

PA (GI) Limited

Annual FSA Insurance Returns for the year ended

31 December 2012

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 2012**

Solo solvency calculation

R1	Company registration number	GL/ UK/ CM	day month year			Units
			31	12	2012	
	71805	GL				£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	8244	8746
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	8244	8746

Guarantee fund

Guarantee fund requirement	21	2984	3056
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	5260	5690

Minimum capital requirement (MCR)

General insurance capital requirement	31		5380
Base capital resources requirement	33	2984	3056
Individual minimum capital requirement	34	2984	5380
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	2984	5380
Excess (deficiency) of available capital resources to cover 50% of MCR	37	6752	6056
Excess (deficiency) of available capital resources to cover 75% of MCR	38	6006	4711

Capital resources requirement (CRR)

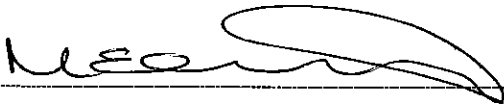
Capital resources requirement	41	2984	5380
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	5260	3366

Contingent liabilities

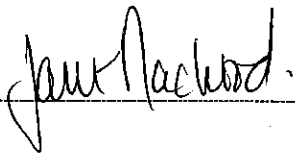
Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		
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Covering Sheet to Form 1

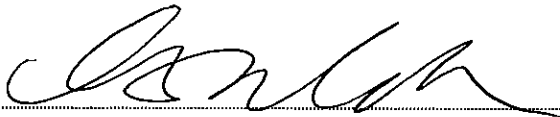
Name of insurer **PA (GI) Limited**
Global business
Financial year ended **31 December 2012**



M Ellis
Director



J E MacLeod
Director



G A Watson
For and on behalf of
Pearl Group Secretariat Services Limited
Company Secretary

Date: 18 March 2013

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

Global business

Financial year ended **31 December 2012**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	71805	GL	31	12	2012	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4

Core tier one capital

Permanent share capital	11	3000			3000	3000
Profit and loss account and other reserves	12	5672			5672	5746
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	8672			8672	8746

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	8672			8672	8746
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	8672			8672	8746

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

Global business

Financial year ended **31 December 2012**

R3	Company registration number	GL/UK/CM	day month year			Units
			31	12	2012	
	71805	GL				£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	

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 2012**

R3	Company registration number	GL/UK/CM	day month year			Units
			31	12	2012	
	71805	GL				£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	8672		8672	8746
Inadmissible assets other than intangibles and own shares	73				
Assets in excess of market risk and counterparty limits	74	428		428	
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	8244		8244	8746

Available capital resources for GENPRU/INSPRU tests

Available capital resources for guarantee fund requirement	81	8244		8244	8746
Available capital resources for 50% MCR requirement	82	8244		8244	8746
Available capital resources for 75% MCR requirement	83	8244		8244	8746

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 2012**

General insurance business

	Company registration number	GL/UK/CM	day month year			Units			
	R11	71805	GL	31	12	2012	£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 61.3M EURO x 0.02							33	
Sub-total J (32-33)							34		
Claims paid in period of 3 financial years							41		
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis							42	
	For insurance business accounted for on an accident year basis							43	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis							44	
	For insurance business accounted for on an accident year basis							45	
Sub-total C (41+42+43-44-45)							46		
Amounts recoverable from reinsurers in respect of claims included in Sub-total C							47		
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		
Premiums amount (Sub-total J x reinsurance ratio)							50		
Provision for claims outstanding (before discounting and net of reinsurance)							51	1000	
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero							52		
Brought forward amount (See instruction 4)							53	5380	
Greater of lines 50 and 53							54	5380	

Calculation of general insurance capital requirement - claims amount and resultName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2012**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	71805	GL	31	12	2012	£000
				This financial year 1			Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R				11				36
Claims paid in reference period				21				
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22				
	For insurance business accounted for on an accident year basis			23				
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24				
	For insurance business accounted for on an accident year basis			25				
Claims incurred in reference period (21+22+23-24-25)				26				
Claims incurred for classes 11, 12 or 13 (included in 26)				27				
Claims incurred for "actuarial health insurance" (included in 26)				28				
Sub-total E (26 +1/2 27 - 2/3 28)				29				
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				
Division of sub-total F (gross adjusted claims amount)	x 0.26			32				
	Excess (if any) over 42.9M EURO x 0.03			33				
Sub-total G (32-33)				39				
Claims amount Sub-total G x reinsurance ratio (11.49)				41				
Higher of premiums amount and brought forward amount (11.54)				42				5380
General insurance capital requirement (higher of lines 41 and 42)				43				5380

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

Global business

Financial year ended **31 December 2012**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	2012	£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	8239	5859
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	3475
	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 2012**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	2012	£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		199970
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	406
	due in more than 12 months	79	

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1	570
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	4	4
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	8244	210284
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Analysis of admissible assetsName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2012**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	2012	£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	8244	210284
Admissible assets in excess of market and counterparty limits	92	428	
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	8672	210284
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Liabilities (other than long term insurance business)Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2012**

R15	Company registration number	GL/UK/CM	day month year			Units
	71805	GL	31	12	2012	£000
			As at end of this financial year		As at end of the previous year	
			1		2	

Technical provisions (gross amount)

Provisions for unearned premiums	11	
Claims outstanding	12	200970
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	200970

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	
	Foreseeable dividend	48	
	Other	49	568
Accruals and deferred income	51		
Total (19 to 51)	59	201538	
Provision for "reasonably foreseeable adverse variations"	61		
Cumulative preference share capital	62		
Subordinated loan capital	63		
Total (59 to 63)	69	201538	

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	8672	8746
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	8672	210284

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

Global business

Financial year ended **31 December 2012**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	71805	GL	31	12	2012	£000
				This financial year		Previous year		
				1		2		
Transfer (to)/from the general insurance business technical account	From Form 20		11				(1000)	
	Equalisation provisions		12					
Transfer from the long term insurance business revenue account			13					
Investment income	Income		14			41	213	
	Value re-adjustments on investments		15					
	Gains on the realisation of investments		16				679	
Investment charges	Investment management charges, including interest		17					
	Value re-adjustments on investments		18				771	
	Loss on the realisation of investments		19			107		
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			(30)	(285)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			(96)	(1164)	
Tax on profit or loss on ordinary activities			31			(22)	(308)	
Profit or loss on ordinary activities after tax (29-31)			39			(74)	(856)	
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			(74)	(856)	
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59			(74)	(856)	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2012****Total business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	71805	GL	31	12	2012	£000	001
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		11						
	Claims incurred (22.17.4)		12						
	Claims management costs (22.18.4)		13						
	Adjustment for discounting (22.52.4)		14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						
	Net operating expenses (22.42.4)		17						
	Balance of year's underwriting (11-12-13+14-15+16-17)		19						
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22					1000	
	Claims management costs (22.14.4)		23						
	Adjustment for discounting (22.51.4)		24						
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses (22.41.4)		26						
	Balance (21-22-23+24+25-26)		29					(1000)	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)			49					(1000)	
Allocated investment income			51						
Transfer to non-technical account (49+51)			59					(1000)	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2012****Total primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	71805	GL	31	12	2012	£000	002
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year accounting)	Earned premium	(21.19.5)	11						
	Claims incurred	(22.17.4)	12						
	Claims management costs	(22.18.4)	13						
	Adjustment for discounting	(22.52.4)	14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						
	Net operating expenses	(22.42.4)	17						
	Balance of year's underwriting (11-12-13+14-15+16-17)		19						
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	(21.11.5)	21						
	Claims incurred	(22.13.4)	22						1000
	Claims management costs	(22.14.4)	23						
	Adjustment for discounting	(22.51.4)	24						
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses	(22.41.4)	26						
	Balance (21-22-23+24+25-26)		29						(1000)
Balance from underwriting year accounting	Per Form 24	(24.69.99-99)	31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)			49						(1000)
Allocated investment income			51						
Transfer to non-technical account (49+51)			59						(1000)

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2012****Total primary (direct) and facultative commercial lines liability business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	71805	GL	31	12	2012	£000	270
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year accounting)	Earned premium	(21.19.5)	11						
	Claims incurred	(22.17.4)	12						
	Claims management costs	(22.18.4)	13						
	Adjustment for discounting	(22.52.4)	14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						
	Net operating expenses	(22.42.4)	17						
Balance of year's underwriting (11-12-13+14-15+16-17)		19							
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	(21.11.5)	21						
	Claims incurred	(22.13.4)	22						1000
	Claims management costs	(22.14.4)	23						
	Adjustment for discounting	(22.51.4)	24						
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses	(22.41.4)	26						
Balance (21-22-23+24+25-26)		29						(1000)	
Balance from underwriting year accounting	Per Form 24	(24.69.99-99)	31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)		49						(1000)	
Allocated investment income		51							
Transfer to non-technical account (49+51)		59						(1000)	

Returns under the Accounts and Statements Rules

Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31 December 2012

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 May 2011 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.

0104 General Insurance Business Transfer Agreement

With effect from 1 January 2012 the Company transferred its remaining general insurance liabilities to Royal & Sun Alliance in accordance with a scheme under Part VII of the Financial Services and Markets Act 2000 ("The Scheme"), approved by the High Court on 12 December 2011.

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:

	2012 £'000	2011 £'000
Admissible assets – Form 13 line 89	8,244	210,284
Less Liabilities – Form 15 line 69	-	(201,538)
Net admissible assets	<u>8,244</u>	<u>8,746</u>
Capital resources after deductions - Form 3 line 79	<u>8,244</u>	<u>8,746</u>

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

	2012 £'000
Profit and loss account and other reserves – Form 3 line 12 column 4	5,746
Profit and loss account and other reserves – Form 3 line 12 column 3	<u>5,672</u>
Movement	<u>(74)</u>
Represented by:	
Loss retained for the financial year – Form 16 line 59	<u>(74)</u>

1102 Restatement of prior year comparatives in Form 11

The prior year comparatives in Form 11 have been restated to take account of a transfer of business, under Part VII of the Financial Services and Markets Act 2000, to Royal & Sun Alliance with effect from 1 January 2012 (as per note 0104).

The comparatives in lines 41 to 50 exclude the business transferred from the Company under the Part VII transfer.

Returns under the Accounts and Statements Rules

Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31 December 2012

NOTES TO APPENDIX 9.1 (continued)

***1111* Restatement of prior year comparatives in Form 11**

As referred to above, the prior year comparatives in Form 11 at lines 41 to 50 have been restated to take account of a transfer of business under Part VII of the Financial Services and Markets Act 2000.

***1202* Restatement of prior year comparatives in Form 12**

The prior year comparatives in Form 11 have been restated to take account of a transfer of business, under Part VII of the Financial Services and Markets Act 2000, to Royal & Sun Alliance with effect from 1 January 2012.

The comparatives in lines 11 to 41 exclude the business transferred from the Company under the Part VII transfer.

***1211* Restatement of prior year comparatives in Form 12**

As referred to above, the prior year comparatives in Form 12 at lines 11 to 41 have been restated to take account of a transfer of business under Part VII of the Financial Services and Markets Act 2000.

***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.

***1306* Large counterparty exposure**

At year-end, the Company held an amount receivable of £405,000 from Pearl Life Holdings Limited, a fellow subsidiary undertaking.

***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 2012

NOTES TO APPENDIX 9.1 (continued)

***1502* Contingent 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 affected 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.

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

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 £30,000 (2010 £285,000) 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.

***20A00* Omission of Form**

Form 20A 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 2012

NOTES TO APPENDIX 9.2

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 2012

The Company has no major treaty reinsurers.

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 2012

The Company has no major facultative reinsurers.

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

PA (GI) Limited

Global business

Financial year ended 31 December 2012

The Company has no major reinsurance cedants.

Returns under the Accounts and Statements Rules

Statement of additional information on general insurance business ceded required by rule 9.32

PA (GI) Limited

Global Business

Financial year ended 31 December 2012

Following the Part VII transfer detailed in note 0104, there have been no contracts 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.

Returns under the Accounts and Statements Rules

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

PA (GI) Limited

Global business

Financial year ended 31 December 2012

Following the Part VII transfer detailed in note 0104, the insurer has no contracts of insurance which meet the conditions in rule 9.32A (2).

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 2012

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 2012.

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 2012

The persons who, to the knowledge of the insurer, have been 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;
- d) Phoenix Life Holdings Limited;
- e) PGH (LCA) Limited;
- f) PGH (LCB) Limited;
- g) PGH (LC1) Limited;
- h) PGH (LC2) Limited;
- i) PGH (MC1) Limited;
- j) PGH (MC2) Limited;
- k) PGH (TC1) Limited;
- l) PGH (TC2) Limited;
- m) Phoenix Group Holdings;
- n) Xercise Limited *;
- o) Alpha-Gamma Shares Limited *;
- p) Alphabet Shares Limited *;
- q) Delta Shares Limited *;
- r) Zeta Shares Limited *;
- s) Eta Shares Limited *;
- t) Theta Shares Limited *;
- u) Iota Shares Limited *;
- v) Kappa Shares Limited *;
- w) TDR Shares Limited *;
- x) Lamda Shares Limited *;
- y) Xercise 2 Limited *;
- z) Jambright Limited;
- aa) TDR Capital Nominees Limited; and
- bb) TDR Capital LLP

* ceased to be a controller on 28 September 2012

In relation to each such person, the information required to be disclosed pursuant to rule 9.30 (b) is as follows:

1. Pearl Life Holdings Limited

As at 31 December 2012, Pearl Life Holdings Limited held 100% of the issued share capital of PA (GI) Limited and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 100% of the voting power at any general meeting of PA (GI) Limited.

2. Impala Holdings Limited

As at 31 December 2012, Impala Holdings Limited held 100% of the issued share capital of Pearl Life Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 100% of the voting power at any general meeting of Pearl Life Holdings Limited.

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 2012

(continued)

3. Pearl Group Holdings (No. 2) Limited

As at 31 December 2012, Pearl Group Holdings (No. 2) Limited held 75% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 75% of the voting power at any general meeting of Impala Holdings Limited.

4. Phoenix Life Holdings Limited

As at 31 December 2012, Phoenix Life Holdings Limited held 100% of the issued share capital of Pearl Group Holdings (No. 2) Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 100% of the voting power at any general meeting of Pearl Group Holdings (No. 2) Limited.

5. PGH (LCA) Limited

As at 31 December 2012, PGH (LCA) Limited held 50% of the issued share capital of Phoenix Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 50% of the voting power at any general meeting of Phoenix Life Holdings Limited.

6. PGH (LCB) Limited

As at 31 December 2012, PGH (LCB) Limited held 50% of the issued share capital of Phoenix Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 50% of the voting power at any general meeting of Phoenix Life Holdings Limited.

7. PGH (LC1) Limited

As at 31 December 2012, PGH (LC1) Limited held 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 12.5% of the voting power at any general meeting of Impala Holdings Limited.

8. PGH (LC2) Limited

As at 31 December 2012, PGH (LC2) Limited held 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and, to the knowledge of the insurer, was entitled at the end of the financial year to exercise 12.5% of the voting power at any general meeting of Impala Holdings Limited.

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 2012

(continued)

9. PGH (MC1) Limited

As at 31 December 2012, PGH (MC1) Limited held 100% of the issued share capital of PGH (LC1) Limited which in turn held 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (MC1) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of PA (GI) Limited or another company of which PA (GI) Limited is a subsidiary undertaking.

10. PGH (MC2) Limited

As at 31 December 2012, PGH (MC2) Limited held 100% of the issued share capital of PGH (LC2) Limited which in turn held 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (MC2) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of PA (GI) Limited or another company of which PA (GI) Limited is a subsidiary undertaking.

11. PGH (TC1) Limited

As at 31 December 2012, PGH (TC1) Limited held 100% of the issued share capital of PGH (MC1) Limited which in turn held 100% of the issued share capital of PGH (LC1) Limited which in turn held 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (TC1) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of PA (GI) Limited or another company of which PA (GI) Limited is a subsidiary undertaking.

12. PGH (TC2) Limited

As at 31 December 2012, PGH (TC2) Limited held 100% of the issued share capital of PGH (MC2) Limited which in turn held 100% of the issued share capital of PGH (LC2) Limited which in turn held 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, PGH (TC2) Limited was not entitled to exercise, or control the exercise of, any voting power at any general meeting of PA (GI) Limited or another company of which PA (GI) Limited is a subsidiary undertaking.

13. Phoenix Group Holdings

As at 31 December 2012, Phoenix Group Holdings held 100% of the issued share capital of PGH (LCA) Limited, PGH (LCB) Limited, PGH (TC1) Limited and PGH (TC2) Limited, which between them indirectly held 100% of the ordinary shares of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Phoenix Group Holdings was not entitled to exercise, or control the exercise of, any voting power at any general meeting of PA (GI) Limited or another company of which PA (GI) Limited is a subsidiary undertaking.

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 2012

(continued)

14. Xercise Limited

As at 31 December 2012, Xercise Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking held one share (equivalent to 0.00000057% of the issued share capital) in Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Xercise Limited was entitled to exercise 0.00000057% of the voting power at any general meeting of Phoenix Group Holdings.

15. Zeta Shares Limited

As at 31 December 2012, Zeta Shares Limited, which at the time was an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking held 1.31% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Zeta Shares Limited was entitled to exercise 1.31% of the voting power at any general meeting of Phoenix Group Holdings.

16. TDR Shares Limited

As at 31 December 2012, TDR Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking held 0.44% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, TDR Shares Limited was entitled to exercise 0.44% of the voting power at any general meeting of Phoenix Group Holdings.

17. Lamda Shares Limited

As at 31 December 2012, Lamda Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking held 0.01% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Lamda Shares Limited was entitled to exercise 0.01% of the voting power at any general meeting of Phoenix Group Holdings.

18. Xercise2 Limited

As at 31 December 2012, Xercise2 Limited, directly held 5.28% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Xercise2 Limited was entitled to exercise 5.28% of the voting power at any general meeting of Phoenix Group Holdings.

As at 31 December 2012, the overall interest of Xercise2 Limited and its subsidiary undertakings, which are associates within the meaning of the Financial Services and Markets Act 2000, in the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, amounted to 7.04%.

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 2012

(continued)

At the end of the financial year, to the knowledge of the insurer, Xercise2 Limited was entitled to exercise, or control the exercise of, 7.04% of the voting power at any general meeting of Phoenix Group Holdings.

19. Alpha-Gamma Shares Limited

As at 31 December 2012, Alpha-Gamma Shares Limited, held no shares (equivalent to nil %) in Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Alpha-Gamma Shares Limited was not entitled to exercise any voting power at any general meeting of Phoenix Group Holdings.

20. Alphabet Shares Limited

As at 31 December 2012, Alphabet Shares Limited, held 0.43% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Alphabet Shares Limited was entitled to exercise 0.43% of the voting power at any general meeting of Phoenix Group Holdings.

21. Delta Shares Limited

As at 31 December 2012, Delta Shares Limited, held no shares (equivalent to nil %) in Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Delta Shares Limited was not entitled to exercise any voting power at any general meeting of Phoenix Group Holdings.

22. Eta Shares Limited

As at 31 December 2012, Eta Shares Limited, held 0.21% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Eta Shares Limited was entitled to exercise 0.21% of the voting power at any general meeting of Phoenix Group Holdings.

23. Theta Shares Limited

As at 31 December 2012, Theta Shares Limited, held 0.07% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Theta Shares Limited was entitled to exercise 0.07% of the voting power at any general meeting of Phoenix Group Holdings.

24. Iota Shares Limited

As at 31 December 2012, Iota Shares Limited, held 0.69% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Iota Shares Limited was entitled to exercise 0.69% of the voting power at any general meeting of Phoenix Group Holdings.

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 2012

(continued)

25. Kappa Shares Limited

As at 31 December 2012, Kappa Shares Limited, held 0.06% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Kappa Shares Limited was entitled to exercise 0.06% of the voting power at any general meeting of Phoenix Group Holdings.

26. Jambright Limited

As at 31 December 2012, Jambright 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, held 2.58% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, Jambright Limited was entitled to exercise 2.58% of the voting power at any general meeting of Phoenix Group Holdings.

27. TDR Capital Nominees Limited

As at 31 December 2012, 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, directly held the legal title to 14.3% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking.

In addition, to the knowledge of the insurer, as at 31 December 2012, TDR Capital Nominees Limited's ownership of the legal title to 91.7% of the issued share capital of Jambright Limited, ultimately entitled them to the 2.58% interest in the issued share capital of Phoenix Group Holdings held by Jambright Limited.

In addition, to the knowledge of the insurer, as at 31 December 2012, TDR Capital Nominees Limited's ownership of the legal title to 100% of the B Ordinary class of shares in Xercise2 Limited, ultimately entitled them to the 0.44% interest in the issued share capital of Phoenix Group Holdings held by TDR Shares Limited.

On this basis, as at 31 December 2012, TDR Capital Nominees Limited's overall interest in the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, amounted to 17.3%.

At the end of the financial year, to the knowledge of the insurer, TDR Capital Nominees Limited was entitled to exercise, or control the exercise of, 17.3% of the voting power at any general meeting of Phoenix Group Holdings.

28. TDR Capital LLP

As at 31 December 2012, 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 of TDR Capital LLP, in aggregate held 17.3% of the issued share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking. At the end of the financial year, to the knowledge of the insurer, TDR Capital LLP was entitled to control the exercise of 17.3% of the voting power at any general meeting of Phoenix Group Holdings.

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34(1)

PA (GI) Limited

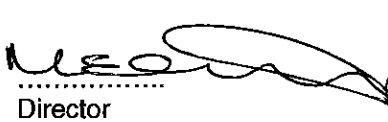
Global Business

Financial year ended 31 December 2012

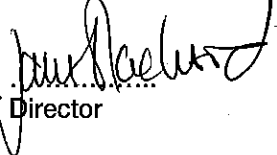
We certify that:

- (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 Ellis


.....
Director

J E MacLeod


.....
Director

G A Watson


.....
For and on behalf of
Pearl Group Secretariat
Services Limited
Company Secretary

Date: 18 March 2013

Returns under the Accounts and Statements Rules

Independent auditor's 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 2012

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to 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 20 (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 audit and do not express an opinion on:

- the statements required by IPRU(INS) rules 9.30, 9.32 and 9.32A; and
- the certificate required by 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 audit work 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 audit work, 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 May 2011 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 are also required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms and the statements are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

Returns under the Accounts and Statements Rules

Independent auditor's 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 2012

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 20 March 2013. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms and the statements.

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 statements 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 the Forms and the statements 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

Statutory Auditor

London

20 March 2013