

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Registered in England - No. 1419

Registered Office

The Pearl Centre, Lynch Wood,

Peterborough. PE2 6FY

Annual FSA Insurance Returns for the year ended

31 December 2009

Appendices 9.1, 9.2, 9.3, 9.4, 9.4A, 9.5, 9.6

Statement of solvency - general insurance businessName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Solo solvency calculation

R1	Company registration number	GL/UK/CM	day month year			Units
			31	12	2009	
	1419	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	838109	580494
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	823109	565494
Capital resources available to cover general insurance business capital resources requirement (11-12)	13	15000	15000

Guarantee fund

Guarantee fund requirement	21	3128	2518
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	11872	12482

Minimum capital requirement (MCR)

General insurance capital requirement	31	3139	3224
Base capital resources requirement	33	3128	2518
Individual minimum capital requirement	34	3139	3224
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	3139	3224
Excess (deficiency) of available capital resources to cover 50% of MCR	37	13430	13388
Excess (deficiency) of available capital resources to cover 75% of MCR	38	12646	12582

Capital resources requirement (CRR)

Capital resources requirement	41	3139	3224
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	11861	11776

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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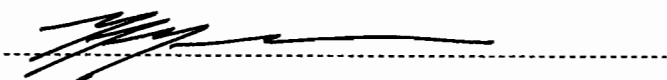
Covering Sheet to Form 1

Form 1

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

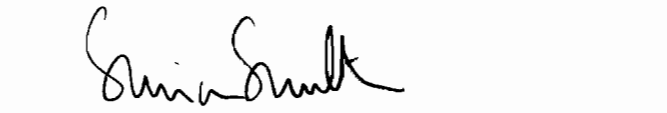
Global business

Financial year ended **31 December 2009**



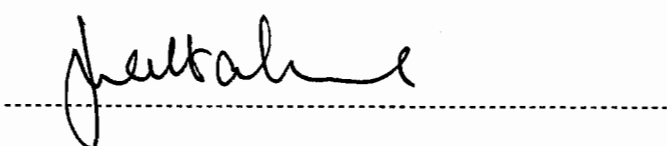
M J Merrick

Chief Executive



J S B Smith

Director



J P Evans

Director

Date ²⁵ **March 2010**

Statement of solvency - long-term insurance business

Name of insurer

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global business

Financial year ended

31 December 2009

Adjusted solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2009	
	1419	GL				£000
			As at end of this financial year			As at end of the previous year
			1			2

Capital resources

Capital resources arising within the long-term insurance fund	11	981662	768146
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	823109	565494
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	1804771	1333640

Guarantee fund

Guarantee fund requirement	21	312485	320029
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	1318279	1013611

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	332962	353474
Resilience capital requirement	32		
Base capital resources requirement	33	3128	2518
Individual minimum capital requirement	34	332962	353474
Capital requirements of regulated related undertakings	35	204626	204722
Minimum capital requirement (34+35)	36	537588	558196
Excess (deficiency) of available capital resources to cover 50% of MCR	37	1432466	1054542
Excess (deficiency) of available capital resources to cover 75% of MCR	38	1298069	914993

Enhanced capital requirement

With-profits insurance capital component	39	428749	360749
Enhanced capital requirement	40	966337	918945

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	966337	918945
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	838434	414695

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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Components of capital resourcesName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/UK/CM	day month year			Units
R3	1419	GL	31	12	2009	£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		342109	342109	342109
Profit and loss account and other reserves	12	23964	704909	728873	547797
Share premium account	13		40716	40716	40716
Positive valuation differences	14		597764	597764	418793
Fund for future appropriations	15		208734	208734	208424
Core tier one capital in related undertakings	16		(67502)	(67502)	30486
Core tier one capital (sum of 11 to 16)	19	23964	1826730	1850694	1588325

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	23964	1826730	1850694	1588325
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34	8964		8964	10865
Other negative valuation differences	35				
Deductions in related undertakings	36		125470	125470	35315
Deductions from tier one (32 to 36)	37	8964	125470	134434	46180
Total tier one capital after deductions (31-37)	39	15000	1701260	1716260	1542145

Components of capital resourcesName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	1419	GL	31	12	2009	£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	

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		250000	250000	
Lower tier two capital in related undertakings	53		65000	65000	65000
Lower tier two capital (51+52+53)	59		315000	315000	65000

Total tier two capital before restrictions (49+59)	61		315000	315000	65000
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69		315000	315000	65000

Components of capital resourcesName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Company registration number	GL/UK/CM	day month year			Units	
R3	1419	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	15000	2016260	2031260	1607145
Inadmissible assets other than intangibles and own shares	73		32365	32365	41821
Assets in excess of market risk and counterparty limits	74		179124	179124	216684
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	15000	1804771	1819771	1348640

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81	15000	1630764	1645764	1348640
Available capital resources for 50% MCR requirement	82	15000	1701260	1716260	1348640
Available capital resources for 75% MCR requirement	83	15000	1701260	1716260	1348640

Financial engineering adjustments

Implicit items	91				
Financial reinsurance - ceded	92				
Financial reinsurance - accepted	93		22	22	22
Outstanding contingent loans	94				
Any other charges on future profits	95				
Sum of financial engineering adjustments (91+92-93+94+95)	96		(22)	(22)	(22)

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

 Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

 Financial year ended **31 December 2009**

General insurance business

	Company registration number	GL/UK/CM	day	month	year	Units	
	R11	1419	GL	31	12	2009	£000
						This financial year 1	Previous year 2
Gross premiums written			11				4
Premiums taxes and levies (included in line 11)			12				
Premiums written net of taxes and levies (11-12)			13				4
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				4
Gross premiums earned			21				4
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23				4
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				4
Sub-total I (higher of sub-total A and sub-total H)			30				4
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				1
	Excess (if any) over 57.5M EURO x 0.02		33				
Sub-total J (32-33)			34				1
Claims paid in period of 3 financial years			41			12180	11650
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis		42			7437	7546
	For insurance business accounted for on an accident year basis		43			44555	46328
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis		44			174476	177775
	For insurance business accounted for on an accident year basis		45			41706	37658
Sub-total C (41+42+43-44-45)			46			(152010)	(149909)
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47			(163459)	(162940)
Sub-total D (46-47)			48			11449	13031
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				0
Provision for claims outstanding (before discounting and net of reinsurance)			51			40073	41157
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			3139	3224
Greater of lines 50 and 53			54			3139	3224

Calculation of long term insurance capital requirement - premiums amount and brought forward amount

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Long term insurance business

	Company registration number	GL/UK/CM	day month year			Units	
	R11	1419	GL	31	12	2009	£000
	This financial year 1						Previous year 2
Gross premiums written			11			1363	1501
Premiums taxes and levies (included in line 11)			12				
Premiums written net of taxes and levies (11-12)			13			1363	1501
Premiums for classes 11, 12 or 13 (included in line 13)			14				
Premiums for "actuarial health insurance" (included in line 13)			15			1325	1460
Sub-total A (13 + 1/2 14 - 2/3 15)			16			480	528
Gross premiums earned			21			1368	1507
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23			1368	1507
Premiums for classes 11, 12 or 13 (included in line 23)			24				
Premiums for "actuarial health insurance" (included in line 23)			25			1330	1466
Sub-total H (23 + 1/2 24 - 2/3 25)			26			481	530
Sub-total I (higher of sub-total A and sub-total H)			30			481	530
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			87	95
	Excess (if any) over 57.5M EURO x 0.02		33				
Sub-total J (32-33)			34			87	95
Claims paid in period of 3 financial years			41			1381	1570
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			2484	1980
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			2799	2880
Sub-total C (41+42+43-44-45)			46			1066	670
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47			918	522
Sub-total D (46-47)			48			148	148
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			43	48
Provision for claims outstanding (before discounting and net of reinsurance)			51			2484	1980
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			93	93
Greater of lines 50 and 53			54			93	93

Calculation of general insurance capital requirement - claims amount and resultName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	1419	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		12180		11650		
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22		7437		7546		
	For insurance business accounted for on an accident year basis	23		44555		46328		
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24		174476		177775		
	For insurance business accounted for on an accident year basis	25		41706		37658		
Claims incurred in reference period (21+22+23-24-25)		26		(152010)		(149909)		
Claims incurred for classes 11, 12 or 13 (included in 26)		27		9412		7898		
Claims incurred for "actuarial health insurance" (included in 26)		28						
Sub-total E (26 +1/2 27 - 2/3 28)		29		(147304)		(145960)		
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		(49101)		(48653)		
Division of sub-total F (gross adjusted claims amount)	x 0.26	32		(12766)		(12650)		
	Excess (if any) over 40.3M EURO x 0.03	33						
Sub-total G (32-33)		39		(12766)		(12650)		
Claims amount Sub-total G x reinsurance ratio (11.49)		41		(6383)		(6325)		
Higher of premiums amount and brought forward amount (11.54)		42		3139		3224		
General insurance capital requirement (higher of lines 41 and 42)		43		3139		3224		

Calculation of long term insurance capital requirement - claims amount and resultName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	1419	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		1233			1422	
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		2484			1980	
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		2799			2880	
Claims incurred in reference period (21+22+23-24-25)		26		918			522	
Claims incurred for classes 11, 12 or 13 (included in 26)		27						
Claims incurred for "actuarial health insurance" (included in 26)		28		918			522	
Sub-total E (26 +1/2 27 - 2/3 28)		29		306			174	
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		102			58	
Division of sub-total F (gross adjusted claims amount)	x 0.26	32		27			15	
	Excess (if any) over 40.3M EURO x 0.03	33						
Sub-total G (32-33)		39		27			15	
Claims amount Sub-total G x reinsurance ratio (11.49)		41		13			8	
Higher of premiums amount and brought forward amount (11.54)		42		93			93	
General insurance capital requirement (higher of lines 41 and 42)		43		93			93	

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

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	1419	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	32110	
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	Debts and loans	26	108910	125013
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	386740	98971	
Rights under derivative contracts	44	12440	122837	
Fixed interest securities	Approved	45	98291	103088
	Other	46	11219	3419
Variable interest securities	Approved	47	13101	
	Other	48	16619	18073
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		50
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57	53	54	
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

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	1419	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	11918	12718
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	7	7
	Ceded	75		
Dependants	due in 12 months or less	76	1	
	due in more than 12 months	77		
Other	due in 12 months or less	78	951	41174
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	18080	65524
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	3297	3786
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	11	16

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	713748	594730
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Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

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	1419	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	713748	594730
Admissible assets in excess of market and counterparty limits	92	116830	163817
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94	204626	305012
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96	125655	36648
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	7397	(125139)
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	(6770)	(19318)
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	1161486	955750
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	32111	23307

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

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

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2009		
	1419	GL				£000	10
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11			44135	54800

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	110500	154868
	Debts and loans	26	199500	178217
Other group undertakings	Shares	27	55178	53157
	Debts and loans	28	26157	28755
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	1741888	2832445	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	2339043	1346536	
Rights under derivative contracts	44	544933	1381016	
Fixed interest securities	Approved	45	2454506	2165499
	Other	46	1709274	1643305
Variable interest securities	Approved	47	648014	987132
	Other	48	2628745	3381980
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	9633	10257	
Other loans	53	5875	5875	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	389714	
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57	30351	34182	
Assets held to match linked liabilities	Index linked	58	61316	65314
	Property linked	59	129	142

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	10
					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	
Provision for unexpired risks	62	
Other	63	

Debtors and salvage

Direct insurance business	Policyholders	71	5	2408
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	10363	12053
	Ceded	75	734	922
Dependants	due in 12 months or less	76	9996	1547
	due in more than 12 months	77		
Other	due in 12 months or less	78	67123	63399
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	673611	410026
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	90526	81600
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	9426	25604

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	13470961	15310753
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Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	10
					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	13470961	15310753
Admissible assets in excess of market and counterparty limits	92	62294	52867
Inadmissible assets directly held	93	32180	40488
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	9394	29653
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	2410159	2621356
Other asset adjustments (may be negative)	101	(7900)	(4500)
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	15977088	18050617
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	106675	94640

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **90:10**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11		44135	54800	

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	55614	86494
	Debts and loans	26		
Other group undertakings	Shares	27	55178	53157
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	1689862	2016628	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	1345613	1114002	
Rights under derivative contracts	44	342459	965264	
Fixed interest securities	Approved	45	1773276	1595076
	Other	46	1084185	1230765
Variable interest securities	Approved	47	616021	888183
	Other	48	2147656	2985116
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	9633	10257	
Other loans	53	5875	5875	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	389714	
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57	30351	34182	
Assets held to match linked liabilities	Index linked	58		
	Property linked	59	129	142

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **90:10**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	13
					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		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		2368
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	10361	9357
	Ceded	75		
Dependants	due in 12 months or less	76	9775	12873
	due in more than 12 months	77		
Other	due in 12 months or less	78	80894	56875
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	658818	274499
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	47034	56296
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	9392	25483

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	10016261	11867406
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Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **90:10**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	13
					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	10016261	11867406
Admissible assets in excess of market and counterparty limits	92	33626	16821
Inadmissible assets directly held	93	680	688
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	7656	7166
Other asset adjustments (may be negative)	101	(8121)	(17962)
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	10050102	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	9347	13691

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **0:100 BLAGAB**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	1419	GL	31	12	2009	£000	11
						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		80000 58717
Other group undertakings	Shares	27		
	Debts and loans	28		26157 28755
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41		16744
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	67704	16699
Rights under derivative contracts	44	354	104
Fixed interest securities	Approved	45	37329 44487
	Other	46	21872 23306
Variable interest securities	Approved	47	2369
	Other	48	3623 9494
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 **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **0:100 BLAGAB**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	11
					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		
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	734	922
Dependants	due in 12 months or less	76	221	
	due in more than 12 months	77		
Other	due in 12 months or less	78	3835	11661
	due in more than 12 months	79		

Other assets

Tangible assets	80			
Deposits not subject to time restriction on withdrawal with approved institutions	81	3275	19681	
Cash in hand	82			
Other assets (particulars to be specified by way of supplementary note)	83			
Accrued interest and rent	84	14737	1807	
Deferred acquisition costs (general business only)	85			
Other prepayments and accrued income	86	2	98	
Deductions from the aggregate value of assets		87		
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)		89	262212	232475

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **0:100 BLAGAB**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	11
					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	262212	232475
Admissible assets in excess of market and counterparty limits	92	28184	36046
Inadmissible assets directly held	93	31500	30800
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		29653
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	(4974)	(5971)
Other asset adjustments (may be negative)	101	(17022)	(18996)
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	299900	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	97328	99119

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **0:100 PENSIONS**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	12
					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	54886	68374
	Debts and loans	26	119500	119500
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	52026	799073	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	925726	215835	
Rights under derivative contracts	44	202120	415648	
Fixed interest securities	Approved	45	643901	525936
	Other	46	603217	389234
Variable interest securities	Approved	47	29624	98949
	Other	48	477466	387370
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	61316	65314
	Property linked	59		

Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **0:100 PENSIONS**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	12
					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		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	5	40
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	2	2696
	Ceded	75		
Dependants	due in 12 months or less	76		842
	due in more than 12 months	77		
Other	due in 12 months or less	78	5110	15153
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	11518	115846
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	28755	23497
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	32	23

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	3215204	3243330
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Analysis of admissible assetsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **0:100 PENSIONS**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1419	GL	31	12	2009	£000	12
					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	3215204	3243330
Admissible assets in excess of market and counterparty limits	92	484	
Inadmissible assets directly held	93		9000
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	9394	
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	2407477	2620161
Other asset adjustments (may be negative)	101	(5473)	
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	5627086	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		10342

Long term insurance business liabilities and marginsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Total business **Summary**Units **£000**

As at end of this financial year	As at end of the previous year
1	2

Mathematical reserves, after distribution of surplus	11	6962550	7316673	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	309322	144859	
Long term insurance business fund carried forward (11 to 13)	14	7271872	7461532	
Claims outstanding	Gross	15	56698	58235
	Reinsurers' share	16		
	Net (15-16)	17	56698	58235
Provisions	Taxation	21	7900	4500
	Other risks and charges	22	17019	18627
Deposits received from reinsurers	23	2414656	2450724	
Creditors	Direct insurance business	31	14754	48
	Reinsurance accepted	32	1250	
	Reinsurance ceded	33	165	175
Debenture loans	Secured	34		
	Unsecured	35	95	95
Amounts owed to credit institutions	36			
Creditors	Taxation	37		3
	Other	38	2998444	4669344
Accruals and deferred income	39	898	11023	
Provision for "reasonably foreseeable adverse variations"	41	14870	13160	
Total other insurance and non-insurance liabilities (17 to 41)	49	5526749	7225934	
Excess of the value of net admissible assets	51	672340	623287	
Total liabilities and margins	59	13470961	15310753	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	23214	21535
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	129	142

Total liabilities (11+12+49)	71	12489299	14542607
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	2410159	2621356
Other adjustments to liabilities (may be negative)	74	599258	414293
Capital and reserves and fund for future appropriations	75	478372	472361
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	15977088	18050617

Long term insurance business liabilities and margins

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Global business
 Financial year ended **31 December 2009**
 Subfund **90:10**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	6318264	6822787	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	107421	7421	
Long term insurance business fund carried forward (11 to 13)	14	6425685	6830208	
Claims outstanding	Gross	15	53343	55904
	Reinsurers' share	16		
	Net (15-16)	17	53343	55904
Provisions	Taxation	21	7900	900
	Other risks and charges	22	17019	18627
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	14771	48
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35	95	95
Amounts owed to credit institutions	36			
Creditors	Taxation	37		
	Other	38	2809340	4335154
Accruals and deferred income	39	898	11023	
Provision for "reasonably foreseeable adverse variations"	41	14870	13160	
Total other insurance and non-insurance liabilities (17 to 41)	49	2918236	4434911	
Excess of the value of net admissible assets	51	672340	602287	
Total liabilities and margins	59	10016261	11867406	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	20340	15848
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	129	142

Total liabilities (11+12+49)	71	9236500	11257698
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	7656	
Other adjustments to liabilities (may be negative)	74	597213	
Capital and reserves and fund for future appropriations	75	208733	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	10050102	

Long term insurance business liabilities and marginsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Subfund **0:100 BLAGAB**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	53800	54673	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	191691	132562	
Long term insurance business fund carried forward (11 to 13)	14	245491	187235	
Claims outstanding	Gross	15	2555	1729
	Reinsurers' share	16		
	Net (15-16)	17	2555	1729
Provisions	Taxation	21		3600
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33	165	175
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	13010	3946
	Other	38	991	14790
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	16721	24240	
Excess of the value of net admissible assets	51		21000	
Total liabilities and margins	59	262212	232475	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	1	11326
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	70521	78913
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	(4974)	
Other adjustments to liabilities (may be negative)	74	(17039)	
Capital and reserves and fund for future appropriations	75	251392	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	299900	

Long term insurance business liabilities and margins

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Global business
 Financial year ended **31 December 2009**
 Subfund **0:100 PENSIONS**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	590486	439213
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	10210	4876
Long term insurance business fund carried forward (11 to 13)	14	600696	444089
Claims outstanding	Gross	800	602
	Reinsurers' share		
	Net (15-16)	800	602
Provisions	Taxation		
	Other risks and charges		
Deposits received from reinsurers	23	2414656	2450724
Creditors	Direct insurance business		
	Reinsurance accepted	1250	
	Reinsurance ceded		
Debenture loans	Secured		
	Unsecured		
Amounts owed to credit institutions	36		
Creditors	Taxation		3
	Other	197802	347912
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	2614508	2799241
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	3215204	3243330

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	12497	22873
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	3204994	3238454
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	2407477	
Other adjustments to liabilities (may be negative)	74	(3632)	
Capital and reserves and fund for future appropriations	75	18247	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	5627086	

Liabilities (other than long term insurance business)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

R15	Company registration number	GL/UK/CM	day month year			Units
			31	12	2009	
	1419	GL				£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		51991	53875
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		51991	53875

Provisions and creditors

Provisions	Taxation	21			
	Other risks and charges	22		500	2955
Deposits received from reinsurers		31			
Creditors	Direct insurance business	41			
	Reinsurance accepted	42		728	1148
	Reinsurance ceded	43			
Debenture loans	Secured	44			
	Unsecured	45			
Amounts owed to credit institutions		46			
Creditors	Taxation	47		2381	18378
	Foreseeable dividend	48			
	Other	49		24449	238165
Accruals and deferred income		51		5112	4727
Total (19 to 51)		59		85161	319248
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63		250000	
Total (59 to 63)		69		335161	319248

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance		71		18184	940
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Amounts deducted from technical provisions for discounting		82		8964	10865
Other adjustments (may be negative)		83		(6771)	(19318)
Capital and reserves		84		842060	666685
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		1161486	955750

Profit and loss account (non-technical account)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

		Company registration number	GL/UK/CM	day	month	year	Units
	R16	1419	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	(447)		406	
	Equalisation provisions		12				
Transfer from the long term insurance business revenue account			13	52489		(11072)	
Investment income	Income		14	14165		25987	
	Value re-adjustments on investments		15	166299			
	Gains on the realisation of investments		16			106222	
Investment charges	Investment management charges, including interest		17	2056		2968	
	Value re-adjustments on investments		18			271917	
	Loss on the realisation of investments		19	49082			
Allocated investment return transferred to the general insurance business technical account			20	1457		5169	
Other income and charges (particulars to be specified by way of supplementary note)			21	(15484)		(21545)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29	164427		(180056)	
Tax on profit or loss on ordinary activities			31	(10948)		(23050)	
Profit or loss on ordinary activities after tax (29-31)			39	175375		(157006)	
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	175375		(157006)	
Dividends (paid or foreseeable)			51			137118	
Profit or loss retained for the financial year (49-51)			59	175375		(294124)	

Analysis of derivative contracts

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

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	
		R17	1419	GL	31	12	2009	£000	1
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	2203		5448	2260000		2352330	
	Inflation	13	10223		755			356830	
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19		14			458		
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	12440		6203	2260458		2709160	
Adjustment for variation margin		52							
Total (51 + 52)		53	12440		6203				

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

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

		Company registration number	GL/UK/CM	day month year			Units	Category of assets	
		R17	1419	GL	31	12	2009	£000	10
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets		Liabilities		Bought / Long		Sold / Short	
				1	2	3	4		
Futures and contracts for differences	Fixed-interest securities	11	1669	219	22890	78450			
	Interest rates	12	469734	297956	6616752	8794623			
	Inflation	13							
	Credit index / basket	14	873	1326	8707	31442			
	Credit single name	15	1898	25514	58269	1186422			
	Equity index	16		7240		352358			
	Equity stock	17							
	Land	18							
	Currencies	19	20989	22359	2810828	334894			
	Mortality	20							
	Other	21	5	186	19816	48240			
In the money options	Swaptions	31	10700		684294				
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	40734		584560				
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	546602	354800	10806116	10826429			
Adjustment for variation margin		52	(1669)	(7458)					
Total (51 + 52)		53	544933	347342					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.

Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **0:100 BLAGAB**

		Company registration number	GL/UK/CM	day month year			Units	Category of assets	
		R17	1419	GL	31	12	2009	£000	11
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	331	663			73000		
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	23	201	20887	2054			
	Mortality	20							
Other	21								
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	354	864	20887	75054			
Adjustment for variation margin		52							
Total (51 + 52)		53	354	864					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **0:100 PENSIONS**

		Company registration number	GL/UK/CM	day month year			Units	Category of assets	
		R17	1419	GL	31	12	2009	£000	12
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets		Liabilities		Bought / Long		Sold / Short	
		1	2	3	4				
Futures and contracts for differences	Fixed-interest securities	11	311				15233		
	Interest rates	12	194584	83604		3118953	1643762		
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15	55	5550			453521		
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	7481	9864		1188205	48648		
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	202431	99018		4307158	2161164		
Adjustment for variation margin		52	(311)						
Total (51 + 52)		53	202120	99018					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.

Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Category of assets **90:10**

		Company registration number	GL/UK/CM	day month year			Units	Category of assets	
		R17	1419	GL	31	12	2009	£000	13
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets	Liabilities	Bought / Long	Sold / Short				
		1	2	3	4				
Futures and contracts for differences	Fixed-interest securities	11	1358	219	22890	63217			
	Interest rates	12	274819	213689	3497799	7077861			
	Inflation	13							
	Credit index / basket	14	873	1326	8707	31442			
	Credit single name	15	1843	19964	58269	732901			
	Equity index	16		7240		352358			
	Equity stock	17							
	Land	18							
	Currencies	19	13485	12294	1601736	284192			
	Mortality	20							
	Other	21	5	186	19816	48240			
In the money options	Swaptions	31	10700		684294				
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	40734		584560				
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	343817	254918	6478071	8590211			
Adjustment for variation margin		52	(1358)	(7458)					
Total (51 + 52)		53	342459	247460					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

With-profits insurance capital component for the fundName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**With-profits fund **90:10**Financial year ended **31 December 2009**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
--	--

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	10016261	11867406
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	178179	207702
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	8817	7098
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	9829265	11652606
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	6140085	6615085
	Regulatory current liabilities of the fund	22	2918236	4434911
	Total (21+22)	29	9058321	11049996
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	208224	227688
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	9266545	11277684
Regulatory excess capital (19-39)		49	562720	374922

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	562720	374922
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	133971	114463
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	428749	260459

Realistic balance sheet

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 With-profits fund **90:10**
 Financial year ended **31 December 2009**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
--	--

Realistic value of assets available to the fund

Regulatory value of assets	11	9829265	11652606
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21	33626	16821
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	6937	7823
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	9869828	11677250
Support arrangement assets	27		
Assets available to the fund (26+27)	29	9869828	11677250

Realistic value of liabilities of fund

With-profits benefit reserve	31	5060676	5075855	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	52327	75654
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	892658	898254
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	127978	261744
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	285206	621253
	Future costs of non-contractual commitments	42	117587	108267
	Future costs of financial options	43	242547	286469
	Future costs of smoothing (possibly negative)	44	(53601)	(59052)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	497041	510542
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	1905787	2179643
Realistic current liabilities of the fund	51	2903365	4421752	
Realistic value of liabilities of fund (31+49+51)	59	9869828	11677250	

Realistic balance sheet

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 With-profits fund **90:10**
 Financial year ended **31 December 2009**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
--	--

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	9869828	11677250
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	9869828	11677250
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81	700027	300232
Additional amount potentially available for inclusion in line 63	82	38502	67450

General insurance business : Summary of business carried on

Name of insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY

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	1419	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		
			Reported	Incurred but not reported			
		1	2	3	4		
1	Total business	1	8138	40993			
2	Total primary (direct) and facultative business	2	6443	38111			
3	Total treaty reinsurance accepted business	3	1695	2882			
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	2406	278			
160	Primary (direct) and facultative household and domestic all risks	6	613	654			
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	547	6			
260	Total primary (direct) and facultative commercial lines property (category numbers 261 to 263)	9	67	6			
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10	2810	37167			
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					
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13					
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	66	131			
600	Total proportional treaty reinsurance business accepted (category numbers 610 to 690)	17	1629	2751			
700	Miscellaneous treaty reinsurance accepted business	18					
	Total (lines 4 to 18)	20	8138	40993			

General insurance business : Summary of business carried on

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

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	1419	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
			2	3			

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		782	88	
122	Private motor - non-comprehensive	26		1624	190	
123	Motor cycle	27				
160	Household and domestic all risks (equals line 6)	28		613	654	
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		547	6	
223	Motor other	43				
261	Commercial property	44		67	6	
262	Consequential loss	45				
263	Contractors or engineering all risks	46				
271	Employers liability	47		1964	33912	
272	Professional indemnity	48				
273	Public and products liability	49		846	3255	
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				
332	Aviation hull	62				
333	Space and satellite	63				

General insurance business : Summary of business carried on

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

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	1419	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	
			Reported	Incurred but not reported			
		1	2	3	4		

Primary (direct) and facultative marine and transport

341	Marine liability	64				
342	Marine hull	65				
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		7		14
530	Non-proportional aviation	83				
540	Non-proportional marine	84				
550	Non-proportional transport	85				1
560	Non-proportional property	86		33		64
570	Non-proportional liability (non-motor)	87		26		52
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		1571		2633
650	Proportional transport	95				
660	Proportional property	96		17		33
670	Proportional liability (non-motor)	97		34		71
680	Proportional financial lines	98		7		14
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		8138		40993
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General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009****Total business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	1419	GL	31	12	2009	£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			(754)		2849	
	Claims management costs (22.14.4)		23			124		165	
	Adjustment for discounting (22.51.4)		24			(1901)		(1928)	
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses (22.41.4)		26			71		(36)	
	Balance (21-22-23+24+25-26)		29			(1342)		(4906)	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31			(562)		143	
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39			(562)		143	
Balance of all years' underwriting (19+29+39)			49			(1904)		(4763)	
Allocated investment income			51			1457		5169	
Transfer to non-technical account (49+51)			59			(447)		406	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009****Total primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	1419	GL	31	12	2009	£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			(754)		2849	
	Claims management costs (22.14.4)		23			124		165	
	Adjustment for discounting (22.51.4)		24			(1901)		(1928)	
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses (22.41.4)		26			71		(36)	
	Balance (21-22-23+24+25-26)		29			(1342)		(4906)	
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			(1342)		(4906)	
Allocated investment income			51			1340		4752	
Transfer to non-technical account (49+51)			59			(2)		(154)	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009****Total treaty reinsurance accepted business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	1419	GL	31	12	2009	£000	003
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						
	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						
Balance from underwriting year accounting	Per Form 24	(24.69.99-99)	31				(562)	143	
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39				(562)	143	
Balance of all years' underwriting (19+29+39)			49				(562)	143	
Allocated investment income			51				117	417	
Transfer to non-technical account (49+51)			59				(445)	560	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009****Total primary (direct) and facultative personal lines motor business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	1419	GL	31	12	2009	£000	120
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				(9)		
	Claims management costs (22.14.4)		23				4	4	
	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				5	(4)	
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				5	(4)	
Allocated investment income			51						
Transfer to non-technical account (49+51)			59				5	(4)	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009****Total primary (direct) and facultative commercial lines liability business**

		Company registration number	GL/UK/CM	day	month	year	Units	Category number	
		R20	1419	GL	31	12	2009	£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				(435)	2836	
	Claims management costs (22.14.4)		23				18	19	
	Adjustment for discounting (22.51.4)		24				(1901)	(1928)	
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses (22.41.4)		26				44	2	
Balance (21-22-23+24+25-26)		29				(1528)	(4785)		
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				(1528)	(4785)	
Allocated investment income			51				1317	4663	
Transfer to non-technical account (49+51)			59				(211)	(122)	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009****Balance of all primary (direct) and facultative business**

		Company registration number	GL/UK/CM	day	month	year	Units	Category number	
		R20	1419	GL	31	12	2009	£000	409
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			(310)		13	
	Claims management costs (22.14.4)		23			102		142	
	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			27		(38)	
	Balance (21-22-23+24+25-26)		29			181		(117)	
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			181		(117)	
Allocated investment income			51			23		89	
Transfer to non-technical account (49+51)			59			204		(28)	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009****Total non-proportional treaty reinsurance business accepted**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	1419	GL	31	12	2009	£000	500
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						
	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							
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31				(495)	131	
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39				(495)	131	
Balance of all years' underwriting (19+29+39)			49				(495)	131	
Allocated investment income			51				111	402	
Transfer to non-technical account (49+51)			59				(384)	533	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009****Total proportional treaty reinsurance business accepted**

		Company registration number	GL/UK/CM	day	month	year	Units	Category number	
		R20	1419	GL	31	12	2009	£000	600
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						
	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						
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31				(67)	12	
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39				(67)	12	
Balance of all years' underwriting (19+29+39)			49				(67)	12	
Allocated investment income			51				6	15	
Transfer to non-technical account (49+51)			59				(61)	27	

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global business

Financial year ended

31 December 2009

Total business

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	1419	GL	31	12	2009	£000	001
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	46482		595		44555	(1332)	
	Reinsurers' share	12	8514		222		7714	(578)	
	Net (11-12)	13	37968		373		36841	(754)	
	Claims management costs	14			124			124	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23			71			71	
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29			71			71	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	10865				8964	(1901)	
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39	10865				8964	(1901)	
Split of line 29	Prior financial years	41			71			71	
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51	10865				8964	(1901)	
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009****Total primary (direct) and facultative business**

		Company registration number	GL/UK/CM	day month year			Units	Category number	
		R22	1419	GL	31	12	2009	£000	002
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		46482	595		44555	(1332)	
	Reinsurers' share	12		8514	222		7714	(578)	
	Net (11-12)	13		37968	373		36841	(754)	
	Claims management costs	14			124			124	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23			71			71	
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29			71			71	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31		10865			8964	(1901)	
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39		10865			8964	(1901)	
Split of line 29	Prior financial years	41			71			71	
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51		10865			8964	(1901)	
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global business

Financial year ended

31 December 2009

Total primary (direct) and facultative personal lines motor business

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	1419	GL	31	12	2009	£000	120
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2			Amount carried forward to next financial year 3	Amount attributable to this financial year 4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	3300		35		2684	(581)	
	Reinsurers' share	12	3300		44		2684	(572)	
	Net (11-12)	13			(9)			(9)	
	Claims management costs	14			4			4	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global business

Financial year ended 31 December 2009

Total primary (direct) and facultative commercial lines liability business

		Company registration number	GL/UK/CM	day	month	year	Units	Category number			
		R22	1419	GL	31	12	2009	£000	270		
				Amount brought forward from previous financial year	1	Amount payable/receivable in this financial year	2	Amount carried forward to next financial year	3	Amount attributable to this financial year	4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	39973			475		39977		479	
	Reinsurers' share	12	2490			5		3399		914	
	Net (11-12)	13	37483			470		36578		(435)	
	Claims management costs	14				18				18	
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15									
	Reinsurers' share	16									
	Net (15-16)	17									
	Claims management costs	18									
Provision for unexpired risks		19									
Net operating expenses	Commissions	21									
	Other acquisition expenses	22									
	Administrative expenses	23				44				44	
	Reinsurance commissions and profit participations	24									
	Total (21+22+23-24)	29				44				44	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	10865					8964		(1901)	
	Reinsurers' share	32									
	Claims management costs	33									
	Total (31-32+33)	39	10865					8964		(1901)	
Split of line 29	Prior financial years	41				44				44	
	This financial year	42									
Split of line 39	Incidents occurring prior to this financial year	51	10865					8964		(1901)	
	Incidents occurring in this financial year	52									

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global business

Financial year ended

31 December 2009**Balance of all primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	1419	GL	31	12	2009	£000	409
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2		Amount carried forward to next financial year 3	Amount attributable to this financial year 4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		3209			85	1894	(1230)
	Reinsurers' share	12		2724			173	1631	(920)
	Net (11-12)	13		485			(88)	263	(310)
	Claims management costs	14					102		102
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23					27		27
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29					27		27
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41					27		27
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total business

Accident year ended	Company registration number		GL/UK/CM	day month year			Units	Category number						
	R23	1419		GL	31	12			2009					
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	13
		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %
						Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)					
12	2009													
12	2008													
12	2007													
12	2006													
12	2005													
12	2004													
12	2003													
12	2002													
12	2001	8379	193											(144.2)
12	2000	32776	29949	17039										51.8
Prior accident years					373	1743	35098	1909	36059	(754)	8964			
Reconciliation														
Total (11 to 22)					373	1743	35098	1909	36059	(754)	8964			

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative business

Accident year ended	Month	Year	1	2	3	4	Claims outstanding forward		R23	Company registration number	GL/UK/CM	day month year			Units	Category number			
							Reported (net)	Incurred but not reported (net)				31	12	2009			Deterioration/ (surplus) of original claims reserve %		
							Reported (net)	Incurred but not reported (net)	8	1419	GL	Earned premiums (net)	11	12	2009	£000	Claims ratio %		
	12	2009	11				7	8			10								
	12	2008	12																
	12	2007	13																
	12	2006	14																
	12	2005	15										13						
	12	2004	16										305						
	12	2003	17										250						
	12	2002	18										13485						
	12	2001	19	193									(5809)			(100.0)	(144.2)		
	12	2000	20	29949	17039								96090			(43.1)	51.8		
	Prior accident years		21			373	1743	35098	36059	(754)	8964								
	Reconciliation		22																
	Total (11 to 22)		29			373	1743	35098	36059	(754)	8964								

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative personal lines motor business

Accident year ended	Month	Year	Claims paid during the accident year			Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding forward		Claims outstanding brought forward		Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %	
			1	2	3				4	5	6	7					8
12	2009	11															
12	2008	12															
12	2007	13															
12	2006	14															
12	2005	15															
12	2004	16											102				
12	2003	17											201				
12	2002	18											4427				
12	2001	19	1417										(13367)			(10.6)	
12	2000	20	9500	9672	4036								26296	(58.3)	51.5		
Prior accident years		21				(9)											
Reconciliation		22															
Total (11 to 22)		29				(9)											

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative commercial lines liability business

Accident year ended	Company registration number		GL/UK/CM	day month year			Units	Category number									
	R23	1419		GL	31	12			2009	£000	270						
Month	Year	1	2	3	4	Claims outstanding forward		6	7	8	9	10	11	12	13		
						Reported (net)	Incurred but not reported (net)									Reported (net)	Incurred but not reported (net)
12	2009	11															
12	2008	12															
12	2007	13															
12	2006	14															
12	2005	15												13			
12	2004	16												42			
12	2003	17															
12	2002	18													506		
12	2001	19	(849)												(9890)	8.6	
12	2000	20	133	269											3658	11.0	
Prior accident years		21			470	1743	34835	1860	35623		(435)	8964					
Reconciliation		22															
Total (11 to 22)		29			470	1743	34835	1860	35623		(435)	8964					

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global business

Financial year ended 31 December 2009

Balance of all primary (direct) and facultative business

Accident year ended	Company registration number		GL/UK/CM	day month year			Units	Category number						
	R23	1419		GL	31	12			2009	£000	409			
Month	Year	Claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6+7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)		Deterioration/ (surplus) of original claims reserve %	Claims ratio %					
		Reported (net)	Incurred but not reported (net)			Reported (net)	Incurred but not reported (net)							
		1	2	3	4	5	6	7	8	9	10	11	12	13
12	2009	11												
12	2008	12												
12	2007	13												
12	2006	14												
12	2005	15												
12	2004	16												
12	2003	17										161		
12	2002	18										49		
12	2001	19										8552		
12	2000	20										17448	(100.0)	44.8
	Prior accident years	21										66136	(22.7)	54.2
	Reconciliation	22												
	Total (11 to 22)	29												

General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total business

	Company registration number				GL/ UK/ CM				day month year				Units			Category number					
	R24		1419		GL		31 12 2009		£000			001									
	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	
	12	00	12	01	12	02	12	03	12	04	12	05	12	06	12	07	12	08	12	09	
	Prior underwriting years																		Total all previous columns		
	29 29																		99 99		
Underwriting year ended																					
Gross amount	11																				
Premiums written	12																				
Reinsurers' share	19																				
Net (11-12)	21																				
Gross amount	22																				
Claims paid	22																				
Reinsurers' share	29																				
Net (21-22)	29																				
Claims management costs	39																				
Commissions	41																				
Other acquisition expenses	42																				
Administrative expenses	43	110																			
Reinsurers' commissions and profit participations	44																				
Payable net (41+42+43-44)	49	110																			
Brought forward	51	3335																			
Technical provisions	52																				
Carried forward	53	3233																			
Increase (decrease) in the financial year (53-54-51+52)	59	(102)																			
Balance on each underwriting year (19-29-39-49-59)	69	(562)																			

General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total treaty reinsurance accepted business

	Underwriting year ended	Prior underwriting years	Company registration number												GL/UK/CM	day month year			Units	Category number
			R24			1419			GL			31 12 2009				£000				
			MM	YY	YY	MM	YY	YY	MM	YY	YY	MM	YY	YY		MM	YY	YY		
		29 29	12 00	12 01	12 02	12 03	12 04	12 05	12 06	12 07	12 08	12 09	12 09							
	Underwriting year ended																			
	Gross amount	11																		
Premiums written	Reinsurers' share	12																		
	Net (11-12)	19																		
Claims paid	Gross amount	21	217																217	
	Reinsurers' share	22																		
	Net (21-22)	29	217																217	
Claims management costs		39	337																337	
	Commissions	41																		
Net operating expenses	Other acquisition expenses	42																		
	Administrative expenses	43	110																110	
	Reinsurers' commissions and profit participations	44																		
	Payable net (41+42+43-44)	49	110																110	
	Brought forward	51	3335																3335	
Technical provisions	Adjustment for discounting	52																		
	Carried forward	53	3233																3233	
	Adjustment for discounting	54																		
	Increase (decrease) in the financial year (53-54-51+52)	59	(102)																(102)	
	Balance on each underwriting year (19-29-39-49-59)	69	(562)																(562)	

General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total non-proportional treaty reinsurance business accepted

	Company registration number										GL/UK/CM	day month year			Units			Category number						
	R24		1419		GL		2009		£000			500												
	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY														
Underwriting year ended															Total all previous columns									
	29	29	12	00	12	01	12	02	12	03	12	04	12	05	12	06	12	07	12	08	12	09	99	99
	Prior underwriting years																							
	11																							
Premiums written	11																							
Reinsurers' share	12																							
Net (11-12)	19																							
Gross amount	21																							
Reinsurers' share	22																							
Net (21-22)	29																							
Claims management costs	39																							
Commissions	41																							
Other acquisition expenses	42																							
Administrative expenses	43																							
Reinsurers' commissions and profit participations	44																							
Payable net (41+42+43-44)	49																							
Brought forward	51																							
Undiscounted Adjustment for discounting	52																							
Carried forward	53																							
Undiscounted Adjustment for discounting	54																							
Increase (decrease) in the financial year (53-54-51+52)	59																							
Balance on each underwriting year (19-29-39-49-59)	69																							

General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total proportional treaty reinsurance business accepted

	Company registration number												GL/UK/CM	day month year			Units		Category number					
	R24			1419			GL			2009				£000										
	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY						
	12	00	12	01	12	02	12	03	12	04	12	05	12	06	12	07	12	08	12	09	99	99		
	Prior underwriting years																						Total all previous columns	
	29	29																					99	99
Underwriting year ended																							600	
Gross amount	11																							
Premiums written	12																							
Reinsurers' share	19																							
Net (11-12)	21	12																						
Claims paid	22																							
Reinsurers' share	29	12																						
Net (21-22)	39																							
Claims management costs	41																							
Commissions	42																							
Other acquisition expenses	43	(1)																						
Administrative expenses	44																							
Reinsurers' commissions and profit participations	49	(1)																						
Payable net (41+42+43-44)	51	120																						
Brought forward	52																							
Undiscounted Adjustment for discounting	53	176																						
Carried forward	54																							
Undiscounted Adjustment for discounting	59	56																						
Increase (decrease) in the financial year (53-54-51+52)	69	(67)																						
Balance on each underwriting year (19-29-39-49-59)																								

General insurance business (underwriting year accounting) : Analysis of technical provisions

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total business

	Prior underwriting years	Company registration number												GL	day month year			Units			Category number
		R25		1419		GL		2009		£000		Total all previous columns									
		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY		MM		YY						
	29 29	12 00	12 01	12 02	12 03	12 04	12 05	12 06	12 07	12 08	12 09	99 99									
Underwriting year ended																					
Reported claims outstanding	11																		1696		
Reinsurers' share	12																		1571		
Claims incurred but not reported	13																		2881		
Reinsurers' share	14																		2633		
Claims management costs	15																		2860		
Gross amount	16																				
Reinsurers' share	17																				
Claims management costs	18																				
Allocation to/(from) another risk category of anticipated surplus	19																				
Balance of the fund	20																				
Claims outstanding (11+12+13-14+15-16+17-18+19+20)	21																		3233		
Provision for unearned premiums	22																				
Provision for unexpired risks	23																				
Deferred acquisition costs	24																				
Other technical provisions (particulars to be specified by way of supplementary note)	25																				
Total (21+22+23-24+25)	29																		3233		

General insurance business (underwriting year accounting) : Analysis of technical provisions

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total treaty reinsurance accepted business

	Company registration number												GL UK/ CM	day month year			Units			Category number					
	R25			1419			GL			31 12 2009				£000											
	MM	YY	MM YY	MM	YY	MM YY	MM	YY	MM YY	MM	YY	MM YY		MM	YY	MM YY									
	Underwriting year ended													Prior underwriting years			29 29								
Reported claims outstanding	Gross amount												11	1696									1696		
	Reinsurers' share												12	1571									1571		
Claims incurred but not reported	Gross amount												13	2881									2881		
	Reinsurers' share												14	2633									2633		
Claims management costs	Gross amount												15	2860									2860		
Adjustment for discounting	Gross amount												16												
	Reinsurers' share												17												
Allocation to/(from) another risk category of anticipated surplus	Claims management costs												18												
Balance of the fund	Allocation to/(from) another risk category of												19												
Claims outstanding (11-12+13-14+15-16+17-18+19+20)	Balance of the fund												20												
Provision for unearned premiums	Claims outstanding												21	3233									3233		
Provision for unexpired risks	Provision for unearned premiums												22												
Deferred acquisition costs	Provision for unexpired risks												23												
Other technical provisions (particulars to be specified by way of supplementary note)	Deferred acquisition costs												24												
Total (21+22+23-24+25)	Other technical provisions (particulars to be specified by way of supplementary note)												25												
	Total (21+22+23-24+25)												29	3233									3233		

General insurance business (underwriting year accounting) : Analysis of technical provisions

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total non-proportional treaty reinsurance business accepted

	Underwriting year ended	R25			1419			GL			day month year			Units			Category number										
		Company registration number			GL/UK/CM			2009			£000																
		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM		YY	Total all previous columns								
		29	29	12	00	12	01	12	02	12	03	12	04	12	05	12	06	12	07	12	08	12	09	99	99	66	
Reported claims outstanding	Gross amount		66																								
	Reinsurers' share																										
Claims incurred but not reported	Gross amount		131																								
	Reinsurers' share																										
Claims management costs	Gross amount		2860																								
	Reinsurers' share																										
Adjustment for discounting	Claims management costs																										
Allocation to/(from) another risk category of anticipated surplus																											
Balance of the fund																											
Claims outstanding (11-12+13-14+15-16+17-18+19+20)			3057																								
Provision for unearned premiums																											
Provision for unexpired risks																											
Deferred acquisition costs																											
Other technical provisions (particulars to be specified by way of supplementary note)																											
Total (21+22+23+24+25)			3057																								3057

General insurance business (underwriting year accounting) : Analysis of technical provisions

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**

Total proportional treaty reinsurance business accepted

	Prior underwriting years		Company registration number				GL/UK/CM				day month year				Units				Category number
	29 29		1419		GL		31 12 2009		£000		600								
	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	Total all previous columns				
Underwriting year ended																			
Reported claims outstanding																			
Gross amount																	1630		
Reinsurers' share																	1571		
Claims incurred but not reported																	2750		
Reinsurers' share																	2633		
Claims management costs																			
Gross amount																			
Reinsurers' share																			
Claims management costs																			
Allocation to/(from) another risk category of anticipated surplus																			
Balance of the fund																			
Claims outstanding (11-12+13-14+15-16+17-18+19+20)																	176		
Provision for unearned premiums																			
Provision for unexpired risks																			
Deferred acquisition costs																			
Other technical provisions (particulars to be specified by way of supplementary note)																			
Total (21+22+23-24+25)																	176		

General insurance business : Expected income and yield from admissible assets covering discounted provisions

Name of insurer

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global business

Financial year ended

31 December 2009

Major currencies	Reporting territory code	Total admissible assets as shown on Form 13	Admissible assets hypothecated to cover the provision for outstanding claims being discounted	Expected income from assets included in column 2	Yield %	Technical provisions	Provision for outstanding claims being discounted		R30	Company registration number	GL	Rates of interest at which the provision is being discounted			Units	
							Before deduction for discounting	Deduction for discounting				Unwind in the discount in the next financial year	Highest	Lowest		Average rate
		1	2	3	4	5	6	7	8	9	10	11	12	2009	£000	
		700346	25664	642	2.5	31020	34628	8964	613	2.5	2.5	2.5				
	11															
	12															
	13															
	14															
	15															
	16															
	17															
	18															
	19															
	20															
Other currencies		1484				88										
Total		701830	25664			31108	34628	8964	613							

General insurance business : Expected income and yield from admissible assets covering discounted provisions

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Name of insurer

Global business

Financial year ended

31 December 2009

Company registration number

1419

GL/
UK/
CM

GL

day month year

31 12 2009

Units

£000

Type of asset	R30	Value of admissible assets as shown on Form 13 1	Admissible assets hypothecated to cover the provision for outstanding claims being discounted 2	Expected income from assets included in column 2 3		Yield % 4
				31	12 2009	
Land and buildings	31					
Fixed interest securities	32	100342	25664	642	642	2.5
	33	11478				
Variable interest and variable yield securities (excluding items shown at line 36)	34	13101				
	35	17570				
Equity shares and holdings in collective investment schemes	36	386740				
Loans secured by mortgages	37					
All other assets	38	124225				
	39	48374				
Total	49	701830	25664	642	642	2.5

Long-term insurance business : Revenue account

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Total business **Summary**
 Financial year ended **31 December 2009**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	136838	178059
Investment income receivable before deduction of tax	12	404471	651503
Increase (decrease) in the value of non-linked assets brought into account	13	116710	(547580)
Increase (decrease) in the value of linked assets	14	(7)	(70)
Other income	15	4718	4368
Total income	19	662730	286280

Expenditure

Claims incurred	21	543852	852617
Expenses payable	22	94722	105621
Interest payable before the deduction of tax	23	34529	157358
Taxation	24	43797	(53171)
Other expenditure	25	109658	64218
Transfer to (from) non technical account	26	52489	(11072)
Total expenditure	29	879047	1115571

Business transfers - in	31	26657	
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(189660)	(829291)
Fund brought forward	49	7461532	8290823
Fund carried forward (39+49)	59	7271872	7461532

Long-term insurance business : Revenue account

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **90:10**
 Financial year ended **31 December 2009**
 Units **£000**

Financial year	Previous year
1	2

Income

		Financial year 1	Previous year 2
Earned premiums	11	103958	128299
Investment income receivable before deduction of tax	12	296612	548376
Increase (decrease) in the value of non-linked assets brought into account	13	(3049)	(490375)
Increase (decrease) in the value of linked assets	14	(7)	(70)
Other income	15	798	824
Total income	19	398312	187054

Expenditure

Claims incurred	21	503144	824758
Expenses payable	22	81395	69176
Interest payable before the deduction of tax	23	33822	152547
Taxation	24	10797	(40274)
Other expenditure	25	418	1448
Transfer to (from) non technical account	26	7489	13928
Total expenditure	29	637065	1021583

Business transfers - in	31		
Business transfers - out	32	165770	145537
Increase (decrease) in fund in financial year (19-29+31-32)	39	(404523)	(980066)
Fund brought forward	49	6830208	7810274
Fund carried forward (39+49)	59	6425685	6830208

Long-term insurance business : Revenue account

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 BLAGAB**
 Financial year ended **31 December 2009**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	17701	18499
Investment income receivable before deduction of tax	12	12338	17377
Increase (decrease) in the value of non-linked assets brought into account	13	64591	(61272)
Increase (decrease) in the value of linked assets	14		
Other income	15	135	165
Total income	19	94765	(25231)

Expenditure

Claims incurred	21	15096	13584
Expenses payable	22	4804	4752
Interest payable before the deduction of tax	23	409	732
Taxation	24	14400	(3400)
Other expenditure	25		
Transfer to (from) non technical account	26	3000	(2300)
Total expenditure	29	37709	13368

Business transfers - in	31	1200	1154
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	58256	(37445)
Fund brought forward	49	187235	224680
Fund carried forward (39+49)	59	245491	187235

Long-term insurance business : Revenue account

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 PENSIONS**
 Financial year ended **31 December 2009**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	15179	31261
Investment income receivable before deduction of tax	12	95521	85750
Increase (decrease) in the value of non-linked assets brought into account	13	55168	4067
Increase (decrease) in the value of linked assets	14		
Other income	15	3785	3379
Total income	19	169653	124457

Expenditure

Claims incurred	21	25612	14275
Expenses payable	22	8523	31693
Interest payable before the deduction of tax	23	298	4079
Taxation	24	18600	(9497)
Other expenditure	25	109240	62770
Transfer to (from) non technical account	26	42000	(22700)
Total expenditure	29	204273	80620

Business transfers - in	31	191227	144383
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	156607	188220
Fund brought forward	49	444089	255869
Fund carried forward (39+49)	59	600696	444089

Long-term insurance business : Analysis of premiums

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Total business **Summary**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	77879	48809		126688	149995
Single premiums	12		7969		7969	32048

Reinsurance - external

Regular premiums	13	3508			3508	3773
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15	241			241	211
Single premiums	16		(5930)		(5930)	

Net of reinsurance

Regular premiums	17	74130	48809		122939	146011
Single premiums	18		13899		13899	32048

Total

Gross	19	77879	56778		134657	182043
Reinsurance	20	3749	(5930)		(2181)	3984
Net	21	74130	62708		136838	178059

Long-term insurance business : Analysis of premiums

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **90:10**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	56828	47451		104279	128452
Single premiums	12		78		78	236

Reinsurance - external

Regular premiums	13	158			158	178
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15	241			241	211
Single premiums	16					

Net of reinsurance

Regular premiums	17	56429	47451		103880	128063
Single premiums	18		78		78	236

Total

Gross	19	56828	47529		104357	128688
Reinsurance	20	399			399	389
Net	21	56429	47529		103958	128299

Long-term insurance business : Analysis of premiums

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 BLAGAB**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11	21051			21051	20368
Single premiums	12					1726

Reinsurance - external

Regular premiums	13	3350			3350	3595
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	17701			17701	16773
Single premiums	18					1726

Total

Gross	19	21051			21051	22094
Reinsurance	20	3350			3350	3595
Net	21	17701			17701	18499

Long-term insurance business : Analysis of premiums

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 PENSIONS**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Regular premiums	11		1358		1358	1175
Single premiums	12		7891		7891	30086

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16		(5930)		(5930)	

Net of reinsurance

Regular premiums	17		1358		1358	1175
Single premiums	18		13821		13821	30086

Total

Gross	19		9249		9249	31261
Reinsurance	20		(5930)		(5930)	
Net	21		15179		15179	31261

Long-term insurance business : Analysis of claims

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Total business **Summary**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	68673	9712		78385	88923
Disability periodic payments	12	43			43	13
Surrender or partial surrender	13	101530	109683		211213	384369
Annuity payments	14	2844	242609		245453	240951
Lump sums on maturity	15	161358	63815		225173	361151
Total	16	334448	425819		760267	1075407

Reinsurance - external

Death or disability lump sums	21	1896			1896	80
Disability periodic payments	22	14			14	13
Surrender or partial surrender	23	143			143	1996
Annuity payments	24					219681
Lump sums on maturity	25					
Total	26	2053			2053	221770

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32	5			5	
Surrender or partial surrender	33	1211			1211	918
Annuity payments	34		213070		213070	
Lump sums on maturity	35	76			76	102
Total	36	1292	213070		214362	1020

Net of reinsurance

Death or disability lump sums	41	66777	9712		76489	88843
Disability periodic payments	42	24			24	
Surrender or partial surrender	43	100176	109683		209859	381455
Annuity payments	44	2844	29539		32383	21270
Lump sums on maturity	45	161282	63815		225097	361049
Total	46	331103	212749		543852	852617

Long-term insurance business : Analysis of claims

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **90:10**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	56666	9597	66263	80220
Disability periodic payments	12	29		29	
Surrender or partial surrender	13	100598	109355	209953	381761
Annuity payments	14		4450	4450	4475
Lump sums on maturity	15	160149	63735	223884	359333
Total	16	317442	187137	504579	825789

Reinsurance - external

Death or disability lump sums	21				
Disability periodic payments	22				
Surrender or partial surrender	23	143		143	11
Annuity payments	24				
Lump sums on maturity	25				
Total	26	143		143	11

Reinsurance - intra-group

Death or disability lump sums	31				
Disability periodic payments	32	5		5	
Surrender or partial surrender	33	1211		1211	918
Annuity payments	34				
Lump sums on maturity	35	76		76	102
Total	36	1292		1292	1020

Net of reinsurance

Death or disability lump sums	41	56666	9597	66263	80220
Disability periodic payments	42	24		24	
Surrender or partial surrender	43	99244	109355	208599	380832
Annuity payments	44		4450	4450	4475
Lump sums on maturity	45	160073	63735	223808	359231
Total	46	316007	187137	503144	824758

Long-term insurance business : Analysis of claims

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 BLAGAB**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11	12007			12007	7960
Disability periodic payments	12	14			14	13
Surrender or partial surrender	13	932			932	2519
Annuity payments	14	2844			2844	3446
Lump sums on maturity	15	1209			1209	1724
Total	16	17006			17006	15662

Reinsurance - external

Death or disability lump sums	21	1896			1896	80
Disability periodic payments	22	14			14	13
Surrender or partial surrender	23					1985
Annuity payments	24					
Lump sums on maturity	25					
Total	26	1910			1910	2078

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41	10111			10111	7880
Disability periodic payments	42					
Surrender or partial surrender	43	932			932	534
Annuity payments	44	2844			2844	3446
Lump sums on maturity	45	1209			1209	1724
Total	46	15096			15096	13584

Long-term insurance business : Analysis of claims

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 PENSIONS**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Death or disability lump sums	11		115	115	743
Disability periodic payments	12				
Surrender or partial surrender	13		328	328	89
Annuity payments	14		238159	238159	233030
Lump sums on maturity	15		80	80	94
Total	16		238682	238682	233956

Reinsurance - external

Death or disability lump sums	21				
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24				219681
Lump sums on maturity	25				
Total	26				219681

Reinsurance - intra-group

Death or disability lump sums	31				
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34		213070	213070	
Lump sums on maturity	35				
Total	36		213070	213070	

Net of reinsurance

Death or disability lump sums	41		115	115	743
Disability periodic payments	42				
Surrender or partial surrender	43		328	328	89
Annuity payments	44		25089	25089	13349
Lump sums on maturity	45		80	80	94
Total	46		25612	25612	14275

Long-term insurance business : Analysis of expenses

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Total business **Summary**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	31266	63456	94722	108633
Management - other	15				(3012)
Total	16	31266	63456	94722	105621

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	31266	63456	94722	108633
Management - other	45				(3012)
Total	46	31266	63456	94722	105621

Long-term insurance business : Analysis of expenses

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **90:10**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	26462	54933	81395	72188
Management - other	15				(3012)
Total	16	26462	54933	81395	69176

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	26462	54933	81395	72188
Management - other	45				(3012)
Total	46	26462	54933	81395	69176

Long-term insurance business : Analysis of expenses

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 BLAGAB**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	4804		4804	4752
Management - other	15				
Total	16	4804		4804	4752

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	4804		4804	4752
Management - other	45				
Total	46	4804		4804	4752

Long-term insurance business : Analysis of expenses

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 PENSIONS**
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14		8523	8523	31693
Management - other	15				
Total	16		8523	8523	31693

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44		8523	8523	31693
Management - other	45				
Total	46		8523	8523	31693

Long-term insurance business : Summary of new business

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Total business
 Financial year ended **31 December 2009**
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Number of new policyholders/
scheme members for direct
insurance business**

Regular premium business	11				
Single premium business	12				1023
Total	13				1023

**Amount of new regular
premiums**

Direct insurance business	21	16		16	74
External reinsurance	22				
Intra-group reinsurance	23				
Total	24	16		16	74

**Amount of new single
premiums**

Direct insurance business	25		33	33	23015
External reinsurance	26				
Intra-group reinsurance	27		7399	7399	6958
Total	28		7432	7432	29973

Long-term Insurance business : Analysis of new business

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Name of insurer

Total business

Financial year ended

Units

31 December 2009

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
365	Income protection non-profit (reviewable premiums)		16		

Long-term insurance business : Analysis of new business

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Total business

Financial year ended **31 December 2009**

Units **£000**

UK Pension / Reinsurance accepted Intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
400	Annuity non-profit (CPA)			928	7354
535	Group money purchase pensions UWP				45

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Category of assets **Total long term insurance business assets**
 Financial year ended **31 December 2009**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	704850	704696	15427	4.56	
Other fixed interest securities	13	716563	718105	22131	5.69	
Variable interest securities	14	517220	517188	2495	8.58	
UK listed equity shares	15	86585	85500	1858	7.21	
Non-UK listed equity shares	16	9517	9398	639	14.40	
Unlisted equity shares	17	52026	52026			
Other assets	18	1516206	1516054	5616	0.37	
Total	19	3602967	3602967	48166	3.62	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21	44135	531407	1779	0.33	(11.53)
Approved fixed interest securities	22	1777567	1777722	81789	4.07	(3.28)
Other fixed interest securities	23	1033191	1068443	66250	5.21	15.52
Variable interest securities	24	2768347	2621182	68004	6.87	15.52
UK listed equity shares	25	963366	819584	26074	3.45	27.33
Non-UK listed equity shares	26	21718	38527	1816	12.68	27.33
Unlisted equity shares	27	608676	431395	8968	3.90	4.42
Other assets	28	2589549	2518289	23757	2.20	17.41
Total	29	9806549	9806549	278437	4.23	11.68

Overall return on with-profits assets

Post investment costs but pre-tax	31					10.47
Return allocated to non taxable 'asset shares'	32					10.51
Return allocated to taxable 'asset shares'	33					8.61

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Category of assets **0:100 BLAGAB**
 Financial year ended **31 December 2009**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	38193	38193	1873	3.99	
Other fixed interest securities	13	22262	22262	1335	5.07	
Variable interest securities	14	6177	6177	382	6.90	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	195580	195580	5592	2.86	
Total	19	262212	262212	9182	3.31	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					

Overall return on with-profits assets

Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Category of assets **0:100 PENSIONS**
 Financial year ended **31 December 2009**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	654351	654351	12995	4.59	
Other fixed interest securities	13	618062	618062	15973	5.69	
Variable interest securities	14	510553	510553	2101	8.60	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17	52026	52026			
Other assets	18	1318896	1318896	8	0.00	
Total	19	3153888	3153888	31077	3.46	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					

Overall return on with-profits assets

Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Long-term insurance business : Assets not held to match linked liabilities

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Category of assets **90:10**
 Financial year ended **31 December 2009**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	12306	12152	559	4.50	
Other fixed interest securities	13	76239	77781	4823	5.90	
Variable interest securities	14	490	458	12	12.50	
UK listed equity shares	15	86585	85500	1858	7.21	
Non-UK listed equity shares	16	9517	9398	639	14.40	
Unlisted equity shares	17					
Other assets	18	1730	1578	16	1.75	
Total	19	186867	186867	7907	6.81	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21	44135	531407	1779	0.33	(11.53)
Approved fixed interest securities	22	1777567	1777722	81789	4.07	(3.28)
Other fixed interest securities	23	1033191	1068443	66250	5.21	15.52
Variable interest securities	24	2768347	2621182	68004	6.87	15.52
UK listed equity shares	25	963366	819584	26074	3.45	27.33
Non-UK listed equity shares	26	21718	38527	1816	12.68	27.33
Unlisted equity shares	27	608676	431395	8968	3.90	4.42
Other assets	28	2612265	2541005	23757	2.20	17.26
Total	29	9829265	9829265	278437	4.23	11.65

Overall return on with-profits assets

Post investment costs but pre-tax	31					10.47
Return allocated to non taxable 'asset shares'	32					10.51
Return allocated to taxable 'asset shares'	33					8.61

Long-term insurance business : Fixed and variable interest assets

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Category of assets **Total long term insurance business assets**
 Financial year ended **31 December 2009**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	1651300	8.92	4.11	4.11

Other approved fixed interest securities	21	831118	9.69	4.41	4.34
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Other fixed interest securities

AAA/Aaa	31	134264	8.29	5.57	5.11
AA/Aa	32	246929	6.43	4.94	4.36
A/A	33	763534	6.24	5.16	4.43
BBB/Baa	34	432457	6.08	5.60	4.27
BB/Ba	35	85768	6.25	6.98	3.98
B/B	36	41019	3.05	8.22	2.07
CCC/Caa	37	8519	2.77	6.92	
Other (including unrated)	38	74058	30.46	4.51	0.53
Total other fixed interest securities	39	1786548	7.30	5.41	4.17

Approved variable interest securities	41	710899	9.43	4.23	4.23
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Other variable interest securities	51	2427471	6.31	8.01	5.26
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Total (11+21+39+41+51)	61	7407336	7.81	5.74	4.54
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Long-term insurance business : Fixed and variable interest assets

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Category of assets **0:100 PENSIONS**
 Financial year ended **31 December 2009**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	191977	16.04	4.39	4.39
Other approved fixed interest securities	21	462374	11.05	4.67	4.67
Other fixed interest securities					
AAA/Aaa	31	70881	8.71	5.67	5.07
AA/Aa	32	104066	8.79	5.56	4.89
A/A	33	277625	8.73	5.46	4.73
BBB/Baa	34	146073	7.52	5.91	4.65
BB/Ba	35	19286	6.40	8.20	5.24
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	131	1.30		
Total other fixed interest securities	39	618062	8.38	5.69	4.79
Approved variable interest securities	41	91638	10.61	4.41	4.41
Other variable interest securities	51	418915	19.80	9.52	9.09
Total (11+21+39+41+51)	61	1782966	12.69	6.12	5.71

Long-term insurance business : Fixed and variable interest assets

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Category of assets **90:10**
 Financial year ended **31 December 2009**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	1456264	8.00	4.08	4.08
Other approved fixed interest securities	21	333610	8.17	4.06	3.91
Other fixed interest securities					
AAA/Aaa	31	57676	8.17	5.53	5.25
AA/Aa	32	135845	4.77	4.52	4.02
A/A	33	480416	4.84	4.99	4.26
BBB/Baa	34	285414	5.35	5.44	4.08
BB/Ba	35	63408	6.11	6.53	3.53
B/B	36	41019	3.05	8.22	2.07
CCC/Caa	37	8519	2.77	6.92	
Other (including unrated)	38	73927	30.51	4.51	0.53
Total other fixed interest securities	39	1146224	6.77	5.26	3.84
Approved variable interest securities	41	616888	9.22	4.20	4.20
Other variable interest securities	51	2004752	3.48	7.69	4.46
Total (11+21+39+41+51)	61	5557738	6.26	5.64	4.17

Long-term insurance business : Summary of mathematical reservesName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**Total business **Summary**Financial year ended **31 December 2009**

Units

£000

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	1056983	1343080		2400063	2673056
Form 51 - non-profit	12	77705	3049266		3126971	3207269
Form 52	13	705465	3023683		3729148	3926697
Form 53 - linked	14	7516			7516	6894
Form 53 - non-linked	15	275	27581		27856	42013
Form 54 - linked	16	1661	61471		63132	66534
Form 54 - non-linked	17		361		361	234
Total	18	1849605	7505442		9355047	9922697

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	(6635)			(6635)	2547714
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26	1661			1661	66476
Form 54 - non-linked	27					
Total	28	(4974)			(4974)	2614190

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32		2339373		2339373	
Form 52	33					
Form 53 - linked	34	7387			7387	6894
Form 53 - non-linked	35	269			269	272
Form 54 - linked	36		61316		61316	
Form 54 - non-linked	37					
Total	38	7656	2400689		2408345	7166

Net of reinsurance

Form 51 - with-profits	41	1056983	1343080		2400063	2673056
Form 51 - non-profit	42	84340	709893		794233	659555
Form 52	43	705465	3023683		3729148	3926697
Form 53 - linked	44	129			129	
Form 53 - non-linked	45	6	27581		27587	41741
Form 54 - linked	46		155		155	58
Form 54 - non-linked	47		361		361	234
Total	48	1846923	5104753		6951676	7301341

Long-term insurance business : Summary of mathematical reserves

Name of insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY

Subfund 90:10

Financial year ended 31 December 2009

Units £000

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11	1056983	1343080		2400063	2673056
Form 51 - non-profit	12	30540	119923		150463	165961
Form 52	13	705465	3023683		3729148	3926697
Form 53 - linked	14	7516			7516	6894
Form 53 - non-linked	15	275	27581		27856	42013
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	1800779	4514267		6315046	6814621

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34	7387			7387	6894
Form 53 - non-linked	35	269			269	272
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38	7656			7656	7166

Net of reinsurance

Form 51 - with-profits	41	1056983	1343080		2400063	2673056
Form 51 - non-profit	42	30540	119923		150463	165961
Form 52	43	705465	3023683		3729148	3926697
Form 53 - linked	44	129			129	
Form 53 - non-linked	45	6	27581		27587	41741
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	1793123	4514267		6307390	6807455

Long-term insurance business : Summary of mathematical reserves

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**Subfund **0:100 BLAGAB**Financial year ended **31 December 2009**Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12	47165		47165	47476
Form 52	13				
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16	1661		1661	1226
Form 54 - non-linked	17				
Total	18	48826		48826	48702

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	(6635)		(6635)	(7197)
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26	1661		1661	1226
Form 54 - non-linked	27				
Total	28	(4974)		(4974)	(5971)

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32				
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38				

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	53800		53800	54673
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	53800		53800	54673

Long-term insurance business : Summary of mathematical reserves

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**Subfund **0:100 PENSIONS**Financial year ended **31 December 2009**

Units

£000

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12		2929343	2929343	2993831
Form 52	13				
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16		61471	61471	65308
Form 54 - non-linked	17		361	361	234
Total	18		2991175	2991175	3059373

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				2554911
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				65249
Form 54 - non-linked	27				
Total	28				2620160

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32		2339373	2339373	
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36		61316	61316	
Form 54 - non-linked	37				
Total	38		2400689	2400689	

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42		589970	589970	438920
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46		155	155	59
Form 54 - non-linked	47		361	361	234
Total	48		590486	590486	439213

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Name of insurer

Subfund

90:10

Financial year ended

31 December 2009

Units

£000

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	25474	112796	4749				41384
105	Conventional whole life with-profits IB	494753	215254	2275				175482
120	Conventional endowment with-profits OB savings	35503	221497	7975				167628
125	Conventional endowment with-profits OB target cash	41772	560992	17614				585612
130	Conventional endowment with-profits IB	15460	32705	1586				31666
155	Conventional pensions endowment with-profits	1655	40097	371				21284
165	Conventional deferred annuity with-profits	1	3					31
205	Miscellaneous conventional with-profits	180	7061	130				3868
210	Additional reserves with-profits OB							25028
215	Additional reserves with-profits IB							5000
300	Regular premium non-profit W/EA OB	4860	12044					8960
310	Non-profit IB	664178	20057					21138
390	Deferred annuity non-profit	4	2					24
435	Miscellaneous non-profit	172	3157	21				418

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY

Subfund 90:10

Financial year ended 31 December 2009

Units £000

UK Pension / Gross

1	2	3	4	5	6	7	8	9
Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
155	Conventional pensions endowment with-profits	76960	1740344	5293				1210733
165	Conventional deferred annuity with-profits	477	2741	51				14239
200	Annuity with-profits (CPA)	1	4399					61120
210	Additional reserves with-profits OB							56988
300	Regular premium non-profit WL/EA OB	10875	129103					103037
390	Deferred annuity non-profit	2352	2466					16886

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer
PEARL ASSURANCE PUBLIC LIMITED COMPANY

Subfund
0:100 BLAGAB

Financial year ended
31 December 2009

Units
£000

UK Life / Gross

1 Product code number	2 Product description	3 Number of policyholders / scheme members	4 Amount of benefit	5 Amount of annual office premiums	6 Nominal value of units	7 Discounted value of units	8 Other liabilities	9 Amount of mathematical reserves
300	Regular premium non-profit WL/EA OB	29881	76000	951				57085
325	Level term assurance	55094	4027859	14960				(38501)
390	Deferred annuity non-profit	308	29					891
395	Annuity non-profit (PLA)	1407	1825					10383
400	Annuity non-profit (CPA)	1430	1225					16564
435	Miscellaneous non-profit	10559	241106	2377				743

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY

Subfund 0:100 BLAGAB

Financial year ended 31 December 2009

Units £000

UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance		465261	1926				(5589)
435	Miscellaneous non-profit		107225	1647				(1046)
910	Miscellaneous index linked							

Long-term insurance business : Valuation summary of accumulating with-profits contracts

Name of insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY

Subfund 90:10

Financial year ended 31 December 2009

Units £000

UK Life / Gross

1	2	3	4	5	6	7	8	9
Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
500	Life UWP single premium	36483	475357		470568	455376	28393	483769
505	Life UWP whole life regular premium	1919	8187	755	8107	8107	1740	9847
506	Life UWP whole life regular premium (ISA)	33896	131577	13326	130275	130275	13699	143974
515	Life UWP endowment regular premium - target cash	7654	154180	4792	48610	48603	16573	65176
545	Individual deposit administration with-profits	12	14			16		16
575	Miscellaneous UWP	384	2481	153	2481	2373	310	2683

Long-term insurance business : Valuation summary of accumulating with-profits contracts

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Name of insurer.

90:10

Subfund

31 December 2009

Financial year ended

£000

Units

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	71240	310286	18259	317484	304596	22960	327556
535	Group money purchase pensions UWP	351846	2752572	24121	2752570	2062409	563332	2625741
545	Individual deposit administration with-profits	1	74631	2050	74176	68587	1543	70130
605	Miscellaneous protection rider		112115	551		2987	(2731)	256

Long-term insurance business : Valuation summary of property linked contracts

Name of insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY

Subfund 90:10

Financial year ended 31 December 2009

Units £000

UK Life / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
795	Miscellaneous property linked		13531	238	7387	7387	269	7656

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY

Subfund 0:100 BLAGAB

Financial year ended 31 December 2009

Units £000

UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
910	Miscellaneous index linked		574			1661		1661

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY

Subfund 0:100 PENSIONS

Financial year ended 31 December 2009

Units £000

UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity	585	6442			61471	361	61832

Long-term insurance business : Valuation summary of index linked contracts

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 PENSIONS**
 Financial year ended **31 December 2009**
 Units **£000**

UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity(CPA)	6423	61316					61316

Long-term insurance business: Analysis of valuation interest rateName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**Subfund **90:10**Financial year ended **31 December 2009**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UKL WP code 100/120/125/300/435	676015	3.50	4.09	4.87
UKL WP code 105/130/215/310	233286	3.00	3.73	4.56
UKL WP code 125/515	171943	2.70	3.38	4.25
UKL WP code 155/300/390	14729	5.40	5.40	6.13
UKL WP code 155/300	6801	4.40	4.40	5.10
UKL WP code 500	144361	2.40	3.00	3.82
UKL WP code 506	144435	3.70	3.70	4.39
UKL WP code 500/505/515/575	405804	1.10	1.37	2.47
UKP WP code 155	413485	4.40	4.40	5.14
UKP WP code 155/165/210	868474	5.40	5.42	6.37
UKP WP code 200	63680	4.10	4.10	4.81
UKP WP code 525	330151	3.70	3.70	4.39
UKP WP code 535	71463	2.90	2.90	3.71
UKP WP code 525	2122406	3.50	3.57	4.28
UKP WP code 525	495261	4.03	4.03	4.68
UKP WP code 525	8330			0.80
UKP NP code 300/390	30205	4.40	4.40	5.10
UKP NP code 300/390	89718	5.40	5.40	6.11
Misc	27588	N/A	N/A	N/A
Total	6318135			

Long-term insurance business: Analysis of valuation interest rateName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**Subfund **0:100 PENSIONS**Financial year ended **31 December 2009**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UKP NP code 400	571742	4.55	4.55	4.67
UKP NP code 400	291	4.55	4.55	4.67
UKP NP code 325/390/435	12050	4.55	4.55	4.67
UKP NP code 435	5910	4.30	4.30	4.41
UKP NP code 435	338	4.55	4.55	4.67
Total	590331			

Long-term insurance business : Distribution of surplus

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Total business **Summary**
 Financial year ended **31 December 2009**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	7271872	7461532
Bonus payments in anticipation of a surplus	12	62152	119069
Transfer to non-technical account	13	52489	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	7386513	7580601
Mathematical reserves	21	6951676	7301341
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	434837	279260

Composition of surplus

Balance brought forward	31	144859	245180
Transfer from non-technical account	32		11072
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	289978	23008
Total	39	434837	279260

Distribution of surplus

Bonus paid in anticipation of a surplus	41	62152	119069
Cash bonuses	42		
Reversionary bonuses	43	10874	15332
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	73026	134401
Net transfer out of fund / part of fund	47	52489	
Total distributed surplus (46+47)	48	125515	134401
Surplus carried forward	49	309322	144859
Total (48+49)	59	434837	279260

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business : Distribution of surplus

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **90:10**
 Financial year ended **31 December 2009**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	6425685	6830208
Bonus payments in anticipation of a surplus	12	62152	119069
Transfer to non-technical account	13	7489	13928
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	6495326	6963205
Mathematical reserves	21	6307390	6807455
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	187936	155750

Composition of surplus

Balance brought forward	31	7421	71349
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	180515	84401
Total	39	187936	155750

Distribution of surplus

Bonus paid in anticipation of a surplus	41	62152	119069
Cash bonuses	42		
Reversionary bonuses	43	10874	15332
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	73026	134401
Net transfer out of fund / part of fund	47	7489	13928
Total distributed surplus (46+47)	48	80515	148329
Surplus carried forward	49	107421	7421
Total (48+49)	59	187936	155750

Percentage of distributed surplus allocated to policyholders

Current year	61	90.70	90.61
Current year - 1	62	90.61	90.46
Current year - 2	63	90.46	75.11
Current year - 3	64	75.11	100.00

Long-term insurance business : Distribution of surplus

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 BLAGAB**
 Financial year ended **31 December 2009**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	245491	187235
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	3000	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	248491	187235
Mathematical reserves	21	53800	54673
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	194691	132562

Composition of surplus

Balance brought forward	31	132562	167852
Transfer from non-technical account	32		2300
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	62129	(37590)
Total	39	194691	132562

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47	3000	
Total distributed surplus (46+47)	48	3000	
Surplus carried forward	49	191691	132562
Total (48+49)	59	194691	132562

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business : Distribution of surplus

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Subfund **0:100 PENSIONS**
 Financial year ended **31 December 2009**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	600696	444089
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	42000	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	642696	444089
Mathematical reserves	21	590486	439213
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	52210	4876

Composition of surplus

Balance brought forward	31	4876	5979
Transfer from non-technical account	32		22700
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	47334	(23804)
Total	39	52210	4876

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47	42000	
Total distributed surplus (46+47)	48	42000	
Surplus carried forward	49	10210	4876
Total (48+49)	59	52210	4876

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term Insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Original insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**
 Date of maturity value / open market option **01 March 2010**

1	2	3	4	5	6	7	8
Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
Endowment assurance	10	5209		N/A	CWP	N	5209
Endowment assurance	15	9572	28	N/A	CWP	N	9572
Endowment assurance	20	16584		N/A	CWP	N	16584
Endowment assurance	25	28779	2400	N/A	CWP	N	28779
Regular premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	10	25583		N/A	UWP	N	25972
Regular premium pension	15	38699		N/A	UWP	N	39341
Regular premium pension	20	64910	4751	N/A	UWP	N	64910
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	11573		N/A	UWP	N	11741
Single premium pension	15	17906	3374	N/A	UWP	N	17906
Single premium pension	20	28982	6391	N/A	UWP	N	28982

Long-term insurance business : With-profits payouts on surrender

Name of insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY
 Original insurer PEARL ASSURANCE PUBLIC LIMITED COMPANY

Date of surrender value 01 March 2010

1	2	3	4	5	6	7	8
Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
Endowment assurance	5	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	10	5056		N/A	CWP	N/A	13411
Endowment assurance	15	8872		N/A	CWP	N/A	16368
Endowment assurance	20	16101		N/A	CWP	N/A	20643
With-profits bond	2	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	3	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	5	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	10	11607		N/A	UWP	N/A	11786
Single premium pension	2	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	3	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	11573		N/A	UWP	N/A	11741

Long-term insurance capital requirementName of insurer **PEARL ASSURANCE PUBLIC LIMITED COMPANY**

Global business

Financial year ended **31 December 2009**Units **£000**

LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
1	2	3	4	5	6

Insurance death risk capital component

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%				
Classes I (other), II and IX	13	0.15%				
Classes I (other), II and IX	14	0.3%	4728806	4728806	1.00	14186
Classes III, VII and VIII	15	0.3%	5876		0.50	9
Total	16		4734682	4728806		14195
						15657
						12
						15669

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					93	93
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	9307777	6961518	0.85	79117	83851
Classes III, VII and VIII (investment risk)	33	1%	62242	926	0.85	529	560
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	135	135	1.00	1	1
Classes III, VII and VIII (other)	35	25%				63	72
Class IV (other)	36	1%	845	(29)	0.85	7	(2)
Class V	37	1%					
Class VI	38	1%					
Total	39					79717	84483

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	9307777	6961518	0.85	237348	251553
Classes III, VII and VIII (investment risk)	43	3%	62242	926	0.85	1587	1681
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	135	135			
Classes III, VII and VIII (other)	45	0%	7656				
Class IV (other)	46	3%	845	(29)	0.85	22	(5)
Class V	47	0%					
Class VI	48	3%					
Total	49		9378655	6962550		238957	253229

Long term insurance capital requirement	51					332962	353474
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Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.1

0101 Modification to the Return in respect of general insurance business

The Financial Services Authority, on the application of the firm, made a direction in January 2008 under section 148 of the Act. The effect of the direction is to exclude Forms 26 to 29, 31, 32 and 34 from the firm's returns.

0201 Modification to the Return in respect of long-term insurance business

- (a) The Financial Services Authority, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in November 2007. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination.
- (b) The Financial Services Authority, on the application of the firm, made a direction in December 2003, which it varied in May and November 2004. The effect of the direction (as varied) is to enable the firm to apply a business amount of 5% to investments in collateralised debt obligations, in aggregate. £nil (2008: £3 million) in line 43 of Form 13 relates to the firm's investments in those assets.
- (c) The Financial Services Authority, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in April 2009. The effect of the direction is to modify the provisions of INSPRU 2.1.22R so that a group of persons is not closely related by reason of the relationship described in INSPRU 2.1.40R(1) if control is exercised by, or on behalf of, HM Treasury.

0301 Reconciliation of net admissible assets to total capital resources after deductions

	2009 £'000	2008 £'000
Form 13 line 89 (total other than long term insurance business assets)	713,748	594,730
Form 13 line 89 (total long term insurance business assets)	13,470,961	15,310,753
Less Form 14 line 71	12,489,299	14,542,607
Less Form 15 line 69	335,161	319,248
Net admissible assets	1,360,249	1,043,628
Subordinated debt	250,000	-
Capital resources requirement of regulated related undertakings	204,626	305,012
Capital restriction within National Provident Life Limited	4,896	-
Form 3 line 79 – Total capital resources	1,819,771	1,348,640

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.1 (continued)

***0307* Financial reinsurance accepted**

The insurer has entered into a Surplus Relief Reassurance Arrangement with London Life Limited. Under this arrangement the insurer agreed to accept risk in respect of all long-term business other than business of the "Life With-Profit Fund" of London Life Limited.

The entry on Form 3 line 93 represents a contingent premium due from London Life Limited which equals the liability of £22,000 (2008: £22,000) included in Form 51.

***0310* Valuation differences**

Valuation differences within Form 3 line 14 in respect of liabilities where valuation in GENPRU and/or INSPRU is lower/(higher) than the valuation that the insurer uses for external financial reporting purposes.

	2009 £'000	2008 £'000
Positive valuation differences in respect of liabilities		
Actuarial valuation differences		
- 90:10 – UKGAAP to Peak 1	620,203	431,953
	<u>620,203</u>	<u>431,953</u>
Negative valuation differences in respect of liabilities		
Provision for "reasonably foreseeable adverse variations"	(14,870)	(13,160)
Actuarial valuation differences		
- 0:100 Life – Solvency II provision	(16)	-
- 0:100 Pensions – Solvency II provision	(764)	-
- 0:100 Pensions – Opal counterparty risk and mortality adjustment	(6,789)	-
	<u>(22,439)</u>	<u>(13,160)</u>
Net valuation difference	<u>597,764</u>	<u>418,793</u>

***0313* Reconciliation of profit and loss account and other reserves**

	2009 £'000	2008 £'000
Profit and loss account and other reserves - Form 3 line 12 at 1 January	547,797	815,468
Profit/(loss) retained for the financial year - Form 16 line 59	175,375	(294,124)
Capital contribution	-	24,700
Surplus arising in the year within the long term funds	58,190	(7,615)
Provision for "reasonably foreseeable adverse variations"	-	(1,704)
Transfer (from)/to the long term funds	(52,489)	11,072
Profit and loss account and other reserves - Form 3 line 12 at 31 December	<u>728,873</u>	<u>547,797</u>

Returns under the Accounts and Statements Rules

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PEARL ASSURANCE PUBLIC LIMITED COMPANY

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Financial year ended 31 December 2009

Appendix 9.1 (continued)

1301 Unlisted and listed investments

	2009 £'000	2008 £'000
Listed Investments valued in accordance with the rules in GENPRU 1.3 and which are not readily realisable	14,805	15,055
Total	<u>14,805</u>	<u>15,055</u>

The above amounts in respect of listed investments that are not readily realisable fall within any of lines 41, 42, 46, or 48 of Form 13 Total other than long term insurance business assets.

1305

1319

Counterparty limits

- (a) The investment guidelines operated by the insurer limit exposure to any one counterparty by establishing limits for each type. These limits are set by reference to the individual and aggregated limits set out in the market and counterparty limits in Chapter 2.1 of the Prudential Sourcebook for Insurers.
- (b) The maximum permitted exposure to a counterparty other than an approved counterparty during the year was 5% of the business amount, calculated in accordance with Chapter 2.1 of the Prudential Sourcebook for Insurers. The exceptions to this are in respect of:
- Strategic investment opportunities, where, in order to achieve target mix or diversification, excess exposures may be permitted for the short duration. Where these exposures persist for the longer term, modifications may be sought.
 - Loans to other companies in the same group, where application of these guidelines is just one of the factors considered in determining the most appropriate allocation of capital within the group.
- (c) In accordance with these investment guidelines, during 2009, there was one breach of £30 million (2008: £12 million) in relation to the insurer's investment in Ashmore Group Limited within the 90:10 category of assets.

1306

1312

Counterparty exposure at the end of the financial year

There were no cases where the exposure of the insurer to any one counterparty at the end of the financial year exceeded 5% of the sum of the base capital resource requirement and the long term insurance liabilities, excluding property linked benefits and net of reinsurance ceded.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.1 (continued)

1307

1313 Fully secured rights

- (a) The aggregate value of rights over collateral in respect of approved stock lending transactions is £nil (2008: £nil).
- (b) The aggregate value of rights over collateral in respect of approved derivative transactions is £nil (2008: £17 million).
- (c) On 4 May 2007 the Company entered into a reinsurance arrangement with Opal Reassurance Limited ("Opal"). The arrangement involved the reinsurance of specified pension annuities in payment to Opal and was effective from 1 January 2007.

1308

Unlisted and listed investments

	2009 £'000	2008 £'000
Unlisted Investments valued in accordance with the rules in GENPRU 1.3	1,287,714	2,766,284
Listed Investments valued in accordance with the rules in GENPRU 1.3 and which are not readily realisable	145,760	545,513
Units or other beneficial interests in collective investment schemes as specified in instruction 5 to Form 13	123,145	169,546
Total	1,556,619	3,481,343

The above amounts in respect of unlisted investments and listed investments that are not readily realisable fall within any of lines 41, 42, 46, or 48 of Form 13 Total long term insurance business assets. Units or other beneficial interests in collective investment schemes (as specified in instruction 5 to Form 13) are reported within Form 13 line 43 alongside other collective investment schemes.

1318

Other asset adjustments

Included within line 101 of Form 13 for each subfund are:

<u>2009</u>	Total other than long term £'000	Total long term £'000	0:100 BLAGAB £'000	0:100 Pensions £'000	90:10 £'000
Reclassification of other creditors	(6,770)	-	(17,022)	(5,473)	(221)
Deferred taxation	-	(7,900)	-	-	(7,900)
	(6,770)	(7,900)	(17,022)	(5,473)	(8,121)

<u>2008</u>	Total other than long term £'000	Total long term £'000
Reclassification of other creditors	(19,318)	-
Deferred taxation	-	(4,500)
	(19,318)	(4,500)

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.1 (continued)

1401

1501

Provision for reasonably foreseeable adverse variations

The assets of the insurer are valued at fair value. Consideration is given to any assets where the valuation requires judgement or where the asset is considered to be illiquid (with a lock up period of greater than one year) or is valued using an internal model. These assets are subject to the rules set out in GENPRU 1.3.30R to GENPRU 1.3.33R are applied to all identified assets. In assessing the need for a provision the following assumptions have been made:

- The insurer, as part of its asset allocation strategy, invests in assets which are less liquid or where judgement is required within the valuation. The asset liability management process monitors liquidity on a monthly basis and ensures that there is sufficient liquidity at all times. A provision is established for less liquid positions.
- Opal assets are collateralised and the assets and liabilities are matched. Opal assets are regularly assessed to ensure that there is sufficient liquidity within the funds to meet its obligations therefore no further adjustments are considered necessary for Opal assets.

A provision of £14.9m has been established which includes:

- £1.5m in respect of illiquid assets notably hedge funds where a lock up period of greater than one year has been identified. The provision on these assets is calculated as the cost of borrowing 25% of their value at the Groups cost of borrowing rate.
- £13.4m in relation to the insurers Stock Lending activities where there is an identified difference in the maturity profile of the collateral liabilities and the reinvested collateral assets. The provision on this activity is based on the probability of not being able to renegotiate 10% of the collateral liabilities when they become due and is calculated as the cost of borrowing to cover the 10% shortfall at the Groups cost of borrowing rate.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

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Financial year ended 31 December 2009

Appendix 9.1 (continued)

1402 Liabilities

- (a) A reinsurance treaty between the insurer and Opal was signed during 2007. Under the terms of this agreement effective from 1 January 2007, the pension annuity in payment liabilities were reassured to Opal, thereby substantially removing longevity and investment risk from the insurer. The premium payable has been withheld by the insurer as collateral and Opal has a fixed charge over the assets. The aggregate value of the assets which are subject to the charge is £2,415 million (2008: £2,773 million) (see table below).

Assets which are subject to the charge	2009 £000	2008 £000
<u>Form 13</u>		
Line 25 – Shares in non-insurance dependants	54,886	68,374
Line 26 – Loans to non-insurance dependants	119,500	119,500
Line 41 – Equity shares	52,026	799,073
Line 43 – Holdings in collective investment schemes	907,836	195,295
Line 44 – Rights under derivative contracts	195,497	412,207
Line 45 – Approved fixed interest securities	376,909	258,071
Line 46 – Other fixed interest securities	333,234	302,171
Line 47 – Approved variable interest securities	9,722	65,568
Line 48 – Other variable interest securities	452,723	360,727
Line 58 – Assets held to match index linked liabilities	61,316	65,314
Line 78 – Other due in 12 months or less	11	22
Line 81 – Deposits not subject to time restriction on withdrawal with approved institutions	3,831	112,226
Line 84 – Accrued interest and rent	15,101	14,506
<u>Less Form 14</u>		
Line 38 – Creditors – Other	167,936	-
Total	<u>2,414,656</u>	<u>2,773,153</u>

- (b) The total potential liability to taxation on capital gains, which might arise if the insurer were to dispose of its long term insurance business assets, is £nil (2008: £nil). In accordance with FRS 19, the discounted value of £nil (2008: £nil) for this liability has been recognised.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.1 (continued)

***1402* Liabilities (continued)**

- (c) In common with other life insurers in the United Kingdom, which have written pension transfer and opt out business, the insurer has set up provisions for the review and possible redress relating to personal pension policies. These provisions, which have been calculated using data derived both from detailed file reviews of specific cases and from a statistical review of other outstanding cases, are included in the mathematical reserves. The insurer has used the guidelines referred to in the paragraph below to determine reasonable estimates on information available to date.

The Personal Investment Authority (PIA) issued guidelines in 1995 on the analysis of cases by priority and the method of calculation of compensation. The provision included in the Peak 1 mathematical reserves for Phase 1 cases is £494 million (2008: £483 million). The provision included in the Peak 1 mathematical reserves for Phase 2 cases is £5 million (2008: £4 million).

Included in the Peak 1 mathematical reserves are also provisions for additional associated costs of £5 million (2008: £6 million).

Following consultation with the head of actuarial function, the directors are of the opinion that the provisions will not impact on the reasonable expectations of policyholders.

- (d) The insurer has no guarantees, indemnities or other contractual commitments affected other than in the ordinary course of its insurance business in respect of related companies.
- (e) In the opinion of the directors, there are no other fundamental uncertainties affecting the financial position of the insurer.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.1 (continued)

1405 Other liabilities adjustments

Included within line 74 of Form 14 for each subfund are:

<u>2009</u>	Total long term £'000	0:100 BLAGAB £'000	0:100 Pensions £'000	90:10 £'000
Reclassification of other creditors	-	(17,022)	(5,473)	(221)
Deferred taxation	(7,900)	-	-	(7,900)
Provision for "reasonably foreseeable adverse variations"	(14,870)	-	-	(14,870)
Valuation difference on Deposits received from reinsurers	9,394	-	9,394	-
- 0:100 Life – Solvency II provision	(764)	-	(764)	-
- 0:100 Pensions – Solvency II provision	(6,789)	-	(6,789)	-
- 0:100 Pensions – Opal counterparty risk and mortality adjustment	(16)	(16)	-	-
- 90:10 – UKGAAP to Peak 1	620,203	-	-	620,203
Rounding difference	-	(1)	-	1
	<u>599,258</u>	<u>(17,039)</u>	<u>(3,632)</u>	<u>597,213</u>

<u>2008</u>	2008 £'000
Deferred taxation	(4,500)
Provision for "reasonably foreseeable adverse variations"	(13,160)
- 90:10 – UKGAAP to Peak 1	<u>431,953</u>
Form 14 line 74	<u>414,293</u>

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.1 (continued)

***1502* Liabilities**

- (a) There are no charges over assets.
- (b) There is no potential liability to taxation on capital gains for the other than long term insurance business fund if the insurer disposed of its assets (2008: £nil).
- (c) There are no contingent liabilities
- (d) The insurer has no forward commitments in respect of group undertakings (2008: £nil). The insurer has no guarantees, indemnities or other contractual commitments affected other than in the ordinary course of its insurance business in respect of related companies.
- (e) In the opinion of the directors, there are no other fundamental uncertainties affecting the financial position of the insurer.

***1507* Other liabilities adjustments**

	2009 £'000	2008 £'000
Reclassification of other creditors	(6,770)	(19,318)
Rounding difference	(1)	-
Form 15 line 83	<u>(6,771)</u>	<u>(19,318)</u>

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

Assets and liabilities denominated in a foreign currency are translated using the closing rate method. Exchange differences on opening net assets are dealt with in the profit and loss account.

***1602* Brought forward amounts**

Some of the brought forward amounts shown in Forms 11G, 12G, 22, 23 and 24 have been restated from the corresponding carried forward amounts included in the previous year's return due to the reconversion of foreign currency amounts at a different rate of exchange.

***1603* Other income and charges**

The total of other income and charges for 2009 is a charge of £15,484,000 (2008: £21,545,000), comprising:

	2009 £'000	2008 £'000
Provision for "reasonably foreseeable adverse variations"	-	1,704
Professional fees	(58)	(100)
Commission received	371	724
Interest received	389	-
Release of indemnity from Henderson Group plc	(16,000)	-
Resolution plc interest charges	-	(22,819)
Other (charges)/income	(186)	(1,054)
Total other (charges)/income	<u>(15,484)</u>	<u>(21,545)</u>

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.1 (continued)

***1701* Variation margin**

The insurer had no liability to repay "excess" variation margin at the end of the financial year. Variation margin received is included in line 54 of Form 13.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.2

20Ae Faculative reinsurance business

The amount reported on Form 20A category 002 which is attributable to facultative reinsurance business is zero.

2007 Material connected-party transactions

On 2 September 2009, the shareholders of Pearl Group Limited ("PGL") (subsequently renamed Pearl Group Holdings (No. 2) Limited ("PGH2L")), which, at the time, was the insurer's ultimate and immediate parent undertaking, exchanged their interests in the Group for the issue of shares in Liberty Acquisitions Holdings (International) Company. Following this, Liberty Acquisitions Holdings (International) Company became the insurer's ultimate parent undertaking and subsequently changed its name to Pearl Group. PGH2L (formerly PGL) continued to be the insurer's immediate parent undertaking.

On 15 March 2010, Pearl Group, the insurer's ultimate parent undertaking, changed its name to Phoenix Group Holdings.

The Group restructure and refinancing, as referred to above, established a £250 million subordinated debt loan facility from Phoenix Life Holdings Limited ("PLHL"), another Phoenix Group (formerly Pearl Group) company to the insurer. The facility has been fully utilised and bears interest equal to the actual investment income earned on the £250 million assets transferred. The interest is accrued and paid back to PLHL on an annual basis. In December 2009, the insurer provided £50 million of capital, being in the form of subordinated debt, to National Provident Life Limited ("NPLL"). This facility has also been fully utilised and bears interest equal to the actual investment income earned on the £50m assets transferred. In December 2009, the insurer provided £50m. This interest is accrued and paid back to the insurer on an annual basis.

During 2009, £91 million of loan repayments were received from the insurer's immediate parent undertaking, PGH2L (formerly PGL).

2100 Accident year premiums

All business that would be reported in Form 21 is in run off with no premiums to report, and this form has not been included in the return.

2201 Brought forward amounts

Some of the brought forward amounts shown in Form 22 and 23 have been restated due to commercial vehicles (non-fleet) being moved from Category number 120 in the previous year's return to Category number 409.

2202 Claims management expenses

Claims management expenses paid are calculated by reference to the direct costs of handling claims incurred during the year suitably loaded for estimated overheads and management costs. Carried forward claims management costs are based on the estimated direct costs of settling outstanding claims also loaded for estimated overheads and management costs. These are all reported on Treaty Non-Proportional Form 25.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

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Financial year ended 31 December 2009

Appendix 9.2 (continued)

***2204* Acquisition costs**

All business reported on these Forms is in run off, therefore no deferred acquisition costs are applicable.

***2402* Underwriting year accounting**

Underwriting year accounting is felt to be a more appropriate than the accident year method for Non-proportional and Proportional Treaty business. (These classes are in run off and prior to 1996 have been reported under the 1983 Regulations on Forms 24 to 29.)

***2404* Claims management expenses**

Claims management expenses paid are calculated by reference to the direct costs of handling claims incurred during the year suitably loaded for estimated overheads and management costs. Carried forward claims management costs are based on the estimated direct costs of settling outstanding claims also loaded for estimated overheads and management costs. These are all reported on Form 25.

***2406* Acquisition costs**

All business reported on these Forms is in run off and therefore no acquisition costs are applicable.

***2501* Unearned premiums**

All business reported on Form 25 is in run off. Therefore no unearned premium reserves are applicable.

***3001* Yield**

In calculating the yield, consideration has been given to the expected income that will be earned from the hypothecated admissible assets adjusted for projected realisations to meet future claims.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.2 (continued)

***3003* Discounting methods**

The risk category where an adjustment has taken place is:-

Combined Category	Risk Category	Rate of Interest	Expected interval to settlement date
Primary (direct) and facultative commercial lines business			
Employers Liability	271	2.50%	14.4 years
Public and Products Liability	273	2.50%	13.9 years

Methodology used:

In calculating the technical provisions in respect of long term UK Industrial disease business the future investment income on the assets held to cover the related provisions has been taken into account by discounting future cash flows. The average period before the undiscounted liability will be settled has been estimated at 14.4 years (2008: 15.5 years) and the provision has been discounted at an interest rate of 2.5% (2008: 2.5%).

The technical provisions for future claims payments have primarily been assessed consistent with actuarial methods projecting numbers and amounts of claims separately. Where there is a notable exposure to long term asbestos, pollution and health hazard liabilities, external independent actuaries provide best estimate benchmarks. An appropriate prudential margin is applied to certain lines of business, as it is recognised that the estimation of certain future claims payments is an inherently uncertain exercise and future experience could be more adverse.

3700

3800

3900

Equalisation provisions

Forms 37, 38 and 39 have been omitted from the return. The insurer is exempt from the requirement of INSPRU 1.4.17R to maintain a non-credit equalisation provision as there is no such provision brought forward from the previous financial year and the relevant net written premiums are less than the threshold amount.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.3

***4002* Other income and expenditure**

2009

The total of other income of £4,718,000 is made up of:

	Total	0:100 BLAGAB	0:100 Pensions	90:10
Commission received	858	135	-	723
Management charge	3,367	-	3,367	-
Transfer of management charge	418	-	418	-
Sundry Income	75	-	-	75
	<u>4,718</u>	<u>135</u>	<u>3,785</u>	<u>798</u>

The total of other expenditure of £109,658,000 is made up of:

	Total	0:100 BLAGAB	0:100 Pensions	90:10
Change in Deposits received from reinsurers ⁽¹⁾	109,240	-	109,240	-
Transfer of management charge	418	-	-	418
	<u>109,658</u>	<u>-</u>	<u>109,240</u>	<u>418</u>

⁽¹⁾ Other expenditure in line 25 of £109m represents the change in Deposits received from reinsurers under a reinsurance agreement with Opal Reassurance Limited ("Opal").

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.3 (continued)

***4002* Other income and expenditure (continued)**

2008

The total of other income of £4,368,000 is made up of:

	Total	0:100 BLAGAB	0:100 Pensions	90:10
Commission received	962	165	-	797
Management charge	2,772	-	2,772	-
Transfer of management charge	607	-	607	-
Rebates	27	-	-	27
	<u>4,368</u>	<u>165</u>	<u>3,379</u>	<u>824</u>

The total of other expenditure of £64,218,000 is made up of:

	Total	0:100 BLAGAB	0:100 Pensions	90:10
Change in Deposits received from reinsurers ⁽¹⁾	62,770	-	62,770	-
Transfer of management charge	607	-	-	607
Cost of smoothing	838	-	-	838
Sundry expenditure	3	-	-	3
	<u>64,218</u>	<u>-</u>	<u>62,770</u>	<u>1,448</u>

⁽¹⁾ Other expenditure in line 25 of £63 million represents the change in Deposits received from reinsurers under a reinsurance agreement with Opal.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.3 (continued)

4004

Transfers of contracts

	2009	2008
	£'000	£'000
Business transfers into Revenue account – 0:100 Blagab	1,200	1,154
Business transfers into Revenue account – 0:100 Pensions	191,227	144,383
Business transfers into Revenue account – Summary	<u>192,427</u>	<u>145,537</u>
Business transfers out of Revenue account – 90:10	<u>(165,770)</u>	<u>(145,537)</u>

The business transfers between the funds consist entirely of vesting annuities. Of the balance transferred in to 0:100 Pensions, £26,657,000 is in relation to vestings from London Life Limited. The vesting annuities have been recognised as part of premiums and claims on Form 41 and Form 42 respectively, but in business transfers-in and business transfers-out instead. As these amounts are not single premiums on Form 41 they have not been included in the new business Form 46 and Form 47.

4006

Apportionments between long term insurance business funds/sub funds

(a) Investment Income

Gross investment income for 0:100 sub-funds has been apportioned in accordance with the notional allocation of assets.

The remaining gross investment income is apportioned to the 90:10 fund by reference to adjusted mean funds. These are the mean of the opening and closing funds, before transfer to profit and loss account and excluding investment income, increase in value of assets brought into account and tax, adjusted in respect of items that are applicable to specific account or in respect of uneven incidence over the year.

(b) Increase in value of assets brought into account

The realised and unrealised gains and losses on the 0:100 and 90:10 sub-funds have been determined on the notional allocation of assets and have all been brought into account less an adjustment for taxation.

(c) Expenses

Expenses not directly attributable to a class of business have been apportioned between the long term insurance business funds on bases considered to be appropriate and equitable having regard to the nature of each such expense and the purpose for which it was incurred.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.3 (continued)

***4006* Apportionments between long term insurance business funds/sub funds (continued)**

(d) Taxation

The taxation charged to the long term insurance business revenue accounts is computed in total and allocated to each sub-fund, taking account of any apportionments referred to in (a) - (c) above and of any reliefs to which each fund may be entitled.

***4008* Provision of management services**

Pearl Group Services Limited has provided management services to the insurer. Ignis Investment Management Limited (formerly Axial Investment Management Limited), Ignis Asset Management Limited and Henderson Global Investors Limited have provided investment services during the financial year to the insurer.

State Street Bank and Trust Company have provided custody and accounting, securities lending, transition management and associated services for the Ignis managed assets of the insurer for the whole of the financial year.

***4009* Material connected-party transactions**

The insurer entered into a reinsurance treaty, effective 1 January 2007, with Opal. Details of this reinsurance treaty are to be found in paragraph 9 of the Abstract of valuation report.

***4400* Linked funds**

The insurer has directly held property linked funds of £129,000 (2008: £142,000) shown at Form 13 line 59 and Form 50 line 44. Due to the immateriality of this value, this Form has not been included within the return

***4500* Internal linked funds**

The insurer has no internal linked funds and all amounts required to be shown would be zero and these Forms have not been included within the return.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.3 (continued)

***4801* Asset mix for assets share portfolio**

Within the 90:10 sub-fund, the largest asset share portfolio is for all Ordinary Branch With-Profits business other than Ordinary Branch Reinsured Socially Responsible With Profits business and Ordinary Branch Reinsured Capital Account Pension business.

The asset share philosophy for this portfolio at 31 December 2009 assumes an asset mix of:

Land and buildings	12.6%
Approved fixed interest securities	15.1%
Other fixed interest securities	14.6%
Variable interest securities	6.5%
UK listed equity shares	26.2%
Non-UK listed equity shares	0.0%
Unlisted equity shares	10.8%
Other assets	14.2%

***4803* Assumptions regarding redemption dates**

For assets that may be redeemed over a period at the option of the guarantor or the issuer, the investment manager has provided an appropriate redemption date. The value of these assets at the valuation date was £135 million for the with-profit funds and £47 million for the non profit funds.

***4806* Assets used to calculate investment returns in column 5 Form 48**

The assets used to calculate the investment returns shown in Form 48 line 21 to line 29 column 5 are the portfolio of assets used to back asset shares.

***4901* Credit rating agency**

Ratings shown are the weaker of ratings provided by Moody's Investors Services and Standard & Poors Corporation, otherwise the credit ratings used were provided by Ignis Investment Management Limited (formerly Axial Investment Management Limited).

***5500* Internal linked funds**

The insurer has no internal linked funds and this Form has not been included within the return.

***5600* Index linked business**

Form 56, long term insurance business: index linked business, has not been included in the return as the insurer satisfies the de minimis limit.

Returns under the Accounts and Statements Rules

Supplementary Notes

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Appendix 9.3 (continued)

***5702* Risk adjusted yield**

(a) As referred to in note 0201, the Financial Services Authority, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination.

(b)

Product Group	Risk adjusted yield on matching assets	Adjustment	Risk adjusted yield on matching assets using FSA waiver
UKP NP code 400	4.67	0.00	4.67
UKP NP code 400	4.67	0.00	4.67
UKP NP code 325/390/435	4.50	0.17	4.67
UKP NP code 905	4.50	0.17	4.67

Returns under the Accounts and Statements Rules

Statement of major treaty reinsurers required by rule 9.25

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Full name of major reinsurer	Address	Details of connection (if any)	Proportional Treaty premiums paid in the financial year £000	Non Proportional Treaty premiums paid in the financial year £000	Debtor included at Line 75 of Form 13 £000	Deposits received included at Line 31 of Form 15 £000	Anticipated recoveries included at Line 61 of Form 13 £000
Churchill Insurance Company Limited	Churchill Court Westmoreland Road Bromley Kent BR2 1DP	None					7,714
Swiss Re Frankona	Swiss Re Frankona Rueckversicherungs- Aktiengesellschaft Toerringstrasse 2-6 81675 Muenchen Germany	None					4,204
National Indemnity Company	3024 Hamey Street Omaha Nebraska 68131	None					-
European International Reinsurance Company	Chancery House High Street Bridgetown Barbados West Indies	None					-

Returns under the Accounts and Statements Rules

Statement of major facultative reinsurers required by rule 9.26

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

The insurer has no major facultative reinsurers

Returns under the Accounts and Statements Rules

Statement of major cedants required by rule 9.27

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

The insurer has no major cedants

Returns under the Accounts and Statements Rules

Statement required under rule 9.32

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

Reinsurance contracts entered into in the year

No outward contracts of non-facultative reinsurance were entered into or modified during the financial year.

Reinsurance premiums ceded in the year

No reinsurance premiums were ceded in the year

There was no exposure to incidents during the year as all policy terms have expired.

Returns under the Accounts and Statements Rules

Additional information on financial reinsurance and financing arrangements: general insurers required by rule 9.32A

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2008

The insurer has no contracts of insurance under which general insurance business has been ceded 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

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

- (a) During the financial year the insurer operated an investment policy for the use and control of derivatives. This policy lists the approved derivative contracts and the approved uses of derivatives, establishes procedures for introducing new contracts or uses, identifies areas of risk, and establishes a control framework for dealing, settlement and independent monitoring and reporting of derivatives.

The insurer uses derivatives in its portfolio management to hedge against market movements in the values of assets in the portfolio (reduction of investment risks), and as a means of effecting a change in exposure to different asset classes without disturbing underlying physical holdings (efficient portfolio management). In addition, the insurer uses derivatives to match liabilities to mitigate the effect of changes in market variables on its capital position.

It is the insurer's policy that all obligations to transfer assets or pay monetary amounts arising under derivative contracts are covered by either cash, physical securities or other specific commitments. Consequently the insurer does not trade derivative contracts against uncovered positions, and portfolios may not be geared by means of derivatives.

The insurer controls market risks through the setting of exposure limits, which are subject to detailed monitoring and review. Sophisticated risk management systems are employed to enable exposures, risks and sensitivities to be analysed on a total portfolio basis, providing for greater control. Market and liquidity risks are reduced by requiring all futures and options positions to be backed by cash or securities.

The insurer permits the purchase of partly paid shares, subject to the unpaid capital being covered by cash, and also convertible bonds as alternatives to investment in the underlying equities.

- (b) Subject to the investment principles described above, the investment policy permits the writing of contracts, under which the insurer has a right or an obligation to acquire or dispose of assets. The portfolio manager must be satisfied that the strike price is reasonable in terms of the current portfolio and market conditions at outset in case the contract is subsequently exercised.

The investment policy for the use and control of derivatives imposes overriding provisions that the investment rationale for their use is clearly understood; that each contract is admissible in terms of the Prudential Sourcebook for Insurers (INSPRU) and that derivatives may not be used to gear a portfolio. The policy specifically excludes the use of derivatives that cannot be sufficiently well modelled using the Investment Manager's internal risk management systems, without the prior approval of the senior management of the Investment Manager.

- (c) During the financial year the insurer bought and sold options where, at outset, the strike price of a call option was above the price of the underlying instrument or the strike price on a put option was below the price of the underlying instrument. The market movement required at outset to trigger the options was generally less than 5% of the strike price. The nominal exposure of the insurer to contracts where the required market movement exceeded 5% is shown below, together with the market movement that would be required to trigger the options

Contract Type	Exposure £'m	Weighted average % movement to strike	Number of Contracts
Bought Put	79.3	20.8%	31
Bought Call	20.5	35.4%	3
Sold Put	79.8	20.0%	32
Sold Call	2.9	35.4%	2

Returns under the Accounts and Statements Rules

Statement of additional information on derivative contracts required by rule 9.29

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

(continued)

- (d) The insurer has not made use of any derivative contract at any time during the financial year which required a significant provision to be made under INSPRU 3.2.17R or did not fall within the definition of a permitted derivatives contract.
- (e) The total value of fixed considerations received during the financial year in return for granting rights under derivative contracts was £12.6 million.

The contracts under which such rights were granted were the sale of covered call and put options on UK Stock holdings along with the sale of index call and put options.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

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

- a) Pearl Group Holdings (No. 2) Limited (formerly Pearl Group Limited);
- b) Phoenix Life Holdings Limited;
- c) PGH (LCA) Limited (formerly Sun Capital Investments Limited);
- d) PGH (LCB) Limited (formerly Hera Investments One Limited);
- e) Xercise Limited;
- f) TDR Capital Nominees Limited; and
- g) TDR Capital LLP

all of which were controllers at 31 December 2009.

- h) Pearl Group became a controller on 28 August 2009, and subsequently changed its name to Phoenix Group Holdings on 15 March 2010.

Together with:

- i) Jambright Limited; and
- j) Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Spencer-Churchill and Marc Jonas

which ceased to be controllers on 28 August 2009.

The persons who, to the knowledge of the insurer, were controllers at the end of the financial year were:

1. Pearl Group Holdings (No. 2) Limited

As at 31 December 2009, Pearl Group Holdings (No.2) Limited owned 100% of the shares of Pearl Assurance plc and was able to exercise 100% of the voting power at any general meeting.

2. Phoenix Life Holdings Limited

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

3. 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 Pearl Assurance plc 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

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

(continued)

4. 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 Pearl Assurance plc is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

5. Phoenix Group Holdings (formerly Pearl Group)

As at 31 December 2009, Phoenix Group Holdings owned 100% of the ordinary shares of PGH (LCA) Limited and 100% of the ordinary shares of PGH (LCB) Limited, which between themselves own 100% of the ordinary shares of Phoenix Life Holdings Limited, a company of which Pearl Assurance plc 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.

6. Xercise Limited

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

7. TDR Capital Nominees Limited

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

8. 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 Phoenix Group Holdings, a company of which Pearl Assurance plc is a subsidiary undertaking, and was able to exercise 13.24% of the voting power at any general meeting.

PEARL ASSURANCE PUBLIC LIMITED COMPANY

APPENDIX 9.4

ABSTRACT OF VALUATION REPORT

Introduction

1. (1) The date to which the actuarial investigation relates is 31 December 2009.
- (2) The date to which the previous actuarial investigation under IPRU(INS) rule 9.4 related was 31 December 2008.
- (3) Since the previous valuation date, there have been no interim valuations (for the purposes of IPRU(INS) rule 9.4).

Product range

2. There have been no significant changes to products during the financial year.

Discretionary charges and benefits

3. (1) Market Value Adjustments (MVAs) were applied as follows:

Product	Policy Year of entry	Period applied
Homebuyer version 1	1995	See Note 1
Reinsurance Accepted Portfolio Bond 1a	Jul 1999 to Sep 2002	Jan 2009 to Sep 2009
Reinsurance Accepted Portfolio Bond 1b	Jan 2000 to Sep 2002	Oct 2009 to Dec 2009
	Jan 2000 to Mar 2002	Jan 2009 to Mar 2009
	Jan 2000 to Jun 2002	Apr 2009 to Sep 2009
	Jan 2000 to Sep 2002	Oct 2009 to Dec 2009
Reinsurance Accepted Portfolio Bond 2	Jan 2000 to Sep 2002	Jan 2009 to Mar 2009
	Jan 2000 to Mar 2002	Apr 2009 to Sep 2009
	Jan 2000 to Jun 2002	Oct 2009 to Dec 2009
Reinsurance Accepted Investment Bond	Oct 2000 to Sep 2002	Jan 2009 to Mar 2009
	Oct 2000 to Jun 2002	Oct 2009 to Dec 2009
		Apr 2009 to Sep 2009
Reinsurance Accepted Socially Responsible With Profits Bond	Oct 2000 to Jun 2002	Jan 2009 to Sep 2009
Reinsurance Accepted Individual Pensions	Oct 2000 to Sep 2002	Oct 2009 to Dec 2009
	Jan 2000 to Sep 2002	Jan 2009 to Mar 2009
	Jan 2000 to Jun 2002	Oct 2009 to Dec 2009
		Apr 2009 to Sep 2009
Reinsurance Accepted Group Pensions	Jan 2000 to Sep 2002	Jan 2009 to Mar 2009
	Jan 2000 to Jun 2002	Oct 2009 to Dec 2009
		Apr 2009 to Sep 2009
Reinsurance Accepted Socially Responsible With Profits Pensions	Jan 2001 to Jun 2002	Jan 2009 to Sep 2009
	Jan 2001 to Mar 2002	Oct 2009 to Dec 2009

Note:

1. The MVAs for Homebuyer version 1 are calculated individually per policy dependent on the actual date premiums were paid.
- (2) There have been no changes to premium rates for Pension and Life reviewable protection policies during the financial year.
- (3) No policies have been sold in this category.

- (4) Policy fees for Homebuyer version 1 were increased in 2009 in line with the National Average Earnings Index, an increase of 0.9%.
- (5) During the financial year, benefit charges remained unchanged on linked products.
- (6) The following levels of unit management charges were introduced for Individual Pensions UWP - PP on 1 January 2009:

Regular Premiums and Paid Up Policies	1.42% pa
Single Premiums	1.07% pa
DSS Recurrent Single Premiums	1.16% pa

During the financial year, unit management charges for all other unitised accumulating with-profits and linked business remained unchanged.

The amount of business affected by this change involve basic mathematical reserves of £947m for regular premium and paid up policies, £298m for single premium policies and £877m for DSS recurrent single premium policies.

- (7) (a) Units are all of the same type (net accumulation).
- (i) The creation or cancellation of units in the internal linked funds is performed at un-rounded bid price values. This ensures that unit prices are unaffected by the creation or cancellation of units and that the interests of unit holders not taking part in a unit transaction are unaffected by that transaction.
 - (ii) Base prices are derived from the internal fund valuations, which are adjusted for fund specific charges. Increasing the base price by the bid-offer spread and rounding to the higher tenth of a penny gives the "offer price". The "bid price" is the base price rounded to the lower tenth of a penny.
 - (iii) The asset values of the internal linked funds are calculated on a "bid" basis, as the expected cash flows are negative for all asset categories. The valuation includes the income since the last valuation and allowances for tax on income and realised and unrealised capital gains.
 - (iv) The assets of the internal linked funds are valued at noon on each working day. If markets move significantly between noon and 4 pm, allowance for this market movement is made.
- (b) During the financial year there were no times at which different pricing bases applied to different policies.
- (c) A mid-market price applies to the collective investment schemes. The time on each working day at which the assets in the internal linked funds are valued is the same as that at which the units in the underlying collective investment schemes are valued.
- (8) Tax on realised and unrealised gains and losses is accrued daily in the internal linked funds. Gains in equity funds are index-adjusted.

The table below summarises the current tax rates used and the times at which the accruals are cleared.

Fund Type	Realised Gains	Unrealised Gains	Realised Losses	Unrealised Losses
Fixed Interest	20%	20%	20%	20%

Fixed Interest tax accruals are cleared at the end of each month.

Equity (Collective Investment Scheme Holdings)	19.9%	18.8%	19.9%	18.8%
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Equity (Collective Investment Scheme Holdings) accruals for realised gains and losses are cleared at the end of each month. Accruals for unrealised gains and losses are cleared at the end of each financial year under the "deemed disposal" regime. The tax rate used for this purpose at the end of 2009 was 18.8%.

(9) See (8) above.

(10) The allowances made to the insurer on the holding of such units are not significant. The extent to which the policyholder benefits from them is such that the charges made to the policyholder are no greater than if the underlying investments were directly held.

Valuation basis (other than for special reserves)

4. (1) The general principles and methods adopted in the valuation are:

NON LINKED BUSINESS

Mathematical reserves have been determined using a gross premium method, or a method at least as strong as a gross premium method. Where it has been considered appropriate to do so, the mathematical reserves include additional amounts for future expenses, options and guarantees and rider benefits such as waiver.

For accumulating with-profit business, the mathematical reserves were determined using a gross premium method and are calculated as according to the method prescribed by INSPRU 1.2.71R.

INDEX LINKED BUSINESS

Mathematical reserves have been determined using a gross premium method.

LINKED BUSINESS

Mathematical reserves have been determined by valuing the units allocated to policies and adding a non-unit reserve for mortality and expenses.

The non-unit reserve is obtained on a discounted cashflow method. The amount of the non-unit reserve is the net present value of any yearly deficiencies of income over outgo less yearly surpluses of income over outgo, making prudent allowance for surrender/lapse and for conversion to paid up. The net present value is calculated over the number of years from the valuation date that gives the maximum value.

(2) The following table sets out the rates of interest rate used for all product groups representing a significant amount of business.

Sub Fund	Product Group	2009	2008	Product Code
90:10	Conventional Life Business	3.5%	4.5%	100, 120, 125, 205, 300, 435
90:10	Industrial Branch	3.0%	4.4%	105, 130, 310
90:10	Conventional General Annuity endowments	5.4%	5.5%	155, 300
90:10	Conventional Pensions deferred annuities	5.40%/4.45% ⁽¹⁾	5.50%/2.99% ⁽¹⁾	165, 390
90:10	Conventional Pensions endowments	5.40%	5.50%	155, 300
90:10	Reinsurance Accepted Immediate Annuities	4.10%	3.70%	200
90:10	Individual Pensions UWP - PP	3.50%	3.65%	525
90:10	Individual Pensions UWP	3.70%	3.25%	525
90:10	Unitised Accumulating With Profits – Life Business	1.10%	2.20%	500, 505, 515, 575
90:10	Reinsurance Accepted Bonds	2.40%	1.20%	500
90:10	Unitised Accumulating With Profits – ISA Business	3.70%	3.40%	506
90:10	Reinsurance Accepted Pensions Business	2.90%	1.30%	535
0:100 BLAGAB	Conventional General Annuity pre 1992	4.53%	4.62%	390, 395, 400
0:100 BLAGAB	Conventional Life Assurances	3.06%	2.79%	300, 325, 435
0:100 BLAGAB	Yearly Renewable Term Assurances	4.38%	4.44%	325, 435
0:100 Pensions	Conventional Pensions Immediate Annuities (Direct and Reinsurance Accepted from other than NP Life)	4.55%	4.68%	400
0:100 Pensions	Reinsurance Accepted from NP Life Immediate Annuities	4.55%	4.68%	400
0:100 Pensions	Conventional Pensions Immediate Annuities – index linked (Direct and	4.55%	4.68%	905

Reinsurance Accepted from other than NP Life)				
0:100 Pensions	Reinsurance Accepted from NP Life Immediate Annuities – index linked	4.55%	4.78%	905

Note:

1. Where two interest rates are shown they represent the interest rate in deferment and interest rate in payment.
- (3) For corporate bonds, a deduction was applied to the yield on an individual stock by stock basis to allow for the risk of default. The individual stock risk margin was calculated as a long-term average default rate plus an additional allowance for short-term factors and expected deviations from the historic average. The individual stock risk margin was calculated by our investment managers in conjunction with the Asset Liability Management team.

The long term average default rates (in basis points) are:

Rating	5yr Bps	10yr Bps	20yr Bps
AAASSR	0	0	0
AAA	4.4	12.8	15.9
AA	19.6	33.6	48.8
A	32.2	46.6	62.5
BBB	83.6	104.3	120.9
BB	257.0	273.9	283.0
B	573.8	509.4	426.7

A number of different techniques are then employed to arrive at an additional haircut, namely;

- For bank subordinated debt, a higher risk was recognised by imposing a nil recovery rates on the above default rates. For banks that are in receipt of state aid, there is some additional deduction depending on whether the coupons can be missed or deferred without interest.
- Subordinated debt attract hair cut based on the senior rating of the issuer rather than the rating of the bond itself.
- Stocks were then 'notched' downwards where they consider the credit rating to be inappropriate (after analysis of the current market spread and other factors).

For the Peak 1 basis, additional prudence will be applied to all but the "already defaulted" stocks by increasing the risk margin deduction by 25%.

Properties were categorised into directly owned and indirectly owned. The yield is determined for each individual property and then restricted to a maximum of 6.0%.

Equities were divided into UK quoted, overseas quoted and unquoted. They were further subdivided into the following yield bands:

Quoted UK and overseas equities:

- Greater than 5%
- Greater than 4.5% but less than 5%
- Greater than 4.0% but less than 4.5%
- Greater than 3.5% but less than 4.0%
- Greater than 3.0% but less than 3.5%
- Greater than 2.5% but less than 3.0%
- Greater than 2.0% but less than 2.5%
- Greater than 1.5% but less than 2.0%
- Greater than 1.0% but less than 1.5%
- Greater than 0.0% but less than 1.0%
- Equal to 0.0%

Unquoted equities:

- Greater than 0.0%
- Equal to 0.0%

(4) Products representing a significant amount of business used ultimate mortality on the following bases:

Sub Fund	Product Group	2009		2008		Product Code
		Male	Female	Male	Female	
90:10	Conventional Life Business	116% AMC00	116% AFC00	116% AMC00	116% AFC00	100, 120, 125, 205, 300, 435
90:10	Industrial Branch	70% ELT14 (Male)	70% ELT14 (Male)	70% ELT14 (Male)	70% ELT14 (Male)	105, 130, 310
90:10	Conventional General Annuity endowments	79% AMC00	79% AFC00	79% AMC00	79% AFC00	155, 300
90:10	Conventional Pensions deferred annuities (pre vesting basis)	79% AMC00	79% AFC00	79% AMC00	79% AFC00	165, 390
90:10	Conventional Pensions deferred annuities (post vesting basis)	104% RMV00 Improvements CMI_2009 C2028 ⁽³⁾	118% RFV00 Improvements CMI_2009 C2025 ⁽³⁾	102.5% RMV00 max(mclc,age related min improvement)C2025 ⁽²⁾	115% RFV00 max(mclc,age related min improvement)C2024 ⁽²⁾	165, 390
90:10	Conventional Pensions endowments with a variable retirement age	79% AMC00	79% AFC00	79% AMC00	79% AFC00	155, 300
90:10	Conventional Pensions endowments – Other – Compound Bonus	79% AMC00	79% AFC00	79% AMC00	79% AFC00	155
90:10	Conventional Pensions endowments – Other – Simple Bonus	97% AMC00	97% AFC00	79% AMC00	79% AFC00	155, 300
90:10	Reinsurance Accepted Immediate Annuities	90% PMA00 Improvements CMI_2009 ⁽³⁾	85% PFA00 Improvements CMI_2009 ⁽³⁾	90% PMA00 max(mclc,age related min improvement) ⁽²⁾	85% PFA00 max(mclc,age related min improvement) ⁽²⁾	200
90:10	Individual Pensions UWP – PP	79% AMC00	79% AFC00	79% AMC00	79% AFC00	525
90:10	Unifised Accumulating With Profits – Homebuyer	89% AM80	89% AF80	89% AM80	89% AF80	515
90:10	Unifised Accumulating With Profits – Other	79% AMC00	79% AFC00	79% AMC00	79% AFC00	500, 505, 506, 525, 575
90:10	Reinsurance Accepted Portfolio Bonds 1a, 1b and Investment Bond	85% AM92	85% AF92	85% AM92	85% AF92	500
90:10	Reinsurance Accepted Portfolio Bond 2	105% AM92	105% AF92	105% AM92	105% AF92	500
90:10	Reinsurance Accepted Pensions Business	95% AM92	95% AF92	95% AM92	95% AF92	535

Sub Fund	Product Group	2009		2008		Product Code
		Male	Female	Male	Female	
0:100 BLAGAB	Conventional Life Assurances	116% AMC00	116% AFC00	116% AMC00	116% AFC00	300, 435
0:100 BLAGAB	Conventional General Annuity Immediate Annuities	104% RMV00 Improvements CMI_2009 (3)	118% RFV00 Improvements CMI_2009 (3)	102.5% RMV00 max(mclc,age related min improvement)(2)	115% RFV00 max(mclc,age related min improvement)(2)	395, 400
0:100 BLAGAB	Conventional Non Profit in deferment	97% AMC00	97% AFC00	97% AMC00	97% AFC00	390
0:100 BLAGAB	Conventional Non Profit post vesting	104% RMV00 Improvements CMI_2009 C2028(3)	118% RFV00 Improvements CMI_2009 C2025(3)	102.5% RMV00 max(mclc,age related min improvement)C2024(2)	115% RFV00 max(mclc,age related min improvement)C2024(2)	390
0:100 BLAGAB	Term Assurance non-YRT	122%(5) AMC00	122%(5) AFC00	122%(5) AMC00	122%(5) AFC00	325, 435
0:100 BLAGAB	Yearly Renewable Term Assurances (non-smoker)	60% AM80	60% AF80	60% AM80	60% AF80	325
0:100 BLAGAB	Yearly Renewable Term Assurances (smoker)	120% AM80	120% AF80	120% AM80	120% AF80	325
0:100 Pensions	Conventional Pensions Immediate Annuities (Direct and Reinsurance Accepted from other than NP Life and London Life)	104% RMV00 Improvements CMI_2009 (3)	118% RFV00 Improvements CMI_2009 (3)	102.5% RMV00 max(mclc,age related min improvement)(2)	115% RFV00 max(mclc,age related min improvement)(2)	400, 905
0:100 Pensions	Conventional Non Profit in deferment	97% AMC00	97% AFC00	97% AMC00	97% AFC00	390, 435
0:100 Pensions	Conventional Non Profit post vesting	104% RMV00 Improvements CMI_2009 C2028(3)	118% RFV00 Improvements CMI_2009 C2025(3)	102.5% RMV00 max(mclc,age related min improvement)C2024(2)	115% RFV00 max(mclc,age related min improvement)C2024(2)	390, 435
0:100 Pensions	Term Assurance non-YRT	122%(5) AMC00	122%(5) AFC00	122%(5) AMC00	122%(5) AFC00	325
0:100 Pensions	Yearly Renewable Term Assurances (non-smoker)	60% AM80	60% AF80	60% AM80	60% AF80	325
0:100 Pensions	Yearly Renewable Term Assurances (smoker)	120% AM80	120% AF80	120% AM80	120% AF80	325
0:100 Pensions	Reinsurance Accepted from NP Life Immediate Annuities	95% RMV00 Improvements CMI_2009 (3)	104% RFV00 Improvements CMI_2009 (3)	107.5% RMV92 max(mclc,age related min improvement)(2)	107.5% RFV92 max(mclc,age related min improvement)(2)	400, 905
0:100 Pensions	Reinsurance Accepted from London Life Immediate Annuities	90% PMA00 Improvements CMI_2009 (3)	85% PFA00 Improvements CMI_2009 (3)	90% PMA00 max(mclc,age related min improvement)(2)	85% PFA00 max(mclc,age related min improvement)(2)	400, 905

Notes:

1. Maximum of 85% of the average of (Medium and Long cohort) improvements with a floor of 3% if aged 60 or less reducing linearly down to 0% aged 110.
2. Maximum of the average of (Medium and Long cohort) improvements with a floor of 3% if aged 60 or less reducing linearly down to 0% aged 110
3. CMI 2009 improvements 3.25% for ages up to age 60, reducing linearly down to 0% at age 120.
4. CMI Uses C = 2028 for Males and C = 2025 for Females, chosen to approximate U = 2009
5. This is an average scaling factor to give a prudent margin of plus 5 percentage points for both the Non-Smoker and Smoker sub-groups of the product group.

The male expectations of life for the annuitant mortality bases above are as follows:

Sub Fund	Product Group	Annuities in payment		Deferred annuities: life expectation at age 65	
		Age 65	Age 75	Age 45	Age 55
90:10	Conventional Deferred Annuities			27.5	24.9
90:10	Reinsurance Accepted Immediate Annuities	23.6	12.5		
0:100 BLAGAB	Conventional General Annuity Immediate Annuities	23.0	14.0		
0:100 Pensions	Conventional Pensions Immediate Annuities (Direct and Reinsurance Accepted from other than NP Life and London Life)	23.0	14.0		
0:100 Pensions	Reinsurance Accepted from NP Life Immediate Annuities	23.8	14.6		
0:100 Pensions	Reinsurance Accepted from London Life Immediate Annuities	24.7	15.1		

The female expectations of life for the annuitant mortality bases above are as follows:

Sub Fund	Product Group	Annuities in payment		Deferred annuities: life expectation at age 65	
		Age 65	Age 75	Age 45	Age 55
90:10	Conventional Deferred Annuities			29.8	27.6
90:10	Reinsurance Accepted Immediate Annuities	25.7	14.2		
0:100 BLAGAB	Conventional General Annuity Immediate Annuities	25.0	15.3		
0:100 Pensions	Conventional Pensions Immediate Annuities (Direct and Reinsurance Accepted from other than NP Life and London Life)	25.0	15.3		
0:100 Pensions	Reinsurance Accepted from NP Life Immediate Annuities	26.0	16.2		
0:100 Pensions	Reinsurance Accepted from London Life Immediate Annuities	26.9	17.0		

- (5) There are no products representing a significant amount of business that use a morbidity basis.
- (6) The expense bases are as follows:

Per Policy Expenses

NON LINKED BUSINESS

Subfund	Product Group	2009 £pa	2008 £pa	Tax Relief	Code
90:10	Conventional endowment with-profits OB savings	65.94	64.47	20%	120
90:10	Conventional endowment with-profits OB target cash	65.94	64.47	20%	125
90:10	Conventional pensions endowment with-profits	65.94	64.47	0%	155
90:10	Conventional deferred annuity with-profits	65.94	64.47	0%	165
0:100 BLAGAB	Annuity non-profit (CPA)	45.00	44.72	20%	400
0:100 Pensions	Annuity non-profit (CPA) Pre March 2018	24.01	24.73	0%	400
	Annuity non-profit (CPA) Post March 2018	45.00	42.70	0%	400
90:10	Life UWP single premium	59.35	58.02	20%	500
90:10	Life UWP endowment regular premium – target cash	65.94	64.47	20%	515
90:10	Individual pensions UWP	65.94	64.47	0%	525
90:10	Group money purchase pensions UWP	0.00	0.00	0%	535
90:10	Individual Pensions UWP – PP	29.79	22.83	0%	525
90:10	Individual Pensions UWP – PP (AMC) ⁽¹⁾	48bp	60bp	0%	525

Note:

1. These expenses are per arrangement rather than per element. The per policy expense for Personal Pensions are expressed as a part per policy expense and a part Annual Management Charge.

Gross Investment expenses

Investment expenses, before allowance for tax, have been allowed for through a reduction to the valuation interest rates. The table below sets out the basis point reductions applied:

Sub Fund	Product Group	2009 Bp ⁽²⁾	2008 Bp ⁽²⁾
90:10	All business except Personal Pensions Guarantee Reserve ⁽¹⁾	53.0	59.0
90:10	Personal Pensions Guarantee Reserve ⁽¹⁾	11.0	11.0
0:100 BLAGAB	All business	15.0	14.0
0:100 Pensions	All business	14.0	14.0

Notes:

1. Index linked Gilts held in respect of the Personal Pensions Guarantee Reserve
2. These rates are after allowing for VAT at 17.5%.

Inflation Rates

(7) Inflation rates for expenses and policy charges were as follows:

Sub fund		2009	2008
90:10	Expense inflation	3.5%	2.2%
0:100 BLAGAB	Expense inflation	3.5%	2.2%
0:100 Pensions	Expense inflation	3.9%	3.1%
90:10	Policy charge inflation	3.7%	2.1%
90:10	Expense inflation (Reinsurance Accepted Bonds)	5.2%	3.6%
90:10	Expense inflation (Reinsurance Accepted Immediate Annuities)	5.2%	3.6%

Future Bonus Rates

(8) As a realistic basis life firm no allowance has been made in the determination of mathematical reserves for future bonuses in accordance with INSPRU 1.2.9R except for Reinsurance Accepted Portfolio Bond 2 where allowance is made for any guaranteed bonus payable.

Persistency

(9) A summary of the surrender, lapse and paid-up assumptions is as follows:

Product ⁽¹⁾⁽²⁾⁽³⁾		Average lapse/ surrender/ paid - up rate for the policy years			
		1-5	6-10	11-15	16-20
Level term	Lapse	14.6%	6.0%	6.0%	6.0%
Decreasing term	Lapse	19.0%	13.0%	13.00%	13.0%
UWP bond	Surrender	nil	nil	nil	nil
UWP bond	automatic withdrawals ⁽³⁾	1.5%	1.5%	1.5%	1.5%
Individual Pensions UWP	PUP	10.5%	10.5%	10.5%	10.5%
Individual Pensions UWP - PP	PUP	6.0%	6.0%	6.0%	6.0%

Notes:

1. This table gives the persistency assumptions used in the valuation for the products specified in the instructions in IPRU(IN) for paragraph 4(9) of Appendix 9.4 where either the gross mathematical reserves or the gross annual premiums exceed the lesser of £10m and 1% of the total gross mathematical reserves.
2. Where alternative bases are used for the same product, the basis shown is that which is used by at least 50% of the business for that product.
3. The above rates are for policies that are not currently making automatic withdrawals. For policies that are currently making automatic withdrawals the current rate is assumed to remain unchanged.

Retirement Rates

- (10) For Conventional Pensions and General Annuity endowments with a variable retirement age it has been assumed that a specified proportion of policyholders retire at each possible retirement age as follows:

Age Attained	2009	2008
60	27%	15%
61	7%	2%
62	6%	2%
63	6%	2%
64	12%	2%
65	67%	40%
66	18%	10%
67	12%	2%
68	12%	2%
69	11%	2%
70	16%	5%
71	11%	5%
72	6%	2%
73	5%	2%
74	24%	2%
75	100%	100%

For all other Pensions Business a retirement age of 67, or current age if older, has been assumed in the determination of the mathematical reserve held.

- (11) No allowance has been made for derivative contracts in determining the amount of the long-term liabilities, except for the method for calculating the liabilities for guaranteed annuity options described below.
- (12) **Effect on Mathematical reserves due to changes in INSPRU**
None

Options and Guarantees

5. (1) (a) The guaranteed annuity option reserve is calculated by valuing a portfolio of swaptions whose payoffs replicate the excess of the guaranteed annuity payments over the expected annuity payments from the contracts that have this option.

The expected annuity rate takes into account the annuity pricing basis and choices of retirement age, tax free cash percentages, escalation rate and guarantee period; it is also calculated using interest rates derived from a properly calibrated model of future risk free yields from the gilts market.

The valuation is calculated at an individual policy level and allows for voluntary discontinuance in deferment, the take up rate of the guarantee and the terms of the guarantee.

Some Conventional Pensions endowment with-profits policies also have a guaranteed minimum pension. The guarantee reserve is calculated as above but taking the higher of the guaranteed annuity payment under the guaranteed annuity rate option and the guaranteed minimum pension.

The reserve has been determined in accordance with the basis set out below:

Assumption	2009
Take up Rate	100%
Rate of interest	Min(Gilts,Libor), capped at 4.4%
Mortality in payment	104% RMV00 C2028 ⁽¹⁾ 118% RFV00 C2025 ⁽¹⁾
Expected annuity Guarantee periods	0 years 55% 5 years 10% 10 years 35%
Expected annuity Escalation rates	0% p.a. 65% 3% p.a. 35% 5% p.a. 0%
Tax free lump sum	17% decreasing linearly to 5% after 20 years for TXII, 11% decreasing linearly to 5% after 20 years for Tophats and Freedom Bonds
Retirement Rates	As per 4(10) above
Voluntary Discontinuance in deferment	Conventional Pensions endowments with a variable retirement age: Regular 1% pa Single 0.75% pa All other business 0% pa

Note:

1. CMI 2009 improvements 3.25% for ages up to age 60, reducing linearly down to 0% at age 120.

(b) Details of the products concerned are summarised below:

Type of Business	Product name	Basic reserve £'000	Spread of outstanding durations ⁽¹⁾	Guarantee reserve ⁽²⁾ £'000	GAR (% fund for 65 year old male) ⁽³⁾	Increments allowed?	Annuity form	Retirement Age	Product Code
UK Life	Conventional pensions endowment with-profits	14,412	Gradual run-off, mean term of 10 years	6,520	10%	No	See Note 4	60-70	155
UK Pension	Conventional pensions endowment with-profits	786,699	Gradual run-off, mean term of 9 years	403,198	10%	No	See Note 4	60-75	155
UK Pension	Regular premium endowment non-profit	68,039	Gradual run-off, mean term of 9 years	28,086	10%	No	See Note 4	60-75	300
UK Pension	Reinsurance Accepted Annuity Rate Guarantee	58,767	Gradual run-off, mean term of 9 years	27,581	10%	No	See Note 4	60-75	725

Notes:

- The spread of outstanding durations has been estimated to account for the variable retirement rates.
- For those Conventional pensions endowment with-profits policies that also have a Guaranteed Minimum Pension, the guarantee reserve includes additional reserve for the Guaranteed Minimum Pension.
- Guaranteed annuity rates are for the following form of annuity: Single life, monthly in advance, Level annuity, no guarantee period and are shown to whole numbers. Other forms of annuity will have different guaranteed annuity rates.
- Guaranteed annuity rates are available for the following forms of annuity:
 - Self Employed Deferred Annuities: Single life, monthly in advance, Level annuity, 0, 5 or 10 year guarantee period
 - Section 32 buyout bonds and Executive Pension Plans: Single life, monthly in advance, No guarantee period, 0%, 3% or 5% escalation rate.
 - Reinsurance Accepted Annuity Rate Guarantee: Single life, monthly in advance, Level annuity, 0, 5 or 10 year guarantee period

- (2) No investment performance guarantee is given on linked contracts.

There are no guaranteed surrender values not already allowed for in the valuation of the basic mathematical reserve.

- (3) Pearl Assurance plc does not have a significant amount of business with guaranteed insurability options.

(4) Personal Pensions Guarantee Reserve

A reserve has been made for guaranteeing benefits in respect of certain Personal Pensions policyholders where failure to adhere to the best advice rules may have occurred. This includes guarantees issued by Pearl Assurance plc and those where they are shared between Pearl Assurance plc and the former Pearl Assurance (Unit Linked Pensions) Limited business which now forms part of NPI Limited.

The following method is used to determine the mathematical reserves:

- a) For cases that have been given a guarantee: on a case by case basis using the actual information available to calculate or estimate the liability period, current salary, policy value offsets and thus calculate the overall liability. All the calculations assume a model pension scheme benefit rather than the actual scheme benefits of the fund of which the policyholder was or could have been a member.
- b) For other cases which have not been given a guarantee, or where the guarantee has been satisfied but where the internal accounting on the case is not yet finally complete: by allocating a notional settlement cost as necessary to each case on the basis of a potential liability period, or if this is unknown, an appropriate average liability period. The notional settlement cost per year of liability period being appropriately determined from recent settlement statistics.

This reserve (for Pearl Assurance plc) has been determined in accordance with the basis set out below, in which the rates are expressed as real rates rather than nominal rates:

Assumption	2009
Real rate of interest	0.40% per annum
Future inflation	3.86% per annum
Salary increases above inflation, inclusive of allowance for future salary progression	1.85% per annum
Expenses loading for annuity in payment ⁽¹⁾	15.0%
Mortality in deferment	79% AMC/AFC00 ultimate
Mortality in payment	104.0% RMV00 (CMI 2009 improvements 3.25% for ages up to age 60, reducing linearly down to 0% at age 120)
	118.0% RFV00 (CMI 2009 improvements 3.25% for ages up to age 60, reducing linearly down to 0% at age 120)
Percentage assumed married	100%
Allowance for future service	Up to 14 years for those unable to rejoin their pension scheme

⁽¹⁾ Annuities in payment are assumed to increase at the future inflation rate.

The amount of business involved had a basic mathematical reserve of £71 million reserve with additional reserves of £504 million. This additional reserve also includes an allowance for future expenses and policies where the compensation process is yet to be completed.

Mortgage Endowment Promise

An additional reserve has been made to cover the Mortgage Promise made to certain mortgage endowment policies. The reserve is the expected shortfall discounted at the appropriate valuation interest rate and allowing for mortality and lapses.

This reserve has been determined in accordance with the basis set out below:

Assumption	2009
Rate of interest	2.70% per annum
Mortality - Conventional Life Endowment	116% AMC/AFC00 Ult
Mortality - Unitised Accumulating With Profits - Homebuyer	89% AM/AF80 Ult
Voluntary Discontinuance	0% p.a.
Prudence Factor	5%

The amount of business involved had a basic reserve as at YE2009 of £472 million with MEP and additional reserves totalling £173 million.

Expense Reserves

6. (1) The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months from the 'valuation date' are as follows:

Homogeneous risk group	Implicit allowances £m	Explicit allowances (investment) £m	Explicit allowances (other) £m	Non-attributable expenses £m	Total £m
Individual Pensions UWP – PP	0	14	11	3	27
Other	0	21	37	7	65
Total	0	35	48	10	93

- (2) All provisions for future expenses have been made using explicit methods, except for investment expense allowance where a margin in the valuation interest rate is used.
- (3) The amount of expense loadings expected to arise in the next 12 months are different for the maintenance expenses shown on Form 43 due to the margins for adverse deviation and project costs.
- (4) Since Pearl Assurance plc has ceased to write new business other than increments and internal commencements, no reserves are required for expenses of continuing to transact new business after the valuation date,
- (5) The per policy expense assumptions used allow for the attributable payments expected to be made to Pearl Group Services Ltd under the Management Services Agreement (MSA), plus project expenses and directly incurred expenses. A prudent margin is added to these total per policy expenses to allow for adverse deviation. These per policy expense assumptions are then projected into the future assuming a prudent level of inflation.

The MSA with Pearl Group Services Ltd is structured on a fixed cost per policy per annum (except for unitised with profits Personal Pensions business where a fixed cost per policy plus a percentage of assets under management is used.) Pearl Group

Services Limited has engaged Diligenta, a UK based and FSA regulated subsidiary of Tata Consulting Services Limited, to implement the outsource of processing and administration work which gives Pearl Assurance plc certainty over the majority of the cost base into the future, especially in relation to economies of scale and fixed costs.

However, a maintenance expense overrun reserve of £68m has been set up in the with-profits fund to cover the potential additional charges to be paid to Pearl Group Services Limited as provided in clause 13.6 of the MSA. This reserve includes a prudent margin of £12m.

As Pearl Assurance plc is closed to new business, other than for increments and internal commencements, no reserve is held for discontinuance costs, or the valuation strain or expense overrun from the writing of new business.

- (6) The non-attributable expense reserve is the expected cost of certain planned projects of a non-recurring nature not covered by the per policy expense assumptions plus the expected payment in the year following the valuation date to Pearl Group Services Limited as described in paragraph 6(5).

Mismatching reserves

7. (1) The liabilities are sterling liabilities.

The following table shows the sum of the mathematical reserves (other than liabilities for property linked benefits) and the liabilities in respect of the deposits received from reinsurers as shown in Form 14, analysed by reference to the currencies in which the liabilities are expressed to be payable, together with the value of assets, analysed by reference to currency, which match the liabilities:

Currency	Liabilities £m	Assets £m
Sterling	6,963	5,895
US Dollar		323
Euro		747
Other		-2
Total	6,963	6,963

There is a premium withheld arrangement of £2,415m included in line 23 of Form 14 where the liabilities are equal to the value of the assets and the assets contain £861m worth of assets in USD and £207m worth of assets in Euro.

Non sterling currency assets held to back the mathematical reserves are fully hedged back to sterling.

- (3) The amount of reserve for currency mismatching is £nil because sufficient excess assets are held to cover the exposure arising from currency mismatching, the level of which is within the limit given by INSPRU 3.1.53R.
- (4) Pearl is a realistic reporting firm to which GENPRU 2.1.18R applies and so does not hold a resilience capital requirement under INSPRU 3.1.10R.
- (5) Not applicable – see 7(4).
- (6) Not applicable – see 7(4).
- (7) No additional reserve is held.

Other special reserves

8. A reserve of £8.2m was required in pension non-profit fund to cover the counterparty risk with Opal Reassurance Limited. Under an FSA basis, Pearl holds the higher of the mortality deductible reserve and the counterparty reserve. As the mortality deductible reserve for Pearl is £15m then it is the higher reserve that is held.

INSPRU 1.2.80G requires a margin to be held against the risk of default by a reinsurer i.e. the risk that Opal Reassurance Limited will be unable to make its reinsurance payments. The reserve is calculated by applying a probability of default on the difference between mathematical reserves ceded reduced by liquidity premium calculated on a prudent basis and the Opal assets. As mentioned above, the higher of this reserve and the mortality deductible reserve is held on an FSA basis.

Reinsurance

9. (1) No reinsurance has been ceded on a facultative basis to reinsurers who are not authorised to carry on business in the United Kingdom. No deposit back arrangement exists.

(2) The following table shows the principal reinsurance treaties used:

Reinsurer	Nature and Extent of the Cover	Premium	Premium withheld	Closed to New Business?	Amount of any Un-discharged Obligation	Math-ematical Reserves Ceded	Retention by the Insurer
		£M	£M			£M	
Opal Reassurance Ltd	Liability to pay the Basic Annuity.	0	2,415	Yes	Nil	2,401	Nil

- l) Opal Reassurance Limited is not authorised to carry on insurance business in the United Kingdom
- m) Opal Reassurance Limited is part of the Phoenix group of companies.
- n) None of the treaties is subject to any material contingencies such as credit or legal risk.
- o) No provision has been made for any liability of the insurer to refund any reinsurance commission in the event of lapses or surrender of the contract. Any refunds are met out of the corresponding premiums from the reinsurer.
- p) N/A, as the arrangement with Opal is not a financing arrangement.

10. Reversionary (or annual) bonus

Industrial Branch – Conventional Business policies

Bonus Series	31.12.2009 Basic Mathematical Reserve £'000	31.12.2009 Reversionary Bonus £ Per £14 weekly premium £	31.12.2008 Reversionary Bonus £ Per £14 weekly premium £	31.12.2009 Total guaranteed bonus £ Per £14 weekly premium £
Endowment policies	31,666	£0	£0	N/A
Whole Life policies	175,482	£0	£0	N/A

Ordinary Branch – Conventional Business policies (Simple bonus)

Bonus Series	31.12.2009 Basic Mathematical reserve £'000	31.12.2009 Reversionary bonus %	31.12.2008 Reversionary bonus %	31.12.2009 Total guaranteed bonus %
Life regular premium	113,190	0%	0%	N/A
Pensions regular premium	106,428	0%	0%	N/A

Ordinary Branch – Conventional Business policies (Compound bonus)

Bonus Series	31.12.2009 Basic Mathematical Reserve £'000	31.12.2009 Reversionary bonus %	31.12.2008 Reversionary bonus %	31.12.2009 Total guaranteed bonus %
Life regular premium and paid up policies	685,693	0%	0%	N/A
General annuity fund regular premium and paid up policies	20,655	0%	0%	N/A
Pensions regular premium and paid up policies	569,963	0%	0%	N/A
Pensions single premium	548,068	0%	0%	N/A

Ordinary Branch – Individual Pensions UWP - PP

Bonus Series	31.12.2009 Basic Mathematical Reserve £'000	31.12.2009 Reversionary bonus %	31.12.2008 Reversionary bonus %	31.12.2009 Total guaranteed bonus %
Regular premium	947,455	0%	0%	N/A
Single premium	297,567	0%	0%	N/A
Protected rights DSS recurring single premium	877,384	0%	0%	N/A

Ordinary Branch – Unithised Accumulating With-Profits Business (Super Compound Bonus)

Bonus Series	31.12.2009	01.01.2009 - 14.06.2009	15.06.2009 - 09.11.2009	10.11.2009 - 31.12.2009	01.01.2008 - 31.12.2008
	Basic Mathematical Reserve £'000	Reversionary bonus %	Reversionary bonus %	Reversionary bonus %	Total guaranteed bonus %
Life policies issued in 1995	12,339	1.5%/0.83%	0.75%/0.42%	0.75%/0.42%	N/A
Life policies issued after 1995	378,573	1.5%/0.83%	0.75%/0.42%	0.75%/0.42%	N/A
Pensions policies	324,962	2.20%/1.10%	1.10%/0.55%	1.10%/0.55%	N/A
ISA Bonus Account policies	143,513	1.00%/0.50%	0.50%/0.25%	0.50%/0.25%	N/A
Bonus Account policies	9,824	0.80%/0.40%	0.40%/0.20%	0.40%/0.20%	N/A

Ordinary Branch - Reinsured Accepted Business

Bonus Series	31.12.2009 Basic Mathematical Reserve £'000	31.12.2009 Reversionary bonus %	31.12.2008 Reversionary bonus %	31.12.2009 Total guaranteed bonus %
Portfolio Bond 1a	20,932	1.00%	1.00%	N/A
Portfolio Bond 1b	2,853	1.00%	1.00%	N/A
Portfolio Bond 2 ⁽¹⁾	6,466	1.00%	1.00%	See Note (1)
Investment Bond	59,598	1.00%	1.00%	N/A
Socially Responsible With Profits Bond	48,002	1.00%	1.00%	N/A
Individual Pensions and Socially Responsible With Profits Pensions ⁽²⁾	32,355	1.50%	1.50%	N/A
Group Pensions ⁽²⁾	19,367	1.50%	1.50%	N/A
Capital Account Pensions ⁽²⁾	16,864	3.25%	3.25%	N/A
Immediate Annuities Series 3	15,786	4.50%	4.50%	N/A
Immediate Annuities Series 4	34,956	4.50%	4.50%	N/A

Notes:

1. For Portfolio Bond 2, at the end of five years there is an additional 2% bonus added plus another 2% bonus every five years thereafter. This bonus applies to all funds.
2. The rates shown are for policies with an annual management charge of 1.00%. The annual bonus rates applied to the other policies are adjusted according to their annual management charge.

The basic mathematical reserves in the above tables are the gross mathematical reserves calculated in accordance with paragraph 4 and exclude the special reserves and capital requirements detailed in paragraphs 5 to 8.

PEARL ASSURANCE PUBLIC LIMITED COMPANY

APPENDIX 9.4A

ABSTRACT OF VALUATION REPORT FOR REALISTIC VALUATION

1. Introduction

- (1) The date to which the investigation relates is 31 December 2009.
- (2) The date of the previous valuation is 31 December 2008.
- (3) For the purpose of rule 9.3A an interim valuation was carried out at 30 June 2009.

2. Assets

- (1) A market-consistent valuation is used to determine the value of future profits on non-profit insurance contracts written within the with-profits fund. The zero coupon curves used for this valuation and the previous valuation are set out below.

Implied zero curve at 31 December 2009 (gilts + 10bp)

Year	Zero-curve	Year	Zero-curve	Year	Zero-curve	Year	Zero-curve
1	0.97%	11	4.49%	21	4.86%	31	4.67%
2	1.60%	12	4.60%	22	4.84%	32	4.66%
3	2.19%	13	4.69%	23	4.83%	33	4.64%
4	2.70%	14	4.75%	24	4.81%	34	4.62%
5	3.13%	15	4.80%	25	4.79%	35	4.61%
6	3.47%	16	4.84%	26	4.77%	36	4.59%
7	3.75%	17	4.86%	27	4.75%	37	4.58%
8	3.99%	18	4.87%	28	4.73%	38	4.57%
9	4.18%	19	4.87%	29	4.71%	39	4.55%
10	4.35%	20	4.86%	30	4.69%	40	4.54%

Source: Barrie & Hibbert

Implied zero curve at 31 December 2008 (gilts + 10bp)

Year	Zero-curve	Year	Zero-curve	Year	Zero-curve	Year	Zero-curve
1	1.22%	11	3.70%	21	4.31%	31	3.89%
2	1.87%	12	3.81%	22	4.26%	32	3.88%
3	2.31%	13	3.92%	23	4.20%	33	3.86%
4	2.63%	14	4.03%	24	4.13%	34	3.84%
5	2.87%	15	4.13%	25	4.08%	35	3.83%
6	3.06%	16	4.21%	26	4.03%	36	3.81%
7	3.22%	17	4.28%	27	3.99%	37	3.80%
8	3.35%	18	4.32%	28	3.96%	38	3.78%
9	3.47%	19	4.34%	29	3.93%	39	3.76%
10	3.58%	20	4.34%	30	3.91%	40	3.75%

Source: Barrie and Hibbert

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

3. With-Profits Benefit Reserve Liabilities

(1) The table below shows the methods used to calculate the With-Profits Benefits Reserve.

Table of Retrospective and Prospective Methods Used to Calculate the With-Profits Benefits Reserve (£m)

Product Class	Method used to calculate With-Profits Benefit Reserve	With-Profits Benefits Reserve	Future Policy Related Liabilities
Conventional With-Profits Industrial Branch business	Retrospective – asset shares	253	92
Conventional With-Profits Ordinary Branch Life business	Retrospective – asset shares ¹	763	203
Conventional With-Profits Ordinary Branch Pensions business	Retrospective – asset shares ¹	609	533
Direct Unitised Accumulating With-Profits Personal Pensions business	Retrospective – asset shares	2,429	279
Direct Unitised Accumulating With-Profits business other than Personal Pensions	Retrospective – shadow fund	741	194
Reassurance Accepted Unitised Accumulating With-Profits business	Retrospective – shadow fund	203	10
Reassurance Accepted With-Profits Pension Annuity business	Retrospective – shadow fund	64 ²	0
Other business	Not applicable	0	594
Total		5,061	1,906

¹ Asset shares are not calculated for some paid-up policies and the with-profits benefits reserve for such policies is the regulatory reserve.

² The with-profits benefits reserve for annuity business reinsured from London Life is set to the regulatory reserve.

(2) The with-profits benefits reserve and future policy related liability figures in the above table represent the totals in Form 19.

(3) Not applicable.

(4) Not applicable.

4. With-Profits Benefits Reserve – Retrospective Method

- (1)(a) The with-profits benefit reserve for all business other than Industrial Branch business is calculated on an individual basis. This amounts to 95.0% of the total with-profits benefit reserve.
- (b) The with-profits benefit reserve for Industrial Branch business is calculated on a grouped basis. This amounts to 5.0% of the total with-profits benefit reserve.
- (c) (i) Contracts are grouped at homogeneous premium series level and premium paying status and then grouped either by year of entry and year of birth for whole life policies or by year of entry and five year term bands for endowment policies.
- (c)(ii) The total number of Industrial Branch with-profits contracts included in the model at 31 December 2009 was 277,077. These contracts were grouped into a total of 3,214 model points.
- (c)(iii) The effect of any grouping was tested by comparing the number of contracts, total with-profits benefits reserves, total office premiums and total guaranteed benefits at product line level.
- (2)(a) No significant changes were made to the valuation method for any type of product or classes of with-profits insurance contracts compared to the previous valuation.
- (b) Not applicable.
- (3)(a) As maintenance expenses are defined in a Service Management Agreement, an expense investigation is not necessary.

Expenses consist of:

- Defined per policy maintenance and annual management charges from a Service Management Agreement,
- Project costs,
- Direct costs such as regulatory costs, and
- Investment management expenses.

Project and direct costs are calculated each year based on the costs incurred.

Investment management expenses are charged directly based on an Investment Management Fee Agreement.

- (b) Not applicable.
- (c)(i) No expenses were identified as initial expenses.
- (c)(ii)

Expenses Allocated to With-Profits Benefits Reserve during 2009 (£m)

Expense Type	Amount
Initial expenses	0.0
Maintenance expenses ¹	42.0
Total expenses	42.0

¹ Service company charges, plus project and direct costs of £3.5m plus payments of £0.5m made for an expense inflation hedge.

- (c)(iii) For product lines with the with-profit benefits reserve calculated using "retrospective asset shares", other than Personal Pensions business the expenses charged to individual with-profits benefit reserves are for maintenance expenses expressed as annual management charges (maintenance expenses were expressed as per policy amounts up to the end 2007), and for investment management expenses expressed as a percentage of funds under management.

For business calculated using "retrospective – shadow fund", an allowance for expenses is made through an annual management charge expressed as a percentage of the fund.

- (c)(iv) Investment expenses on assets needed to cover the excess of the realistic liabilities over and above the with-profits benefits reserve (i.e. not deducted from the with-profits benefits reserve) were valued at £8.5m.

- (4) In 2007 the Liability Management Project introduced measures to de-risk the estate and hence increase the amount of estate available for distribution to policyholders. The measures included the transfer of the risks arising from:

- the costs of guarantees (other than those in connection with the Mortgage Endowment Promise or pensions misselling), and
- the costs of smoothing from the estate to the asset shares.

The adjustments to asset shares arising from this transfer of risks can be in the form of credits added to or charges deducted from the relevant asset shares. The guarantee and smoothing adjustments applied in 2009 are shown in the following tables:

Guarantee Adjustments Applied to Asset Shares in 2009¹		
Date Applied	IB	OB
1 January 2009	0.00%	0.56%
1 July 2009	(0.84%)	0.03%

Smoothing Adjustments Applied to Asset Shares in 2009¹		
Date Applied	IB	OB
1 January 2009	0.040%	(0.004%)
1 July 2009	0.048%	(0.016%)

¹ A positive percentage reflects a credit to asset shares whilst a negative percentage reflects a charge to asset shares.

- (5) For Direct Unitised Accumulating With-profits business other than Personal Pensions, a periodical management charge is made to the asset shares, where the charge is as described in Appendix 9.4 for the relevant product.

For Reassurance Accepted Unitised Accumulating With-profits business, the same charging structure is applied to the shadow fund as to the unit fund.

(6) The average claim to with-profit benefit reserve payout ratio for each year is shown in the table below.

Average Claim Payout Ratio (%)	
Year	Payout Ratio
2009	118%
2008	109%
2007	102%

The previous table shows a best estimate of the payout ratio for with-profits business for the period based on claims paid, including any guarantee costs. It should be noted that individual payout ratios will differ to this depending on the product and timing of claim.

(7) The investment return (before tax and expenses) allocated to the with-profits benefits reserve for with-profits business during 2009 was 10.51%.

5. With-Profits Benefits Reserve – Prospective Method

(1) Not applicable.

(2) Not applicable.

6. Costs of Guarantees, Options and Smoothing

(1) Not applicable.

(2)(a) The cost of all significant guarantees, options and smoothing have been valued using a full stochastic approach, with the exception of the pensions misselling liability which is valued using a certainty equivalence approach.

(b)(i) Not Applicable.

(b)(ii) 100% of the with-profits insurance contracts have been valued on a grouped basis.

(b)(iii) Contracts are grouped by product group and premium series, issue year and quinquennial bands by original term and issue age (where necessary). The total number of with-profits contracts included in the model at 31 December 2009 was 1,077,709 (comprising 617,561 pensions contracts and 460,148 life contracts). These contracts were grouped into a total of 12,069 model points (comprising 2,328 pensions and 9,741 life).

The total number of contracts, total with-profits benefits reserves, total office premiums and total guaranteed benefits for the grouped and ungrouped data were compared at product line level.

(c) Not applicable.

(3) No significant changes were made to the valuation method for valuing cost of guarantee, option or smoothing since the previous valuation.

(4) (a) (i) The main guarantees, options and smoothing valued are:

- Basic benefit guarantees, e.g. the sums assured and attaching reversionary bonuses for conventional with-profits business and the unit fund for accumulating with-profits business payable on death or maturity for a whole life or endowment or deferred annuity. Some of these guarantees are in-the-money and others are out-of-the money.
- Annuity rate guarantees on certain self employed deferred annuities and some other deferred annuity policies, i.e. a guaranteed annuity rate specified in the contract that can be applied at retirement to convert the cash benefits provided by the contract into annuity benefits. Generally, these annuity rate guarantees are in-the-money.
- Guaranteed minimum pensions (GMP) on Freedom Bond conventional pensions policies that resulted from transfers from contracted out schemes. This guarantee is that the pension provided at retirement is at least above a certain level. Generally, these guaranteed minimum pensions are in-the-money.
- The Mortgage Promise made to certain mortgage endowment policies. Generally, this promise is in-the-money.
- Guaranteed surrender values on direct unitised accumulating with-profits business, where the policyholder receives the unit fund less a surrender penalty on surrender, and where no MVA is applicable. Generally, these guaranteed surrender values are currently in-the-money.
- The cost of smoothing arises due to the policy of constraining payouts from year to year. This acts as a constraint on targeting payouts to 100% of asset share.
- Guarantees in respect of certain Personal Pension policyholders where failure to adhere to the best advice rules may have occurred. This includes guarantees issued by Pearl Assurance PLC and those where they are shared between Pearl Assurance PLC and Pearl Assurance (Unit Linked Pensions) Limited. Generally, these guarantees are in-the-money.

(a)(ii) The asset models assume that:

- Interest rates follow a two-factor Libor Market Model process.
- Corporate bond spreads follow a Jarrow-Landow-Turnbull process, with defaults following a one-factor Cox-Ingersoll_Ross process.
- All equity processes follow a geometric Brownian.

Interest rates

The interest rate calibration process is in two steps:

- A zero-coupon yield curve is initially derived, which is calibrated to the gilt curve with a +10bp adjustment.
- Interest rate volatilities are calibrated to swaption implied volatilities using weighted least squares over the swaption volatility surface. Additional weightings are applied on contracts with longer swap tenors and longer dated option maturities.

The gilt curve with a +10bp adjustment is as supplied by Barrie & Hibbert.

The market swaption volatilities were supplied by Barrie & Hibbert.

Corporate bond spreads

The corporate bond portfolio is modelled as a constant-weight mixture by credit rating as follows: AAA, AA, A and BBB. In each portfolio, the corporate bond process models the variation in the spread over risk free bonds.

There are two elements to the credit spread calibration process:

- The credit transition matrix is calibrated to historic data based on historical 1 year transition probabilities and the long term historical default probabilities.
- The credit risk premium process is initialised to current market data obtained from Bloomberg.

The calibration of the credit spread processes was focused on matching the initial spread on an A rated bond of 7 year maturity.

The following tables show the credit spreads over gilts + 10bp and volatilities at 31 December 2009 in basis points:

Corporate Bond Spreads at 31 December 2009				
Term	AAA	AA	A	BBB
1	11	50	68	193
2	20	67	86	210
3	29	80	98	216
5	46	94	111	208
7	58	101	116	195
10	69	104	116	176
15	77	103	111	153
20	79	100	106	137
25	79	96	101	126
30	79	93	97	118

Volatility assumptions for corporate bond spreads (bps)				
	Maturity (years)			
Rating	1	7	10	30
AAA	62	56	50	62
AA	65	66	63	63
A	83	79	73	77
BBB	108	97	95	93

Equity and Property

Five asset classes are modelled as equity-type processes: UK equity index, overseas equity index, UK property index and two hedge fund assets known as "Quant" and "Fundamental". These are modelled as geometric Brownian motions with stochastic drift, which is equated to the stochastic interest rate.

UK Equity follows a local volatility model which is calibrated to implied volatilities on FTSE options. The implied volatility surface used in the calibration is shown below:

	%	Maturity						
		0.7	0.8	0.9	1	1.1	1.2	1.3
Strike	1	32.5	29.1	25.88	22.89	20.29	18.28	16.95
	2	31.16	28.65	26.35	24.25	22.37	20.75	19.42
	3	30.86	28.75	26.78	24.92	23.17	21.59	20.31
	5	30.32	28.43	26.74	25.26	24.04	23.11	22.46
	10	29.88	28.67	27.57	26.57	25.65	24.83	24.11

All other equity type asset classes are modelled using constant volatility. These parameters are shown below:

OS equity volatility	27.7%
Property volatility	30.0%
Quant fund volatility	6.5%
Fundamental volatility	7.3%

The correlations between the log-normal processes are equated to the correlations between asset classes and between changes in risk-free bond yields.

The correlations assumed are as follows:

	UK equities	OS equities	Property	Interest	Quant	Fundamental
UK equities	1	0.50	0.20	-0.22	0.30	0.43
OS equities		1	0.20	-0.22	0.42	0.42
Property			1	-0.10	0.03	0.25
Interest rates				1	-0.46	-0.55
Quant					1	0.48
Fundamental						1

The volatility and correlation assumptions for standard asset classes are derived from Barrie & Hibbert best estimate assumptions. The correlation assumptions for the two hedge fund asset classes, Quant and Fundamental, are those recommended by Ignis.

(a)(iii) The following table shows the simulated values of specific options and/or contracts.

The table contains the values derived from the same set of 1000 scenarios that are used for the base realistic balance sheet, with the exception that for credit, the AA-rated process is used, not the combined credit process used in the base realistic balance sheet.

Swap duration		FSA Table															
		15 years 0.75					20 years 1					25 years 1.5					
n	r	5	15	25	35	5	15	25	35	5	15	25	35	5	15	25	35
	the risk free rate assumed for the period (r)	3.12%	4.79%	4.80%	4.62%												
1	Risk-Free Zero Coupon Bond	£857,450	£495,499	£309,535	£205,505	£228,256	£395,068	£518,456	£607,034	£575,957	£756,071	£902,207	£1,012,596	£575,957	£756,071	£902,207	£1,012,596
2	FTSE All Share Index (p=1)	£112,971	£245,971	£342,477	£420,355	£213,370	£315,396	£372,403	£408,003	£539,011	£608,620	£660,906	£684,987	£539,011	£608,620	£660,906	£684,987
3	FTSE All Share Index (p=0.8)	£104,381	£195,202	£243,547	£280,152	£261,433	£438,033	£559,919	£647,385	£631,608	£830,037	£978,737	£1,080,443	£631,608	£830,037	£978,737	£1,080,443
4	Property (p=1)	£122,979	£268,353	£370,533	£443,792	£242,588	£347,858	£402,993	£430,363	£594,916	£672,217	£716,060	£731,268	£594,916	£672,217	£716,060	£731,268
5	Property (p=0.8)	£112,808	£209,767	£262,957	£291,175	£86,272	£85,115	£94,758	£140,380	£498,744	£500,268	£507,072	£542,745	£498,744	£500,268	£507,072	£542,745
6	15yr Risk-Free ZCBs (p=1)	£18,056	£18,438	£16,169	£31,556	£73,154	£41,261	£22,479	£27,442	£454,088	£311,018	£227,852	£207,260	£454,088	£311,018	£227,852	£207,260
7	15yr Risk-Free ZCBs (p=0.8)	£15,375	£8,604	£5,027	£5,314	£97,308	£110,948	£119,806	£155,780	£498,179	£498,236	£507,859	£542,194	£498,179	£498,236	£507,859	£542,194
8	15yr Corporate Bonds (p=1)	£23,094	£29,955	£32,321	£50,587	£83,765	£60,539	£41,988	£46,108	£454,529	£317,521	£241,451	£218,944	£454,529	£317,521	£241,451	£218,944
9	15yr Corporate Bonds (p=0.8)	£19,786	£15,772	£10,621	£14,491	£191,631	£330,356	£443,659	£524,466	£553,026	£699,740	£826,245	£925,049	£553,026	£699,740	£826,245	£925,049
10	Portfolio 1 (p=1)	£77,540	£184,055	£276,264	£345,507	£175,258	£251,066	£304,688	£333,870	£514,861	£546,539	£583,344	£600,005	£514,861	£546,539	£583,344	£600,005
11	Portfolio 1 (p=0.8)	£70,111	£136,165	£185,959	£216,649	£158,502	£273,902	£363,695	£446,233	£524,369	£622,696	£729,104	£824,422	£524,369	£622,696	£729,104	£824,422
12	Portfolio 2 (p=1)	£56,862	£145,671	£212,914	£282,547	£143,352	£203,629	£236,997	£272,193	£484,764	£475,943	£496,351	£516,878	£484,764	£475,943	£496,351	£516,878
13	Portfolio 2 (p=0.8)	£50,367	£104,200	£136,430	£167,901	£124,314	£203,853	£276,564	£342,996	£510,030	£566,944	£642,510	£717,976	£510,030	£566,944	£642,510	£717,976
14	Portfolio 3 (p=1)	£31,597	£85,054	£138,757	£194,284	£109,336	£135,883	£160,345	£185,250	£468,486	£410,144	£404,127	£410,476	£468,486	£410,144	£404,127	£410,476
15	Portfolio 3 (p=0.8)	£26,801	£53,313	£75,647	£97,290	6.07%	7.52%	6.68%	4.66%	7.34%	8.65%	7.49%	5.13%	7.34%	8.65%	7.49%	5.13%
16	Sterling Receiver Swaptions	4.72%	6.07%	5.59%	3.97%												

Notes:

- (1) Row zero shows the risk free rate rounded to two decimal places. When deriving the strike for each option we have not used the truncated risk free rate; rather we have used the risk free rate implied by the scenarios.

(a)(iv) Dividend yields for each asset class are shown in the following table.

Dividend Yields by Asset Class	
Asset Class	Dividend Yield
UK Equity	3.2%
Property	5.1%
OS Equity	2.2%
Quant	0.0%
Fundamental	0.0%

(a)(v) For the purposes of rule 1.3.62 of the INSPRU sourcebook, the US and the Eurozone were the only significant overseas territories. There is no separate asset model for overseas assets and so the simulated prices of the swaptions would be the same as those set out in the table in 6(4)(a) (iii).

(a)(vi) The outstanding term of significant guarantees within material product classes are shown in the following table.

Outstanding term of significant guarantees (years)

Product Class	GAO / GMP on maturity	Guarantees on maturity	Guarantees on surrender	Mortgage Endowment Promise
Conventional With-profits Life business	N/A	4	N/A	6
Conventional With-profits Pension business	10	10	N/A	N/A
Conventional With-profits Industrial Branch business (endowments only)	N/A	2	N/A	N/A
Non unitised Accumulating With-profits business	N/A	14	N/A	N/A
Direct Unitised Accumulating With-profits business	N/A	14	8	8
Reassurance Accepted Unitised Accumulating With-profits business	N/A	N/A	N/A	N/A

The fit of the asset model to specimen swaptions is demonstrated below.

Ratio of simulated to market swaption volatilities						
		Swap Length				
		1	5	10	20	30
Option Maturity	5	86.35%	99.08%	103.57%	98.48%	96.75%
	10	120.79%	118.21%	107.28%	98.73%	96.96%
	15	106.76%	98.48%	92.36%	87.92%	89.10%
	20	98.96%	93.05%	86.78%	84.99%	87.02%

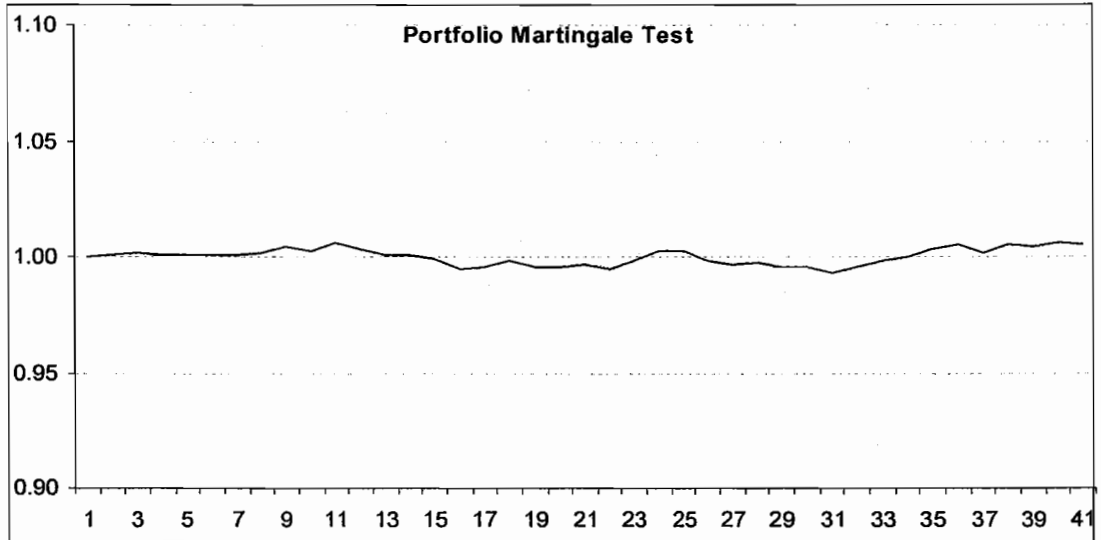
This table demonstrates that the scenarios can be used to reproduce market volatilities. The observed errors are relatively small in the calibration range of length 10-20 years and 5-15 years expiry, showing that the simulation process does not introduce significant additional errors over and above that arising from the calibration process.

- (a)(vii) The validation process involves two tests:
- Ensuring the scenarios satisfy the principle of no arbitrage.
 - Checking that the market prices of relevant traded instruments can be replicated.

The market-consistent scenario generator is based on well-established models that have been subject to peer review in the academic literature. Published proofs exist that the models are internally consistent and arbitrage free. The models are implemented using simulation techniques. To ensure that the models have been implemented correctly and that the simulation process does not introduce bias test runs were carried out using sufficient numbers of scenarios such that the test illustrated below would identify any systematic errors. The models have passed this test without error.

In day to day use, it is not possible to use sufficient scenarios to eliminate all simulation error. For this fund 1000 scenarios were used.

The chart below is used to demonstrate that the scenarios supplied are arbitrage free up to suitable simulation error. In the chart, the y-axis shows the expected net present value of £1 invested at time zero and the x-axis shows the period of investment. In a market consistent model the expected value (or average discounted value) of £1 invested in a traded asset (e.g. cash, bonds or equities) equals £1 (this test is referred to as the "one = one" test). Given that the chart is the result of calculating the expected value via simulation, a margin for error is expected. The observed error is small and the scenarios are considered to pass the no arbitrage test.

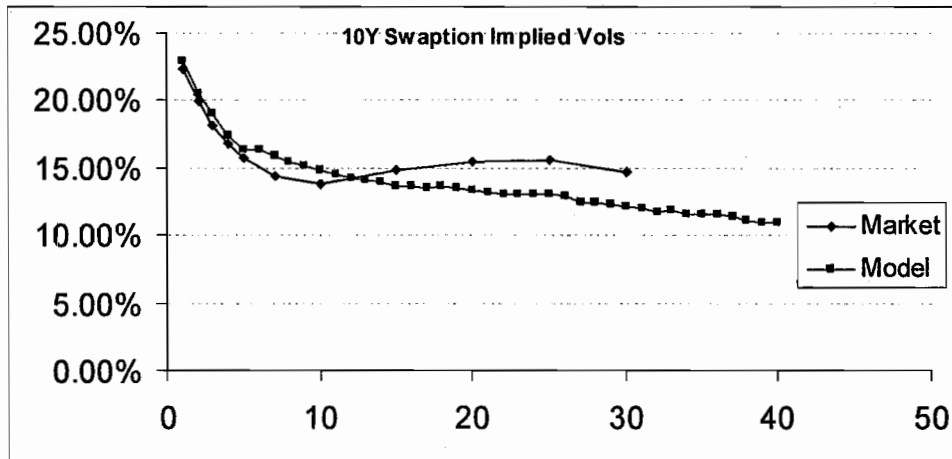
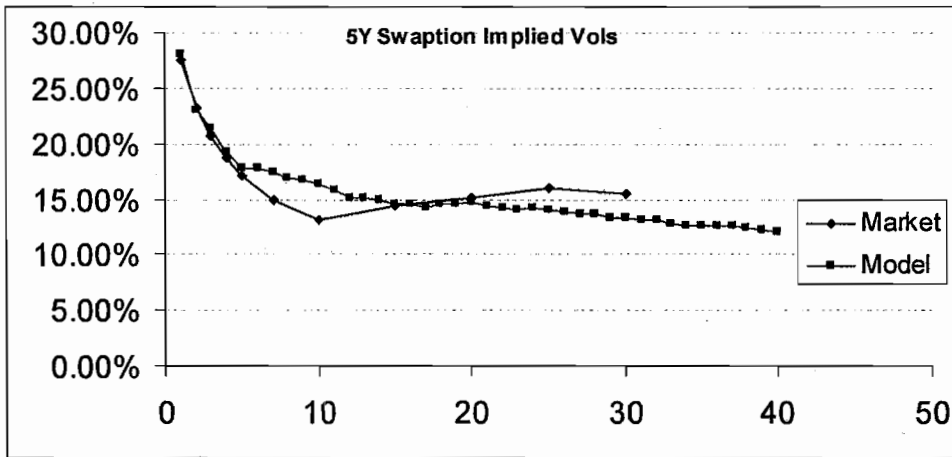


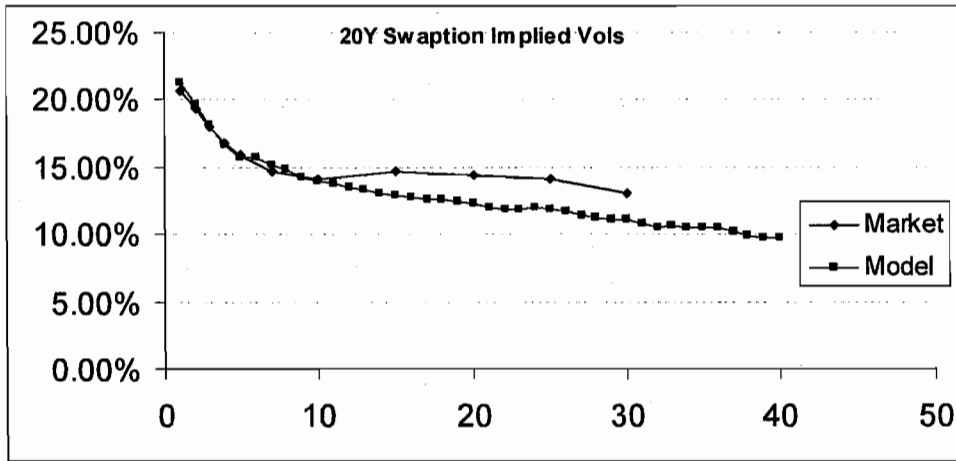
The second test requires that the scenarios themselves can be used to reproduce (by stochastic simulation) market prices. This test has been carried out separately for the asset models described in 6(4)(a)(ii).

Interest rates

The first step is to show how well the calibrated model follows the given volatility surface.

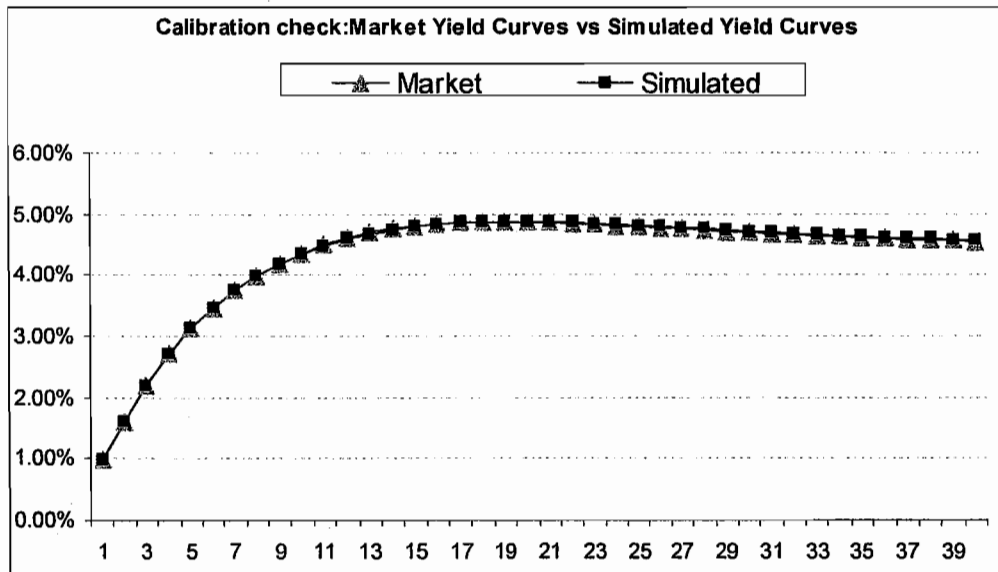
The calibration focuses on the swap duration between 10 and 20 years, which match the liabilities more closely, and on swaption expiries between 5 and 15 years. The graphs below show how the volatilities of modelled swaptions of varying tenors fit the market data.





The next step is to ensure that the discount factors give the market prices for the risk-free bonds implied by the zero-coupon yield curve.

The graph below shows the average of the modelled discount factors compared to the market data. The fit when taking the average of the 1000 scenarios can be seen to be very close to the market data.

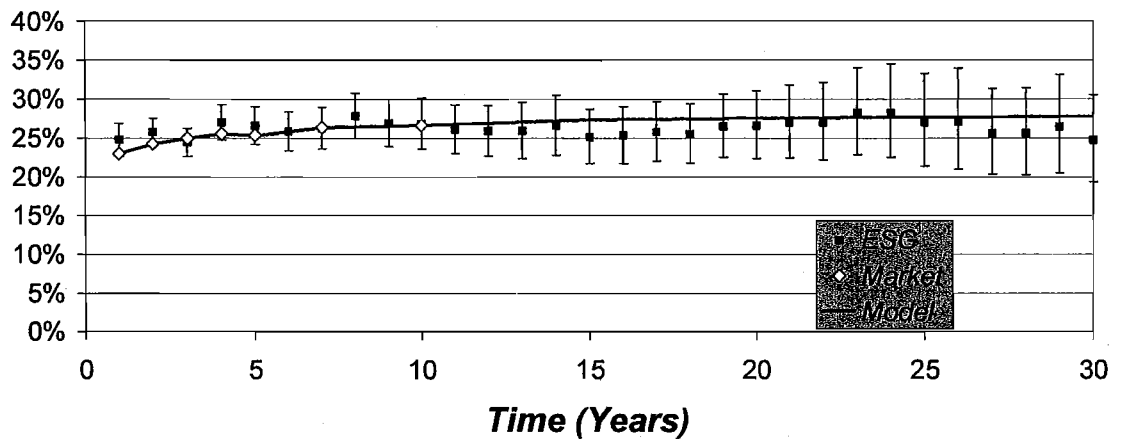


Equity and Property

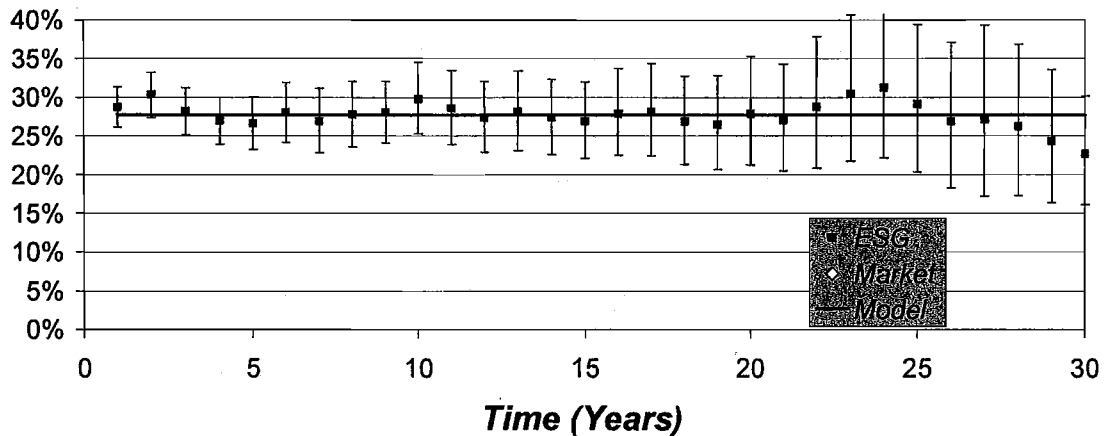
Only UK equity has been calibrated to market data. Therefore, for all other asset classes it is not possible to illustrate the fit of the scenarios to market data. However, the fit to the volatility assumptions mentioned in 6(4)(a)(ii) above can be demonstrated.

The charts below show the results for the market price test applied to at the money put options. The smooth (red) line shows the target volatility input into the model. The black markers show the implied volatility calculated from simulated prices. This can be seen to follow the theoretical volatility closely when the high level of the volatility parameters is taken into consideration and we conclude that the error introduced by simulation is small and that market consistency is satisfied.

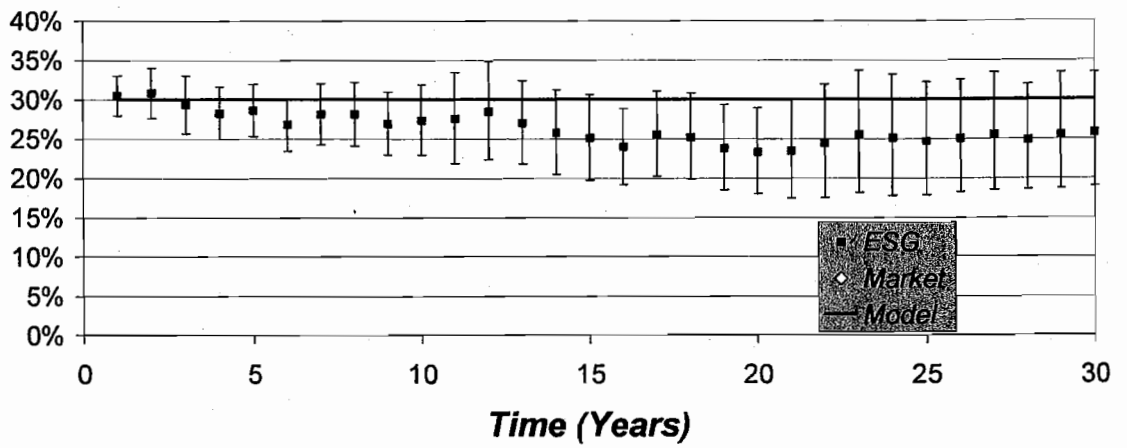
UK Equity



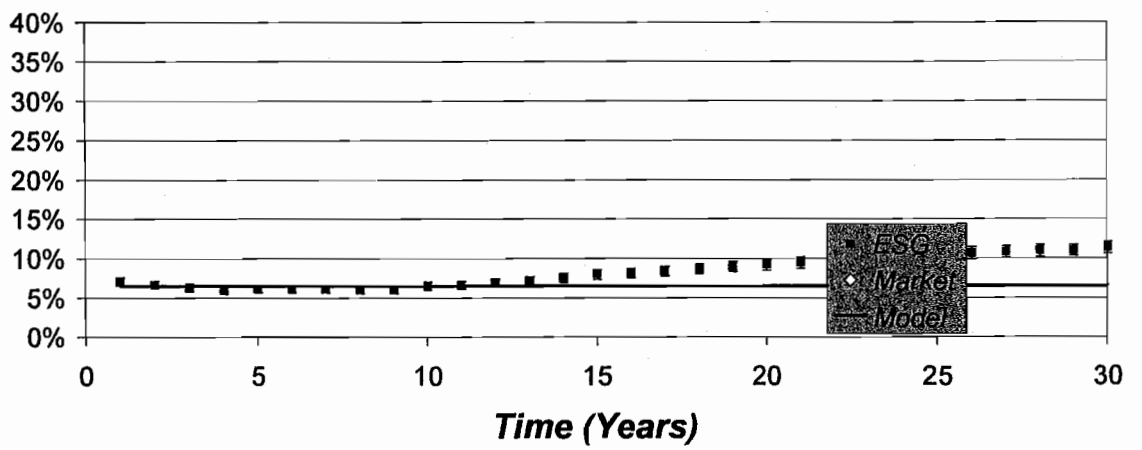
OS Equity



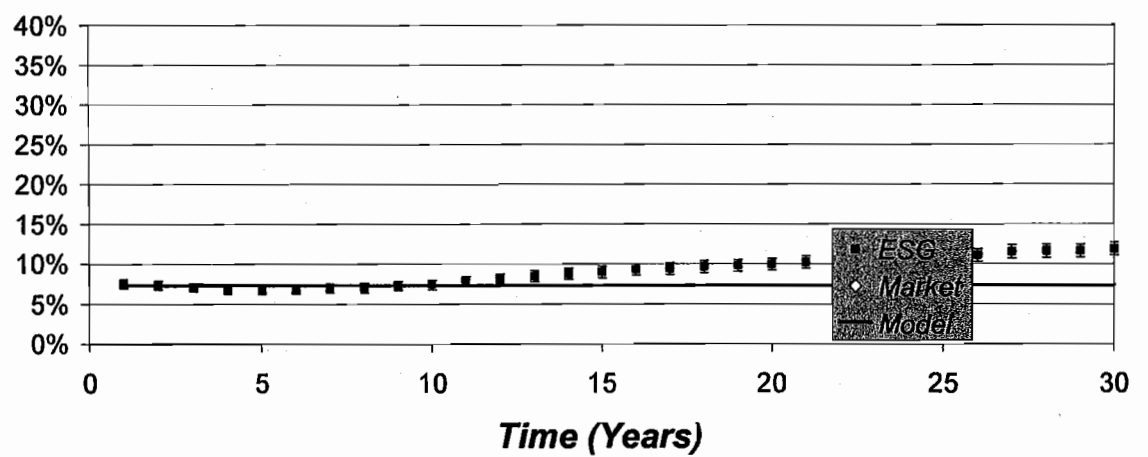
Property



Quant

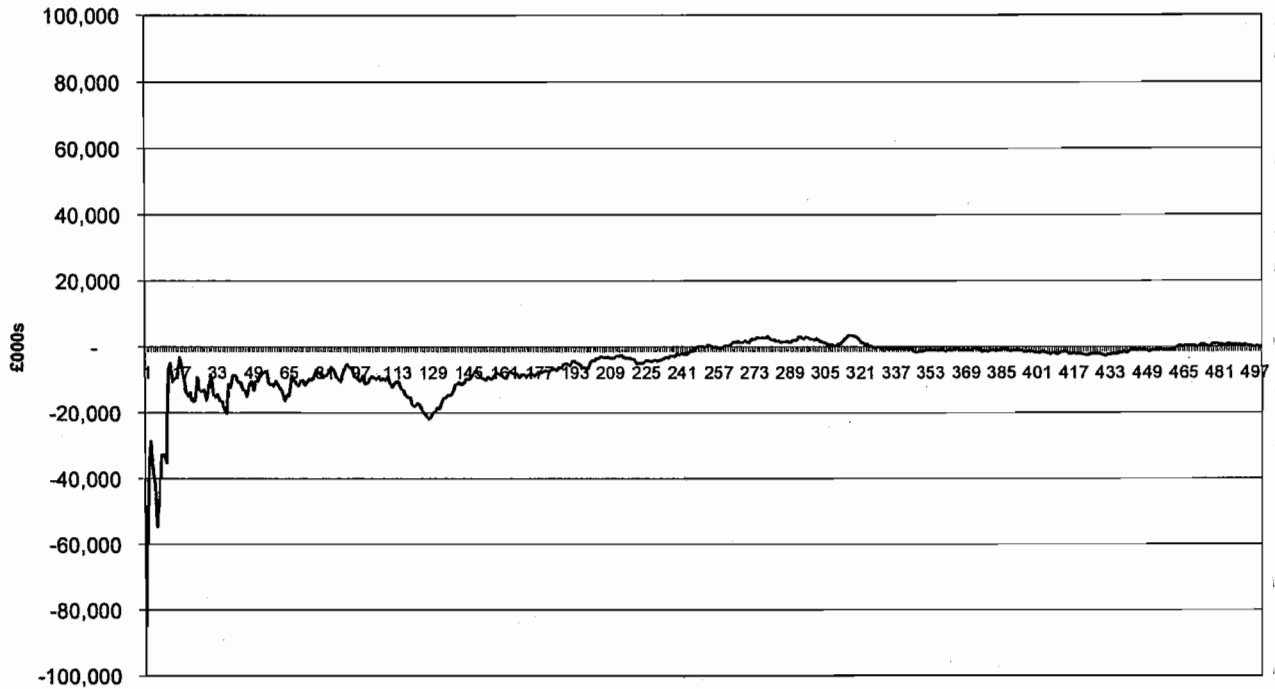


Fundamental



(a)(viii) Simulations were performed using 1,000 scenarios, which allow reasonable convergence of the results as can be gauged from the validation tests described in (a)(vii) above. The graph below also shows that there is suitable convergence in results over the number of scenarios used.

RBS Convergence - Pearl YE09



- (b) Not applicable.
- (c) Not applicable.
- (5) (a) The following management actions are assumed when determining the realistic balance sheet:
- Final bonus rates are changed to target asset share, subject to guarantees and smoothing constraints.
 - Annual bonus rates are set depending on economic conditions
 - If the working capital burns-through the assets in the Pacific fund in either the base or the risk capital margin scenario, the assets of the with-profits fund are moved into gilts and cash.
 - Differences between the movement in assets backing the basic and GAO guarantees and their corresponding provisions are charged/credited to relevant asset shares
 - Smoothing profits/losses are credited/charged to relevant asset shares
 - The amount of estate available for distribution is included in the claims paid.
 - If assets deemed alternative investments earn less than the risk free rate for two consecutive years, then the company sells these assets and reverts to conventional assets.
- (b) The following tables set out the proportion of the assets backing the with-profits benefit reserve which would consist of equities (UK and non-UK) and annual bonus rates that would be modelled under the three different assumed risk-free curves.

Projected Equity Proportions – Scenarios (i), (ii) and (iii)

	Equity Proportion	
	Accumulating with-profits	Conventional with- profits
(i) Risk free interest rate curve - At 31 December 2009	37.7%	37.7%
(i) Risk free interest rate curve - End 5 years	33.0%	33.0%
(i) Risk free interest rate curve - End 10 years	28.3%	28.3%
(ii) Risk free interest rate curve + 17.5% - At 31 December 2009	37.7%	37.7%
(ii) Risk free interest rate curve + 17.5% - End 5 years	33.0%	33.0%
(ii) Risk free interest rate curve + 17.5% - End 10 years	28.3%	28.3%
(iii) Risk free interest rate curve – 17.5% - At 31 December 2009	37.7%	37.7%
(iii) Risk free interest rate curve – 17.5% - End 5 years	33.0%	33.0%
(iii) Risk free interest rate curve – 17.5% - End 10 years	28.3%	28.3%

Projected Annual Bonus Rates – Scenarios (i), (ii) and (iii)

(i) Risk Free Interest Rate Curve

		31 Dec 2009	31 Dec 2014	31 Dec 2019
Direct Unitised Accumulating With-profits business other than Personal Pensions ⁽¹⁾	Life	1.0 / 0.0	1.0 / 1.0	1.0 / 1.0
	Pensions	1.0 / 1.0	1.0 / 1.0	2.0 / 1.0
	Bonus Account	0.0 / 0.0	0.0 / 0.0	1.0 / 0.0
	ISA	0.0 / 0.0	1.0 / 0.0	1.0 / 0.0
Direct Unitised Accumulating With-profits Personal Pensions business	Pensions	0.0	0.5	1.0
Reassurance Accepted Unitised Accumulating with-profits business	Life	1.0	1.0	1.0
	Pensions	1.5	1.5	1.5
	Capital Account	3.25	3.25	3.25

(ii) Risk Free Interest Rate Curve +17.5% of Long Term Gilt Yield

		31 Dec 2009	31 Dec 2014	31 Dec 2019
Direct Unitised Accumulating With-profits business other than Personal Pensions ⁽¹⁾	Life	1.0 / 0.0	1.0 / 0.0	1.0 / 1.0
	Pensions	1.0 / 1.0	1.0 / 1.0	2.0 / 1.0
	Bonus Account	0.0 / 0.0	0.0 / 0.0	1.0 / 0.0
	ISA	0.0 / 0.0	1.0 / 0.0	1.0 / 0.0
Direct Unitised Accumulating With-profits Personal Pensions business	Pensions	0.0	0.2	0.8
Reassurance Accepted Unitised Accumulating with-profits business	Life	1.0	1.0	1.0
	Pensions	1.5	1.5	1.5
	Capital Account	3.25	3.25	3.25

(iii) Risk Free Interest Rate Curve -17.5% of Long Term Gilt Yield				
		31 Dec 2009	31 Dec 2014	31 Dec 2019
Direct Unitised Accumulating With-profits business other than Personal Pensions ⁽¹⁾	Life	1.0 / 0.0	1.0 / 0.0	1.0 / 1.0
	Pensions	1.0 / 1.0	1.0 / 1.0	1.0 / 1.0
	Bonus Account	0.0 / 0.0	0.0 / 0.0	1.0 / 0.0
	ISA	0.0 / 0.0	1.0 / 0.0	1.0 / 0.0
Direct Unitised Accumulating With-profits Personal Pensions business	Pensions	0.0	0.2	0.4
Reassurance Accepted	Life	1.0	1.0	1.0
	Pensions	1.5	1.5	1.5
Unitised Accumulating with-profits business	Capital Account	3.25	3.25	3.25

¹⁾ Bonus rates given are the high and low bonus rates.

(6) The persistency assumptions used to determine the costs of guarantees, options and smoothing are outlined in the following table.

Product	Average paid-up / lapse rate for the policy years				
		1-5	6-10	11-15	16-20
Conventional With-profits Life business regular premium	PUP	0.5	0.5	0.5	0.5
Conventional With-profits Life business regular premium	lapse	2.5	2.5	2.5	2.5
Conventional With-profits Life business single premium	lapse	2.5	2.5	2.5	2.5
Conventional With-profits Pensions business regular premium	PUP	2.0	2.0	2.0	2.0
Conventional With-profits Pensions business regular premium (Note 1)	lapse	2.0	2.0	2.0	2.0
Conventional With-profits Pensions business single premium	lapse	1.5	1.5	1.5	1.5
Conventional With-profits Industrial Branch business regular premium	PUP	0.0	0.0	0.0	0.0
Conventional With-profits Industrial Branch business regular premium	lapse	0.0	0.0	0.0	0.0
Direct Unitised Accumulating With-profits Personal Pensions business	PUP	4.0	4.0	4.0	4.0
Direct Unitised Accumulating With-profits Personal Pensions business	lapse	4.0	4.0	4.0	4.0
Direct Unitised With-profits Life business regular premium	PUP	1.0	1.0	1.0	1.0
Direct Unitised With-profits Life business regular premium	lapse	6.0	6.0	6.0	6.0
Direct Unitised With-profits Life business single premium (Note 2)	lapse	10.0	10.0	10.0	10.0
Direct Unitised With-profits Pensions business other than Personal Pensions regular premium	PUP	7.0	7.0	7.0	7.0
Direct Unitised With-profits Pensions business other than Personal Pensions regular premium	lapse	4.0	4.0	4.0	4.0
Direct Unitised With-profits Pensions business other than Personal Pensions single premium	lapse	4.0	4.0	4.0	4.0
Direct Unitised With-profits business ISA and Bonus Account	PUP	3.0	3.0	3.0	3.0
Direct Unitised With-profits business ISA and Bonus Account	lapse	15.0	15.0	15.0	15.0
Reassurance Accepted Unitised Accumulating with-profits Life Business	lapse	14.0	14.0	14.0	14.0
Reassurance Accepted with-profits Pensions business - Personal Pension Plan	lapse	14.0	14.0	14.0	14.0
Reassurance Accepted with-profits Pensions business - Flexible Income Plan	lapse	25.0	25.0	25.0	25.0

(1) These rates also apply to non-profit pensions contracts which were originally written as simple bonus with-profit contracts, but became non-profit when paid up.

- (2) In addition a partial withdrawal rate of 2% per annum of the initial investment is assumed, where applicable.

The annuitant mortality and take-up rate assumptions are shown in the following tables.

	Projection Basis	
	Male	Female
Annuity Rate Guarantee – post vesting ⁽¹⁾	110.0% RMV00 projected	125% RFV00 projected

⁽¹⁾ Improvements CMI_2009 [3.0% for ages up to age 60, reducing linearly down to 0% from age 110]

Annuity Rate Guarantee Take-up rate Assumptions		
Tax free cash percentage	Self Employed Deferred Annuity	22%
	Other Deferred Annuity	13%
Take-up rate	Self Employed Deferred Annuity	100%
	Other Deferred Annuity	95%

- (7) There is no allowance for any policyholder actions that would be taken by policyholders in the projection of the assets and the liabilities.

7. Financing Costs

Not applicable.

8. Other Long-Term Insurance Liabilities

A breakdown of the other long-term insurance liabilities is set out below.

Other Long-Term Insurance Liabilities at 31 December 2009 (£m)	
Liability	Value
Pensions misselling	320
Other misselling provisions	0
Value of future profits from direct unitised accumulating with-profits business	(7)
Value of future shareholder transfers from direct unitised accumulating with-profits business	22
Investment return tax and investment expenses	24
Value of investment fees	8
Value of future tax charges levied	68
Additional liability for expenses	8
Other additional liabilities	54
Total	497

No provisions have been included in respect of 'Any other liabilities related to regulatory duty to treat customers fairly.'

9. Realistic Current Liabilities

The realistic current liabilities were £2,903m and the following table gives a breakdown at 31 December 2009.

Current liabilities at 31 December 2009 (£m)	
Liability	Value
Outstanding claims	53
Other provisions	17
Creditors	2,809
Accruals and deferred income	1
Direct Insurance Business	15
Deferred tax liability	8
Total Realistic Current liabilities	2,903
Provision for "reasonably foreseeable adverse variations"	15
Total Regulatory Current Liabilities	2,918

10. Risk Capital Margin

- (a) The risk capital margin at 31 December 2009 was zero.

The most onerous scenario is that which combines:

- (i) 20% fall in equity values; 12.5% fall in property values.
 - (ii) 17.5% rise in yield curve for UK assets, equivalent to a 0.78% nominal change in the long term gilt yield. US bond yields are reduced by 0.76%. Eurozone bond yields are reduced by 0.67%.
 - (iii) The average change in spreads for non-credit exempt bonds was +90 basis points when weighted by value (this would be +177 basis points if weighted by value and duration), resulting in a 6.21% fall in bond asset value.
 - (iv) The persistency risk scenario resulted in a 0.55% increase in the realistic value of liabilities.
 - (v) Not applicable.
- (b)
- (i) No additional management actions to those described in 6(5)(a) above were assumed for the purposes of calculating the risk capital margin.
 - (ii) Not applicable.
 - (iii) Not applicable.
 - (iv) Not applicable.
- (c)
- (i) Not applicable.
 - (ii) Not applicable.

11. Tax

The following tax treatment has been assumed:

- (i) For assets backing the with-profits benefits reserve, policyholder taxes are calculated on the "I-E" tax basis applicable to BLAGAB business and deducted from the with-profits benefit reserve. The tax rates are 20% on savings income and indexed capital gains (before allowance for deferral of gains) and nil on franked income. Tax relief on expenses is assumed to be 20%.
- (ii) Allowance is made for the "I-E" tax due on assets needed to back the excess of realistic liabilities over and above the with-profits benefits reserve and is included in the Other Long Term Insurance Liabilities.
- (iii) The allowance made for tax on the assets backing realistic current liabilities is similar to that outlined in (ii) above.

12. Derivatives

The with-profit fund holds the following major derivative positions:

- A portfolio of credit default swaps with nominal exposure of £817m which Pearl pays in the event of a credit default in exchange for receiving fixed rate coupons. The average term to expiry is 4 years and the average rate of the fixed coupons is 1.36%.
- A portfolio of credit default swaps with nominal exposure of £239m which Pearl receives in the event of a credit default in exchange for paying fixed rate coupons. The average term to expiry is 3 years and the average rate of the fixed coupons is 2.89%.
- A portfolio of purchased swaptions with notional amounts totalling £585m. The options have maturity dates spread over the next 10 years. The underlying swaps entitle Pearl to receive the strike rate in exchange for the floating swap rate over a term of 15 years. The average strike rate was 5.0%.
- A portfolio of purchased swaptions with notional amounts totalling £684m. The options have maturity dates spread over the next 21 years. The underlying swaps entitle Pearl to receive the floating rate in exchange for the strike rate over a term of 20 years. The average strike rate was 8.2%.
- A portfolio of interest rate swaps with notional amounts totalling £3,402m in which Pearl pays floating rate coupons and receives fixed rate coupons. The average term to expiry is 13 years and the average rate of the fixed coupons is 3.6%.
- A portfolio of interest rate swaps with notional amounts totalling £5,806m in which Pearl pays fixed rate coupons and receives floating rate coupons. The average term to expiry is 4 years and the average rate of the fixed coupons is 1.6%.
- A portfolio of swap spread hedges with notional amounts totaling £863m.
- A portfolio of overseas interest rate swaps with notional amounts totalling £418m in which Pearl pays fixed rate coupons and receives floating rate coupons. The average term to expiry is 5 years and the average rate of the fixed coupons is 4.2%.
- A portfolio of RPI linked swaps with notional amounts totalling £101m in which Pearl pays RPI linked coupons and receives fixed rate coupons. The average term to expiry is 8 years and the average rate of the fixed coupons is 1.25%.
- A portfolio of RPI linked swaps with notional amounts totalling £244m in which Pearl pays fixed rate coupons and receives RPI linked coupons. The average term to expiry is 7 years and the average rate of the fixed coupons is 2.5%.
- A portfolio of UK gilt and bond futures with short positions totalling (£4m).
- A portfolio of OS Bond futures with short positions totaling (£36m).
- A portfolio of UK equity futures with short positions totalling (£356m).

13. Analysis of Working Capital

Analysis of Movement in Working Capital (£m)

With-Profits Fund Working Capital at 31 December 2008	0
Undo zeroisation to Opening Working Capital	835
Opening Adjustments	(77)
Investment return on opening Working Capital	113
Economic assumption changes	(92)
Non economic assumption changes	(23)
Economic variances	(67)
Non economic variance	61
Guarantee and smoothing charges	(36)
Changes in other liabilities of lines 47 and 51 of Form 19	76
Planned Enhancements	(790)
Reported Working Capital at 31 December 2009	0

14. Optional Disclosure

Not applicable.

Returns under the Accounts and Statements Rules

Statement of information on the with-profits actuary required by rule 9.36

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global Business

Financial year ended 31 December 2009

The with-profits actuary throughout the period was K J Arnott. In accordance with rule 9.36 of the Accounts and Statements Rules, the following information relating to Mr Arnott is in respect of the year 2009.

1. a) K J Arnott held no shares or share options in 2009.
 - b) K J Arnott held a number of assurance and insurance policies and investment products issued by the insurer in the normal course of business, the transactions being of a minor nature.
 - c) The aggregate of the remuneration and value of other benefits receivable by K J Arnott from the insurer in respect of 2009 was £184,910*.
 - d) K J Arnott was throughout the year a member of the Pearl Staff Pension Scheme, and was entitled to the standard benefits under the rules of the scheme.
2. The insurer has made a request to K J Arnott to furnish it the particulars specified in rule 9.36(1) of the Accounts and Statement Rules. The above particulars were obtained from the insurer's Human Resources records with the agreement of K J Arnott.

Note 1

Under rule 9.36(4) of the Accounts and Statements Rules, reference to the insurer includes reference to any body corporate which is the insurer's subsidiary undertaking or parent undertaking and to any other subsidiary undertakings of its parent undertaking.

* Any undeclared bonuses are excluded.

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34(1)

PEARL ASSURANCE PLC

Global Business

Financial year ended 31 December 2009

We certify that: -

1. (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and
(b) we are satisfied that:
 - (i) throughout the financial year in question, 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.
2. (a) in our opinion, premiums for contracts of long-term business entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
(b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year for the long-term insurance business liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business; and
(d) we have, in preparing the return, taken and paid due regard to-
 - (i) advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.


M J Merrick
Chief Executive


J S B Smith
Director


J P Evans
Director

Date: 25 March 2010

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34(1)

PEARL ASSURANCE PLC

Global Business

Financial year ended 31 December 2009

Note to the Directors' Certificate

1. Principles and Practices of Financial Management

Paragraph 2(c) which relates to the management of the with-profits fund in accordance with the Principles and Practices of Financial Management ("PPFM"), has been omitted from the Return due to certain minor instances where the management of the fund differed from the PPFM but these have not resulted in the unfair treatment of policyholders.

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35

PEARL ASSURANCE PUBLIC LIMITED COMPANY

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 to 3, 11 to 25, 30, 40 to 43, 48, 49, 58 and 60 (including the supplementary notes) ("the Forms");
- the statements required by IPRU(INS) rules 9.25, 9.26, 9.27 and 9.29 ("the statements"); and
- the reports required by IPRU(INS) rule 9.31("the valuation reports");

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

- Forms 46, 47, 50 to 54, 57, 59A and 59B (including the supplementary notes);
- the statements required by IPRU(INS) rules 9.30, 9.32, 9.32A and 9.36; 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 opinions 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, the statements and the valuation reports) under the provisions of the Rules. The requirements of the Rules have been modified by the directions referred to in supplementary notes 0101 and 0201. Under IPRU(INS) rule 9.11 the Forms, the statements and the valuation reports 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. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports prepared in accordance with IPRU(INS) rule 9.31 are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statements and the valuation reports 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.

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35

PEARL ASSURANCE PUBLIC LIMITED COMPANY

Global business

Financial year ended 31 December 2009

(continued)

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, the statements and the valuation reports. 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 29 March 2010. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statements and the valuation reports.

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, the statements and the valuation reports are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Opinion

In our opinion:

- (a) the Forms, the statements and the valuation reports 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; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports appropriately reflect the requirements of INSPRU 1.2 and 1.3.



Ernst & Young LLP
Registered Auditor
London

Date: 29 March 2010

