

PA (GI) Limited

Annual FSA Insurance Returns for the year ended

31 December 2011

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

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

Global business

Financial year ended **31 December 2011**

Solo solvency calculation

R1	Company registration number	GL/UK/CM	day month year			Units
			31	12	2011	
	71805	GL				£000
			As at end of this financial year			As at end of the previous year
			1			2

Capital resources

Capital resources arising outside the long-term insurance fund	11	8746	9602
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		
Capital resources available to cover general insurance business capital resources requirement (11-12)	13	8746	9602

Guarantee fund

Guarantee fund requirement	21	3056	3040
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	5690	6562

Minimum capital requirement (MCR)

General insurance capital requirement	31	5380	5380
Base capital resources requirement	33	3056	3040
Individual minimum capital requirement	34	5380	5380
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	5380	5380
Excess (deficiency) of available capital resources to cover 50% of MCR	37	6056	6912
Excess (deficiency) of available capital resources to cover 75% of MCR	38	4711	5567

Capital resources requirement (CRR)

Capital resources requirement	41	5380	5380
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	3366	4222

Contingent liabilities

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

Name of insurer **PA (GI) Limited**
Global business
Financial year ended **31 December 2011**



M Ellis
Director



J E MacLeod
Director



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

Date: 20 March 2012

Components of capital resources

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2011

R3	Company registration number	GL/UK/CM	day month year			Units
	71805	GL	31	12	2011	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

Core tier one capital

Permanent share capital	11	3000		3000	3000
Profit and loss account and other reserves	12	5746		5746	6602
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19	8746		8746	9602

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	8746		8746	9602
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39	8746		8746	9602

Components of capital resources

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2011

R3	Company registration number	GL/UK/CM	day month year			Units
	71805	GL	31	12	2011	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		1	2	3	4	

Tier two capital

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

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

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

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

Global business

Financial year ended **31 December 2011**

R3	Company registration number	GL/UK/CM	day month year			Units
	71805	GL	31	12	2011	£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	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72	8746		8746	9602
Inadmissible assets other than intangibles and own shares	73				
Assets in excess of market risk and counterparty limits	74				
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79	8746		8746	9602

Available capital resources for GENPRU/INSPRU tests

Available capital resources for guarantee fund requirement	81	8746		8746	9602
Available capital resources for 50% MCR requirement	82	8746		8746	9602
Available capital resources for 75% MCR requirement	83	8746		8746	9602

Financial engineering adjustments

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

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

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

Global business

Financial year ended **31 December 2011**

General insurance business

		Company registration number	GL/UK/CM	day month year			Units	
		R11	71805	GL	31	12	2011	£000
						This financial year		Previous year
						1		2
Gross premiums written				11				
Premiums taxes and levies (included in line 11)				12				
Premiums written net of taxes and levies (11-12)				13				
Premiums for classes 11, 12 or 13 (included in line 13)				14				
Premiums for "actuarial health insurance" (included in line 13)				15				
Sub-total A (13 + 1/2 14 - 2/3 15)				16				
Gross premiums earned				21				
Premium taxes and levies (included in line 21)				22				
Premiums earned net of taxes and levies (21-22)				23				
Premiums for classes 11, 12 or 13 (included in line 23)				24				
Premiums for "actuarial health insurance" (included in line 23)				25				
Sub-total H (23 + 1/2 24 - 2/3 25)				26				
Sub-total I (higher of sub-total A and sub-total H)				30				
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure				31				
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18			32				
	Excess (if any) over 57.5M EURO x 0.02			33				
Sub-total J (32-33)				34				
Claims paid in period of 3 financial years				41			19914	18135
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis			42			67313	81431
	For insurance business accounted for on an accident year basis			43			133657	137049
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis			44			102831	101322
	For insurance business accounted for on an accident year basis			45			129810	142658
Sub-total C (41+42+43-44-45)				46			(11757)	(7365)
Amounts recoverable from reinsurers in respect of claims included in Sub-total C				47			(12757)	(7365)
Sub-total D (46-47)				48			1000	
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)				49			0.50	0.50
Premiums amount (Sub-total J x reinsurance ratio)				50				
Provision for claims outstanding (before discounting and net of reinsurance)				51			1000	
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero				52				
Brought forward amount (See instruction 4)				53			5380	5380
Greater of lines 50 and 53				54			5380	5380

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

Global business

Financial year ended **31 December 2011**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	71805	GL	31	12	2011	£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	19914			18135
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22	67313			81431
	For insurance business accounted for on an accident year basis			23	133657			137049
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24	102831			101322
	For insurance business accounted for on an accident year basis			25	129810			142658
Claims incurred in reference period (21+22+23-24-25)				26	(11757)			(7365)
Claims incurred for classes 11, 12 or 13 (included in 26)				27	(11206)			(30486)
Claims incurred for "actuarial health insurance" (included in 26)				28				
Sub-total E (26 +1/2 27 - 2/3 28)				29	(17360)			(22608)
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	(5787)			(7536)
Division of sub-total F (gross adjusted claims amount)	x 0.26			32				
	Excess (if any) over 40.3M EURO x 0.03			33				
Sub-total G (32-33)				39				
Claims amount Sub-total G x reinsurance ratio (11.49)				41				
Higher of premiums amount and brought forward amount (11.54)				42	5380			5380
General insurance capital requirement (higher of lines 41 and 42)				43	5380			5380

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

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	71805	GL	31	12	2011	£000
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings				11			

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	5859	5798
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	3475
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

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

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	71805	GL	31	12	2011	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61	199970	218480
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	406	98
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	570	570
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	4	4
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	210284	228892
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Analysis of admissible assetsName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2011**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	71805	GL	31	12	2011	£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	210284	228892
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	210284	228892
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

Global business

Financial year ended **31 December 2011**

R15	Company registration number	GL/UK/CM	day month year			Units	
	71805	GL	31	12	2011	£000	
			As at end of this financial year		1	As at end of the previous year	2

Technical provisions (gross amount)

Provisions for unearned premiums	11		
Claims outstanding	12	200970	218480
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	
Other technical provisions	16		
Total gross technical provisions (11 to 16)	19	200970	218480

Provisions and creditors

Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	31		
Creditors	Direct insurance business	41	
	Reinsurance accepted	42	
	Reinsurance ceded	43	
Debenture loans	Secured	44	
	Unsecured	45	
Amounts owed to credit institutions	46		
Creditors	Taxation	47	
	Foreseeable dividend	48	
	Other	49	568
Accruals and deferred income	51		242
Total (19 to 51)	59	201538	219290
Provision for "reasonably foreseeable adverse variations"	61		
Cumulative preference share capital	62		
Subordinated loan capital	63		
Total (59 to 63)	69	201538	219290

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	8746	9602
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	210284	228892

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

Global business

Financial year ended **31 December 2011**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	71805	GL	31	12	2011	£000
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20		11	(1000)				
	Equalisation provisions		12					
Transfer from the long term insurance business revenue account			13					
Investment income	Income		14	213			211	
	Value re-adjustments on investments		15				12	
	Gains on the realisation of investments		16	679				
Investment charges	Investment management charges, including interest		17					
	Value re-adjustments on investments		18	771				
	Loss on the realisation of investments		19					
Allocated investment return transferred to the general insurance business technical account			20					
Other income and charges (particulars to be specified by way of supplementary note)			21	(285)			(243)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29	(1164)			(20)	
Tax on profit or loss on ordinary activities			31	(308)			(6)	
Profit or loss on ordinary activities after tax (29-31)			39	(856)			(14)	
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	(856)			(14)	
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59	(856)			(14)	

General insurance business : Summary of business carried on

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

Global business

Financial year ended **31 December 2011**

Category number	FSA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	71805	GL	31	12	2011
		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	2	3	4
001	Total business	1	38920	162050			
002	Total primary (direct) and facultative business	2	35963	157222			
003	Total treaty reinsurance accepted business	3	2957	4828			
110	Total primary (direct) and facultative accident and health (category numbers 111 to 114)	4					
120	Total primary (direct) and facultative personal lines motor business (category numbers 121 to 123)	5					
160	Primary (direct) and facultative household and domestic all risks	6					
180	Total primary (direct) and facultative personal lines financial loss (category numbers 181 to 187)	7					
220	Total primary (direct) and facultative commercial motor business (category numbers 221 to 223)	8					
260	Total primary (direct) and facultative commercial lines property (category numbers 261 to 263)	9					
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10	11124	122533			
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	10418	17563			
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13	14421	17126			
350	Total primary (direct) and facultative goods in transit	14					
400	Miscellaneous primary (direct) and facultative business	15					
500	Total non-proportional treaty reinsurance business accepted (category numbers 510 to 590)	16					
600	Total proportional treaty reinsurance business accepted (category numbers 610 to 690)	17	2957	4828			
700	Miscellaneous treaty reinsurance accepted business	18					
	Total (lines 4 to 18)	20	38920	162050			

General insurance business : Summary of business carried onName of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2011**

Category number	FSA return general insurance business reporting category	Company registration number		GL/ UK/ CM	day month year			units
		R20A	71805	GL	31	12	2011	£000
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year					Provision for gross unearned premium at the end of this financial year
			Reported	Incurred but not reported				
		1	2	3				4

Primary (direct) and facultative personal lines business

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

Primary (direct) and facultative commercial lines business

221	Fleets	41			
222	Commercial vehicles (non-fleet)	42			
223	Motor other	43			
261	Commercial property	44			
262	Consequential loss	45			
263	Contractors or engineering all risks	46			
271	Employers liability	47	11124	122533	
272	Professional indemnity	48			
273	Public and products liability	49			
274	Mixed commercial package	50			
281	Fidelity and contract guarantee	51			
282	Credit	52			
283	Suretyship	53			
284	Commercial contingency	54			

Primary (direct) and facultative aviation

331	Aviation liability	61	10418	17563	
332	Aviation hull	62			
333	Space and satellite	63			

General insurance business : Summary of business carried on

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2011

		Company registration number	GL/UK/CM	day month year			units	
		R20A	71805	GL	31	12	2011	£000
Category number	FSA return general insurance business reporting category	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		14421	17126		
343	Energy (on and off-shore)	66					
344	Protection and indemnity	67					
345	Freight demurrage and defence	68					
346	War risks	69					
347	Yacht	70					
350	Total primary (direct) and facultative goods in transit (equals line 14)	71					

Primary (direct) and facultative miscellaneous

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

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

Proportional treaty

610	Proportional accident and health	91					
620	Proportional motor	92					
630	Proportional aviation	93					
640	Proportional marine	94					
650	Proportional transport	95					
660	Proportional property	96					
670	Proportional liability (non-motor)	97		2957	4828		
680	Proportional financial lines	98					
690	Proportional aggregate cover	99					

Treaty Reinsurance Miscellaneous

700	Miscellaneous treaty reinsurance accepted business (equals line 18)	101					
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	Total (lines 21 to 101)	111		38920	162050		
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General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2011****Total business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	71805	GL	31	12	2011	£000	001
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		11						
	Claims incurred (22.17.4)		12						
	Claims management costs (22.18.4)		13						
	Adjustment for discounting (22.52.4)		14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						
	Net operating expenses (22.42.4)		17						
Balance of year's underwriting (11-12-13+14-15+16-17)		19							
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22				1000		
	Claims management costs (22.14.4)		23						
	Adjustment for discounting (22.51.4)		24						
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses (22.41.4)		26						
Balance (21-22-23+24+25-26)		29				(1000)			
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)		49				(1000)			
Allocated investment income		51							
Transfer to non-technical account (49+51)		59				(1000)			

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

Global business

Financial year ended **31 December 2011****Total primary (direct) and facultative business**

	Company registration number	GL/UK/CM	day	month	year	Units	Category number	
	R20	71805	GL	31	12	2011	£000	002
Items to be shown net of reinsurance			This financial year			Previous year		
			1			2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11						
	Claims incurred (22.17.4)	12						
	Claims management costs (22.18.4)	13						
	Adjustment for discounting (22.52.4)	14						
	Increase in provision for unexpired risks (22.19.4)	15						
	Other technical income or charges (particulars to be specified by way of supplementary note)	16						
	Net operating expenses (22.42.4)	17						
	Balance of year's underwriting (11-12-13+14-15+16-17)	19						
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21						
	Claims incurred (22.13.4)	22				1000		
	Claims management costs (22.14.4)	23						
	Adjustment for discounting (22.51.4)	24						
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						
	Net operating expenses (22.41.4)	26						
	Balance (21-22-23+24+25-26)	29				(1000)		
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31						
	Other technical income or charges (particulars to be specified by way of supplementary note)	32						
	Total	39						
Balance of all years' underwriting (19+29+39)		49				(1000)		
Allocated investment income		51						
Transfer to non-technical account (49+51)		59				(1000)		

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

Global business

Financial year ended **31 December 2011****Total primary (direct) and facultative commercial lines liability business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	71805	GL	31	12	2011	£000	270
Items to be shown net of reinsurance			This financial year				Previous year		
			1				2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		11						
	Claims incurred (22.17.4)		12						
	Claims management costs (22.18.4)		13						
	Adjustment for discounting (22.52.4)		14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						
	Net operating expenses (22.42.4)		17						
Balance of year's underwriting (11-12-13+14-15+16-17)		19							
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22				1000		
	Claims management costs (22.14.4)		23						
	Adjustment for discounting (22.51.4)		24						
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses (22.41.4)		26						
Balance (21-22-23+24+25-26)		29				(1000)			
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)		49				(1000)			
Allocated investment income		51							
Transfer to non-technical account (49+51)		59				(1000)			

Returns under the Accounts and Statements Rules

Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

NOTES TO APPENDIX 9.1

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

The FSA, on the application of the firm, made a direction in August 2011 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to waive the firm's obligation, under IPRU(INS), to prepare Forms 21 to 36 in its annual returns.

0104 General Insurance Business Transfer Agreement

On 5 July 2011, the Company entered into a General Insurance Business Transfer Agreement ("BTA") with RSA under which the Company's general insurance liabilities would be transferred to RSA in accordance with a scheme under Part VII of the Financial Services and Markets Act 2000 ("The Scheme"). The Scheme was approved by the High Court on 12 December 2011 and is effective from 1 January 2012. In accordance with the BTA, the Company has established certain additional reinsurance reserves, totalling £1.0m.

0301 Reconciliation of net admissible assets to capital resources after deductions

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

	2011 £'000	2010 £'000
Admissible assets – Form 13 line 89	210,284	228,892
Less Liabilities – Form 15 line 69	(201,538)	(219,290)
Net admissible assets	<u>8,746</u>	<u>9,602</u>
Capital resources after deductions - Form 3 line 79	<u>8,746</u>	<u>9,602</u>

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

	2011 £'000
Profit and loss account and other reserves – Form 3 line 12 column 4	6,602
Profit and loss account and other reserves – Form 3 line 12 column 3	<u>5,746</u>
Movement	<u>(856)</u>
Represented by:	
Loss retained for the financial year – Form 16 line 59	<u>(856)</u>

1111 Restatement of previous year comparative

The previous year comparative in Form 11 Line 52 has been restated to zero because Form 11 Line 51 is not zero.

Returns under the Accounts and Statements Rules

Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

NOTES TO APPENDIX 9.1 (continued)

1305 Maximum counterparty limits

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

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

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

1501 Provision for reasonably foreseeable adverse variations

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

1502 Liabilities

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

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

Returns under the Accounts and Statements Rules

Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

NOTES TO APPENDIX 9.1 (continued)

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

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

***1603* Other income and charges**

The charge of £285,000 (2010 £243,000) on Form 16 Line 21 represents legal fees recharged from another Group company.

***1700* Analysis of derivative contracts**

Form 17 has been omitted because all entries are blank.

Returns under the Accounts and Statements Rules

Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

NOTES TO APPENDIX 9.2

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

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

20Aj No new contracts effected

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

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

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

3700 Omission of Form

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

3800 Omission of Form

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

3900 Omission of Form

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

Returns Under the Accounts and Statements Rules

Statement of major treaty reinsurers required by rule 9.25

PA (GI) Limited

Global business

Financial year ended 31 December 2011

Reinsurer's details	Connection	Proportional reinsurance treaties	Non-proportional reinsurance treaties	Debts outstanding included at F15 L75	Deposits received included at F15 L31	Anticipated recoveries	Comments
As required by Rule 9.25: (Para 1(a))	(Para 1(b))	(Para 1(c)(i)) £000	(Para 1(c)(ii)) £000	(Para 1(d)) £000	(Para 1(e)) £000	(Para 1(f)) £000	
Royal & Sun Alliance Plc St.Mark's Court Chart Way Horsham RH12 1XL	None	Nil	Nil	Nil	Nil	38,920	Nil

Returns under the Accounts and Statements Rules

Statement of major facultative reinsurers required by rule 9.26

PA (GI) Limited

Global business

Financial year ended 31 December 2011

The Company has no major facultative reinsurer.

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

PA (GI) Limited

Global business

Financial year ended 31 December 2011

The Company has no major reinsurance cedants.

Returns under the Accounts and Statements Rules

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

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

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

All policy terms had expired prior to the start of the present financial year, and there was therefore no maximum net probable loss arising in respect of exposure in 2011.

There were no reinsurance premiums payable during the financial year.

Returns under the Accounts and Statements Rules

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

PA (GI) Limited

Global business

Financial year ended 31 December 2011

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

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

Returns under the Accounts and Statements Rules

Statement of additional information on derivative contracts required by rule 9.29

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

The investment guidelines do not permit the Company to enter into any derivative contracts and it has not been a party to any such contracts during 2011.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

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

- a) Pearl Life Holdings Limited;
- b) Impala Holdings Limited;
- c) Pearl Group Holdings (No. 2) Limited;
- d) Phoenix Life Holdings Limited;
- e) PGH (LCA) Limited;
- f) PGH (LCB) Limited;
- g) PGH (LC1) Limited;
- h) PGH (LC2) Limited;
- i) PGH (MC1) Limited;
- j) PGH (MC2) Limited;
- k) PGH (TC1) Limited;
- l) PGH (TC2) Limited;
- m) Phoenix Group Holdings;
- n) Xercise Limited;
- o) Alpha-Gamma Shares Limited*;
- p) Alphabet Shares Limited*;
- q) Delta Shares Limited*;
- r) Zeta Shares Limited*;
- s) Eta Shares Limited*;
- t) Theta Shares Limited*;
- u) Iota Shares Limited*;
- v) Kappa Shares Limited*;
- w) TDR Shares Limited*;
- x) Lamda Shares Limited*;
- y) Xercise 2 Limited*;
- z) Jambright Limited;
- aa) TDR Capital Nominees Limited; and
- bb) TDR Capital LLP

* approved as a controller on 6 April 2011

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

1. Pearl Life Holdings Limited

As at 31 December 2011, Pearl Life Holdings Limited owned 100% of the issued share capital of PA (GI) Limited and was able to exercise 100% of the voting power at any general meeting.

2. Impala Holdings Limited

As at 31 December 2011, Impala Holdings Limited owned 100% of the issued share capital of Pearl Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 100% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

(continued)

3. Pearl Group Holdings (No. 2) Limited

As at 31 December 2011, Pearl Group Holdings (No. 2) Limited owned 75% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 75% of the voting power at any general meeting.

4. Phoenix Life Holdings Limited

As at 31 December 2011, Phoenix Life Holdings Limited owned 100% of the issued share capital of Pearl Group Holdings (No. 2) Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 100% of the voting power at any general meeting.

5. PGH (LCA) Limited

As at 31 December 2011, PGH (LCA) Limited owned 50% of the issued share capital of Phoenix Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

6. PGH (LCB) Limited

As at 31 December 2011, PGH (LCB) Limited owned 50% of the issued share capital of Phoenix Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

7. PGH (LC1) Limited

As at 31 December 2011, PGH (LC1) Limited owned 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 12.5% of the voting power at any general meeting.

8. PGH (LC2) Limited

As at 31 December 2011, PGH (LC2) Limited owned 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 12.5% of the voting power at any general meeting.

9. PGH (MC1) Limited

As at 31 December 2011, PGH (MC1) Limited owned 100% of the issued share capital of PGH (LC1) Limited which in turn owned 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking. PGH (MC1) Limited was not able to exercise, or control the exercise of, any voting power at a general meeting of PA (GI) Limited or another company of which PA (GI) Limited is a subsidiary undertaking.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

(continued)

10. PGH (MC2) Limited

As at 31 December 2011, PGH (MC2) Limited owned 100% of the issued share capital of PGH (LC2) Limited which in turn owned 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking. PGH (MC2) Limited was not able to exercise, or control the exercise of, any voting power at a general meeting of PA (GI) Limited or another company of which PA (GI) Limited is a subsidiary undertaking.

11. PGH (TC1) Limited

As at 31 December 2011, PGH (TC1) Limited owned 100% of the issued share capital of PGH (MC1) Limited which in turn owned 100% of the issued share capital of PGH (LC1) Limited which in turn owned 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking. PGH (TC1) Limited was not able to exercise, or control the exercise of, any voting power at a general meeting of PA (GI) Limited or another company of which PA (GI) Limited is a subsidiary undertaking.

12. PGH (TC2) Limited

As at 31 December 2011, PGH (TC2) Limited owned 100% of the issued share capital of PGH (MC2) Limited which in turn owned 100% of the issued share capital of PGH (LC2) Limited which in turn owned 12.5% of the issued share capital of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking. PGH (TC2) Limited was not able to exercise, or control the exercise of, any voting power at a general meeting of PA (GI) Limited or another company of which PA (GI) Limited is a subsidiary undertaking.

13. Phoenix Group Holdings

As at 31 December 2011, Phoenix Group Holdings owned 100% of the issued share capital of PGH (LCA) Limited, PGH (LCB) Limited, PGH (TC1) Limited and PGH (TC2) Limited, which between them indirectly owned 100% of the ordinary shares of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 100% of the voting power of PGH (LCA) Limited, PGH (LCB) Limited, PGH (TC1) Limited and PGH (TC2) Limited at any general meeting of these companies.

14. Xercise Limited

As at 31 December 2011, Xercise Limited owned one share in Phoenix Group Holdings (equivalent to 0.00000057%), a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise its voting rights in respect of the one share (equivalent to 0.00000057%) at any general meeting of Phoenix Group Holdings.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

(continued)

15. Alpha-Gamma Shares Limited

As at 31 December 2011, Alpha-Gamma Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 3.89% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 3.89% of the voting power at any general meeting.

16. Alphabet Shares Limited

As at 31 December 2011, Alphabet Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.43% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 0.43% of the voting power at any general meeting.

17. Delta Shares Limited

As at 31 December 2011, Delta Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.34% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 0.34% of the voting power at any general meeting.

18. Zeta Shares Limited

As at 31 December 2011, Zeta Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 1.14% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 1.14% of the voting power at any general meeting.

19. Eta Shares Limited

As at 31 December 2011, Eta Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 1.32% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 1.32% of the voting power at any general meeting.

20. Theta Shares Limited

As at 31 December 2011, Theta Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.41% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 0.41% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

(continued)

21. Iota Shares Limited

As at 31 December 2011, Iota Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.57% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 0.57% of the voting power at any general meeting.

22. Kappa Shares Limited

As at 31 December 2011, Kappa Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.06% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 0.06% of the voting power at any general meeting.

23. TDR Shares Limited

As at 31 December 2011, TDR Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.44% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 0.44% of the voting power at any general meeting.

24. Lamda Shares Limited

As at 31 December 2011, Lamda Shares Limited, which is an associate of Xercise2 Limited within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 0.01% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 0.01% of the voting power at any general meeting.

25. Xercise2 Limited

As at 31 December 2011, Xercise2 Limited directly owned 4.7% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to directly exercise 4.7% of the voting power at any general meeting.

As at 31 December 2011, Xercise2 Limited and its subsidiary undertakings, which are associates within the meaning of the Financial Services and Markets Act 2000, in aggregate owned 13.3% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and were able to exercise 13.3% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

PA (GI) Limited

Global Business

Financial year ended 31 December 2011

(continued)

26. Jambright Limited

As at 31 December 2011, Jambright Limited, which is an associate of TDR Capital LLP within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 2.6% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 2.6% of the voting power at any general meeting.

27. TDR Capital Nominees Limited

As at 31 December 2011, 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, owned 13.7% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 13.7% of the voting power at any general meeting.

In addition, TDR Capital Nominees Limited's ownership of 100% of the B Ordinary class of shares in Xercise2 Limited, ultimately entitles them to the 0.44% interest in the share capital of Phoenix Group Holdings owned by TDR Shares Limited.

28. TDR Capital LLP

As at 31 December 2011, TDR Capital LLP and its subsidiary undertakings, which are associates within the meaning of the Financial Services and Markets Act 2000, in aggregate owned 16.7% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and were able to exercise 16.7% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34(1)

PA (GI) Limited


Global Business

Financial year ended 31 December 2011

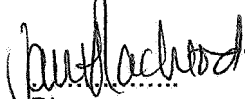
We certify that:

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

M Ellis


.....
Director

J E MacLeod


.....
Director

G A Watson


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

Date: 20 March 2012

Returns under the Accounts and Statements Rules

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

PA (GI) Limited

Global business

Financial year ended 31 December 2011

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

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

We are not required to audit and do not express an opinion on:

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

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

Respective responsibilities of the insurer and its auditors

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

It is our responsibility to form an independent opinion as to whether the Forms and the statements meet these requirements, and to report our opinion to you. We are also required to report to you if, in our opinion:

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

Returns under the Accounts and Statements Rules

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

PA (GI) Limited

Global business

Financial year ended 31 December 2011

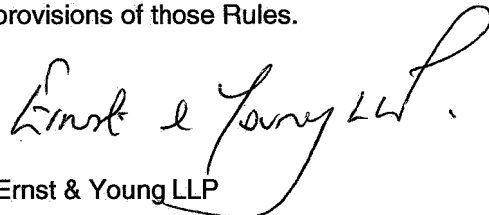
Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and the statements. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 20 March 2012. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms and the statements. 21

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

Opinion

In our opinion the Forms and the statements fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules.



Ernst & Young LLP

Statutory Auditor

London

21 March 2012