	9616			9616	9918
Available capital resources for 75% MCR requirement	83	9616			9616	9918

Financial engineering adjustments

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

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

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2009

General insurance business

	Company registration number	GL/UK/CM	day month year			Units	
	R11	71805	GL	31	12	2009	£000
				This financial year 1		Previous year 2	
Gross premiums written			11				
Premiums taxes and levies (included in line 11)			12				
Premiums written net of taxes and levies (11-12)			13				
Premiums for classes 11, 12 or 13 (included in line 13)			14				
Premiums for "actuarial health insurance" (included in line 13)			15				
Sub-total A (13 + 1/2 14 - 2/3 15)			16				
Gross premiums earned			21				
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23				
Premiums for classes 11, 12 or 13 (included in line 23)			24				
Premiums for "actuarial health insurance" (included in line 23)			25				
Sub-total H (23 + 1/2 24 - 2/3 25)			26				
Sub-total I (higher of sub-total A and sub-total H)			30				
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure			31				
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18		32				
	Excess (if any) over 57.5M EURO x 0.02		33				
Sub-total J (32-33)			34				
Claims paid in period of 3 financial years			41			19917	17706
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis		42			90817	102832
	For insurance business accounted for on an accident year basis		43			118434	129810
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis		44			139944	117466
	For insurance business accounted for on an accident year basis		45			52	56905
Sub-total C (41+42+43-44-45)			46			89172	75977
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47			89172	75977
Sub-total D (46-47)			48				
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)			49			0.50	0.50
Premiums amount (Sub-total J x reinsurance ratio)			50				
Provision for claims outstanding (before discounting and net of reinsurance)			51				
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero			52			209251	232642
Brought forward amount (See instruction 4)			53			5380	5982
Greater of lines 50 and 53			54			5380	5982

Calculation of general insurance capital requirement - claims amount and result

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**

General insurance business

		Company registration number	GL/UK/CM	day month year			Units	
		R12	71805	GL	31	12	2009	£000
				This financial year 1			Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R				11	36			36
Claims paid in reference period				21	19917			17706
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22	90817			102832
	For insurance business accounted for on an accident year basis			23	118434			129810
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24	139944			117466
	For insurance business accounted for on an accident year basis			25	52			56905
Claims incurred in reference period (21+22+23-24-25)				26	89172			75977
Claims incurred for classes 11, 12 or 13 (included in 26)				27	54318			61242
Claims incurred for "actuarial health insurance" (included in 26)				28				
Sub-total E (26 +1/2 27 - 2/3 28)				29	116331			106598
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)				31	38777			35533
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	10082			9238
	Excess (if any) over 40.3M EURO x 0.03			33	83			188
Sub-total G (32-33)				39	9999			9051
Claims amount Sub-total G x reinsurance ratio (11.49)				41	5000			4525
Higher of premiums amount and brought forward amount (11.54)				42	5380			5982
General insurance capital requirement (higher of lines 41 and 42)				43	5380			5982

Analysis of admissible assetsName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	71805	GL	31	12	2009	£000	1
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11				

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	6112	5908
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	3929
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assetsName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	71805	GL	31	12	2009	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61	209251	232642
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

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

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	594	517
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	4	18
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	219890	243653
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Analysis of admissible assetsName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	71805	GL	31	12	2009	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	219890	243653
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	219890	243653

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		
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Liabilities (other than long term insurance business)Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R15	71805	GL	31	12	2009	£000
						As at end of this financial year 1	As at end of the previous year 2

Technical provisions (gross amount)

Provisions for unearned premiums	11		
Claims outstanding	12	209251	232642
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	
Other technical provisions	16		
Total gross technical provisions (11 to 16)	19	209251	232642

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	31			
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions	46			
Creditors	Taxation	47	407	525
	Foreseeable dividend	48		
	Other	49	568	568
Accruals and deferred income	51	48		
Total (19 to 51)	59	210274	233735	
Provision for "reasonably foreseeable adverse variations"	61			
Cumulative preference share capital	62			
Subordinated loan capital	63			
Total (59 to 63)	69	210274	233735	

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	9616	9918
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85	219890	243653

Profit and loss account (non-technical account)Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2009**Company
registration
numberGL/
UK/
CM

day month year

Units

R16		71805	GL	31	12	2009	£000
				This financial year			Previous year
				1			2
Transfer (to)/from the general insurance business technical account	From Form 20		11				
	Equalisation provisions		12				
Transfer from the long term insurance business revenue account			13				
Investment income	Income		14			93	269
	Value re-adjustments on investments		15			174	155
	Gains on the realisation of investments		16				1432
Investment charges	Investment management charges, including interest		17				2
	Value re-adjustments on investments		18			638	
	Loss on the realisation of investments		19				
Allocated investment return transferred to the general insurance business technical account			20				
Other income and charges (particulars to be specified by way of supplementary note)			21			(48)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			(419)	1854
Tax on profit or loss on ordinary activities			31			(117)	525
Profit or loss on ordinary activities after tax (29-31)			39			(302)	1329
Extraordinary profit or loss (particulars to be specified by way of supplementary note)			41				
Tax on extraordinary profit or loss			42				
Other taxes not shown under the preceding items			43				
Profit or loss for the financial year (39+41-(42+43))			49			(302)	1329
Dividends (paid or foreseeable)			51				
Profit or loss retained for the financial year (49-51)			59			(302)	1329

General insurance business : Summary of business carried on

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2009

Category number	FSA return general insurance business reporting category	Company registration number		GL/ UK/ CM	day month year			units
		R20A	71805	GL	31	12	2009	£000
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year					Provision for gross unearned premium at the end of this financial year
			Reported	Incurred but not reported				
		1	2	3				4
1	Total business	1	48667	160584				
2	Total primary (direct) and facultative business	2	47051	154179				
3	Total treaty reinsurance accepted business	3	1616	6405				

110	Total primary (direct) and facultative accident and health (category numbers 111 to 114)	4						
120	Total primary (direct) and facultative personal lines motor business (category numbers 121 to 123)	5						
160	Primary (direct) and facultative household and domestic all risks	6						
180	Total primary (direct) and facultative personal lines financial loss (category numbers 181 to 187)	7						
220	Total primary (direct) and facultative commercial motor business (category numbers 221 to 223)	8						
260	Total primary (direct) and facultative commercial lines property (category numbers 261 to 263)	9						
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10	12899	105535				
280	Total primary (direct) and facultative commercial lines financial loss (category numbers 281 to 284)	11						
330	Total primary (direct) and facultative aviation (category numbers 331 to 333)	12	9780	17486				
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13	24372	31158				
350	Total primary (direct) and facultative goods in transit	14						
400	Miscellaneous primary (direct) and facultative business	15						
500	Total non-proportional treaty reinsurance business accepted (category numbers 510 to 590)	16						
600	Total proportional treaty reinsurance business accepted (category numbers 610 to 690)	17	1616	6405				
700	Miscellaneous treaty reinsurance accepted business	18						
	Total (lines 4 to 18)	20	48667	160584				

General insurance business : Summary of business carried on

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2009

Category number	FSA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	71805	GL	31	12	2009
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year		
		1	Reported	Incurred but not reported	3		4

Primary (direct) and facultative personal lines business

111	Medical insurance	21				
112	HealthCare cash plans	22				
113	Travel	23				
114	Personal accident or sickness	24				
121	Private motor - comprehensive	25				
122	Private motor - non-comprehensive	26				
123	Motor cycle	27				
160	Household and domestic all risks (equals line 6)	28				
181	Assistance	29				
182	Creditor	30				
183	Extended warranty	31				
184	Legal expenses	32				
185	Mortgage indemnity	33				
186	Pet insurance	34				
187	Other personal financial loss	35				

Primary (direct) and facultative commercial lines business

221	Fleets	41				
222	Commercial vehicles (non-fleet)	42				
223	Motor other	43				
261	Commercial property	44				
262	Consequential loss	45				
263	Contractors or engineering all risks	46				
271	Employers liability	47	12899	105535		
272	Professional indemnity	48				
273	Public and products liability	49				
274	Mixed commercial package	50				
281	Fidelity and contract guarantee	51				
282	Credit	52				
283	Suretyship	53				
284	Commercial contingency	54				

Primary (direct) and facultative aviation

331	Aviation liability	61	9780	17486		
332	Aviation hull	62				
333	Space and satellite	63				

General insurance business : Summary of business carried on

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2009

Category number	FSA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	71805	GL	31	12	2009
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year		
		1	Reported	Incurred but not reported	3		4

Primary (direct) and facultative marine and transport

341	Marine liability	64					
342	Marine hull	65		24372		31158	
343	Energy (on and off-shore)	66					
344	Protection and indemnity	67					
345	Freight demurrage and defence	68					
346	War risks	69					
347	Yacht	70					
350	Total primary (direct) and facultative goods in transit (equals line 14)	71					

Primary (direct) and facultative miscellaneous

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

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

Proportional treaty

610	Proportional accident and health	91					
620	Proportional motor	92					
630	Proportional aviation	93					
640	Proportional marine	94					
650	Proportional transport	95					
660	Proportional property	96					
670	Proportional liability (non-motor)	97		1616		6405	
680	Proportional financial lines	98					
690	Proportional aggregate cover	99					

Treaty Reinsurance Miscellaneous

700	Miscellaneous treaty reinsurance accepted business (equals line 18)	101					
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	Total (lines 21 to 101)	111		48667		160584	
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Returns under the Accounts and Statements Rules

Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31 December 2009

NOTES TO APPENDIX 9.1

0101 Modification of Rules 9.15, 9.17, 9.19, 9.20 and 9.21

The FSA, on the application of the firm, made a direction in August 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to waive the firm's obligation, under IPRU(INS), to prepare Forms 21 to 36 in its annual returns.

0301 Reconciliation of net admissible assets to capital resources after deductions

The reconciliation of the net admissible assets to total capital resources after deductions is as follows:

	2009 £'000	2008 £'000
Admissible assets – Form 13 line 89	219,890	243,653
Less Liabilities – Form 15 line 69	210,274	233,735
Net admissible assets	<u>9,616</u>	<u>9,918</u>
Capital resources after deductions - Form 3 line 79	<u>9,616</u>	<u>9,918</u>

0313 Reconciliation of the movement in profit and loss account and other reserves

	2009 £'000
Profit and loss account and other reserves – Form 3 line 12 column 4	6,918
Profit and loss account and other reserves – Form 3 line 12 column 3	6,616
Movement	<u>(302)</u>
Represented by:	
Loss retained for the financial year – Form 16 line 59	<u>(302)</u>

1305 Maximum counterparty limits

The investment guidelines in force during the year state that exposure to any one counterparty shall be subject to the following upper limits:-

- (i) Exposure (excluding short term deposits) to any counterparty to be not more than 5% of the business amount.
- (ii) Exposure (including short term deposits) to any approved counterparty to be not more than 10% of the business amount.

There were no breaches of the guidelines during the financial year.

1501 Provision for reasonably foreseeable adverse variations

The Company does not have any obligations that would give rise to a provision for reasonably foreseeable adverse variations under INSPRU 3.2.17R to 3.2.18R and does not own any assets that would give rise to valuation adjustments or reserves under GENPRU 1.3.30R to 1.3.33R.

Returns under the Accounts and Statements Rules

Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31 December 2009

NOTES TO APPENDIX 9.1 (continued)

***1502* Liabilities**

- (a) There are no charges over assets.
- (b) There is no potential liability to taxation on capital gains which might arise if the insurer disposed of the assets of the other than long term business.
- (c) There are no contingent liabilities.
- (d) The insurer has no guarantees, indemnities or other contractual commitments other than those effected by the insurer in the ordinary course of its insurance business in respect of the existing or future liabilities of related companies.
- (e) In the opinion of the directors, there are no other fundamental uncertainties affecting the financial position of the insurer. However, the provision for claims outstanding is predominately in respect of notified and IBNR claims for long tail risks, particularly in respect of asbestosis exposed business. The settlement of these claims is not expected to occur for many years and there is considerable uncertainty as to the amounts at which they will be settled. Uncertainty is further increased because of the potential for unforeseen changes in the legal and medical environment which may increase or decrease the cost, frequency or reporting of claims.
- (f) The general insurance business of the insured is wholly reinsured to Royal & Sun Alliance Insurance Plc ("RSA") who also administer the business on its behalf. In the normal course of business RSA engage third parties to provide actuarial services which inform the setting of gross claims outstanding at the balance sheet date.

In view of the reinsurance with RSA movements in claims outstanding would only affect the result for the year or net assets if RSA ceased to pay claims.

***1601* Basis of conversion of foreign currency**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the year end. Transactions in foreign currencies are translated at the prevailing rate at the date of the transaction. For monetary assets and liabilities the resulting exchange adjustments are included within the profit and loss account (non-technical account).

***1603* Other income and charges**

The charge of £48,000 (2008 nil) on Form 16 Line 21 represents legal fees recharged from another Group company.

***1700* Analysis of derivative contracts**

Form 17 has been omitted because all entries are blank.

Returns under the Accounts and Statements Rules

Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31 December 2009

NOTES TO APPENDIX 9.2

20Ae Category 002 facultative reinsurance business included in Form 20A

The Company has no facultative reinsurance business included in Form 20A.

20Aj No new contracts effected

The Company has not transacted any new contracts under any of the authorisation classes.

The following provides the dates when the last policy was accepted by authorisation class:

Business	Authorisation Class	Year
Aviation	11	1995 Laig 1997, GAUM
Marine	12	1996
Tower	13	1994
T&G	13	1972
Non-Marine	13	1999
Belec	13	1977
All other classes	1 - 10	1999

2000 Omission of Form

Form 20 has not been prepared as all entries, including comparatives would be nil.

3700 Omission of Form

Form 37 has not been prepared as all entries would be nil.

3800 Omission of Form

Form 38 has not been prepared as all entries would be nil.

3900 Omission of Form

Form 39 has not been prepared as all entries would be nil.

Returns Under the Accounts and Statements Rules

Statement of major treaty reinsurers required by rule 9.25

PA (GI) Limited

Global business

Financial year ended 31 December 2009

Reinsurer's details As required by Rule 9.25: (Para 1(a))	Connection (Para 1(b))	Proportional reinsurance treaties (Para 1(c)(i)) £000	Non-proportional reinsurance treaties (Para 1(c)(ii)) £000	Debts outstanding included at F15 L75 (Para 1(d)) £000	Deposits received included at F15 L31 (Para 1(e)) £000	Anticipated recoveries (Para 1(f)) £000	Comments
Royal & Sun Alliance Plc St.Mark's Court Chart Way Horsham RH12 1XL	None	Nil	Nil	Nil	Nil	48,668	Nil

Returns under the Accounts and Statements Rules

Statement of major facultative reinsurers required by rule 9.26

PA (GI) Limited

Global business

Financial year ended 31 December 2009

The Company has no major facultative reinsurer.

Statement of major general insurance business reinsurance cedants required by rule 9.27

PA (GI) Limited

Global business

Financial year ended 31 December 2009

The Company has no major reinsurance cedants.

Returns under the Accounts and Statements Rules

Statement required by rule 9.32

PA (GI) Limited

Global Business

Financial year ended 31 December 2009

There has been no contract of insurance entered into or modified during the financial year under which general insurance business has been ceded by the insurer on a non facultative basis.

All policy terms had expired prior to the start of the present financial year, and there was therefore no maximum net probable loss arising in respect of exposure in 2009.

There were no reinsurance premiums payable during the financial year.

Returns under the Accounts and Statements Rules

Statement of additional information on general financial reinsurance and financing arrangements required by rule 9.32A

PA (GI) Limited

Global business

Financial year ended 31 December 2009

The insurer has no contracts of insurance which meet the conditions in rule 9.32A (2).

The determination of whether a contract of insurance meets one or both of the conditions in 9.32A (2) is arrived at after taking appropriate internal and external advice regarding the value placed on future payments in respect of each contract relative to the economic value provided by that contract. Information gathered from ongoing monitoring of the reinsurers' financial position for each contract of insurance is also brought into consideration.

Returns under the Accounts and Statements Rules

Statement of additional information on derivative contracts required by rule 9.29

PA (GI) Limited

Global Business

Financial year ended 31 December 2009

The investment guidelines do not permit the Company to enter into any derivative contracts and it has not been a party to any such contracts during 2009.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

PA (GI) Limited

Global Business

Financial year ended 31 December 2009

(1) The persons who, to the knowledge of the Company, were controllers at any time during the financial year were:

- (a) Pearl Life Holdings Limited;
- (b) Impala Holdings Limited;
- (c) Pearl Group Holdings (No. 2) Limited (formerly Pearl Group Limited);
- (d) Phoenix Life Holdings Limited;
- (e) PGH (LCA) Limited (formerly Sun Capital Investments Limited);
- (f) PGH (LCB) Limited (formerly Hera Investments One Limited);
- (g) PGH (LC1) Limited (formerly Sun Capital Investments No.2 Limited);
- (h) PGH (LC2) Limited (formerly Hera Investments No. 2 Limited);
- (i) Pearl Group (became a controller on 28 August 2009 and subsequently changed its name to Phoenix Group Holdings on 15 March 2010);
- (j) Xercise Limited (became a controller on 28 August 2009);
- (k) TDR Capital Nominees Limited (became a controller on 28 August 2009); and
- (l) TDR Capital LLP (became a controller on 28 August 2009).

(2) The persons who, to the knowledge of the Company, were controllers at the end of the financial year were:

(a) Pearl Life Holdings Limited

As at 31 December 2009, Pearl Life Holdings Limited owned 100% of the shares of PA (GI) Limited and was able to exercise 100% of the voting power at any general meeting.

(b) Impala Holdings Limited

As at 31 December 2009, Impala Holdings Limited owned 100% of the shares of Pearl Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.

(c) Pearl Group Holdings (No. 2) Limited

As at 31 December 2009, Pearl Group Holdings (No. 2) Limited owned 75% of the shares of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking and was able to exercise 75% of the voting power at any general meeting.

(d) Phoenix Life Holdings Limited

As at 31 December 2009, Phoenix Life Holdings Limited owned 100% of the shares of Pearl Group Holdings (No. 2) Limited, a company of which PA (GI) Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.

(e) PGH (LCA) Limited

As at 31 December 2009, PGH (LCA) Limited owned 50% of the ordinary shares of Phoenix Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

PA (GI) Limited

Global Business

Financial year ended 31 December 2009

(Controllers at the end of the financial year - continued)

(f) PGH (LCB) Limited

As at 31 December 2009, PGH (LCB) Limited owned 50% of the ordinary shares of Phoenix Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

(g) PGH (LC1) Limited

At 31 December 2009, PGH (LC1) Limited owned 12.5% of the share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 12.5% of the voting power at any general meeting.

(h) PGH (LC2) Limited

At 31 December 2009, PGH (LC2) Limited owned 12.5% of the share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 12.5% of the voting power at any general meeting.

(i) Phoenix Group Holdings (formerly Pearl Group)

As at 31 December 2009, Phoenix Group Holdings owned 100% of the share capital of PGH (LCA) Limited and 100% of the share capital of PGH (LCB) Limited, which between them owned 100% of the ordinary shares of Phoenix Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 100% of the voting power of PGH (LCA) Limited and 100% of the voting power of PGH (LCB) Limited at any general meeting.

(j) Xercise Limited

As at 31 December 2009, Xercise Limited owned 10.66% of the share capital of Pearl Group, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 10.66% of the voting power at any general meeting.

(k) TDR Capital Nominees Limited

As at 31 December 2009, TDR Capital Nominees Limited owned 13.24% of the share capital of Pearl Group, a company of which PA (GI) is a subsidiary undertaking, and was able to exercise 13.24% of the voting power at any general meeting.

(l) TDR Capital LLP

As at 31 December 2009, TDR Capital Nominees Limited, which is an associate of TDR Capital LLP within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, acted as a nominee for the TDR funds and owned 13.24% of the share capital of Pearl Group, a company of which PA (GI) is a subsidiary undertaking, and was able to exercise 13.24% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34(1)

PA (GI) Limited

Global Business

Financial year ended 31 December 2009

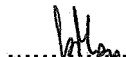
We certify that:

- (1) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU.
- (2) we are satisfied that:
 - (i) throughout the financial year, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.

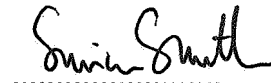
M J Merrick


.....
Chief Executive

J S Moss


.....
Director

J S B Smith


.....
Director

Date: 26 March 2010

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

PA (GI) Limited

Global business

Financial year ended 31 December 2009

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Chapter 9 of IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 1, 3, 11 to 13, 15, 16 and 20A (including the supplementary notes) ("the Forms"); and
- the statements required by IPRU(INS) rules 9.25, 9.26, 9.27 and 9.29 ("the statements").

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

- the statements required by IPRU(INS) rules 9.30, 9.32 and 9.32A ; and
- the certificate signed in accordance with IPRU(INS) rule 9.34(1).

This report is made solely to the insurer's directors, in accordance with IPRU(INS) rule 9.35. Our examination has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer for our examination, for this report, or for the opinion we have formed.

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms and the statements) under the provisions of the Rules. The requirements of the Rules have been modified by the direction issued under section 148 of the Act on 10 August 2006 referred to in supplementary note 0101. Under IPRU(INS) rule 9.11 the Forms and the statements are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules.

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

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (revised)' issued by the Auditing Practices Board . Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and the statements. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 25 March 2010. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms and the statements.

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

PA (GI) Limited

Global business

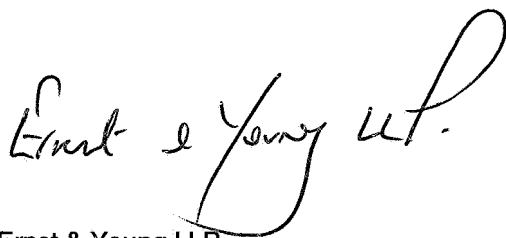
Financial year ended 31 December 2009

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

Opinion

In our opinion:

- (a) the Forms and the statement fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules.



Ernst & Young LLP
Registered Auditor
London

29 March 2010