

# **PA (GI) Limited**

**Annual FSA Insurance Returns for the year ended**

**31 December 2010**

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

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

Global business

Financial year ended **31 December 2010**

Solo solvency calculation

R1	Company registration number	GL/UK/CM	day month year			Units
			31	12	2010	
	<b>71805</b>	<b>GL</b>				<b>£000</b>
			<b>As at end of this financial year</b>			<b>As at end of the previous year</b>
			<b>1</b>			<b>2</b>

**Capital resources**

Capital resources arising outside the long-term insurance fund	<b>11</b>	9602	9616
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>		
Capital resources available to cover general insurance business capital resources requirement (11-12)	<b>13</b>	9602	9616

**Guarantee fund**

Guarantee fund requirement	<b>21</b>	3040	3128
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>	6562	6488

**Minimum capital requirement (MCR)**

General insurance capital requirement	<b>31</b>	5380	5380
Base capital resources requirement	<b>33</b>	3040	3128
Individual minimum capital requirement	<b>34</b>	5380	5380
Capital requirements of regulated related undertakings	<b>35</b>		
Minimum capital requirement (34+35)	<b>36</b>	5380	5380
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>	6912	6926
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>	5567	5581

**Capital resources requirement (CRR)**

Capital resources requirement	<b>41</b>	5380	5380
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	<b>42</b>	4222	4236

**Contingent liabilities**

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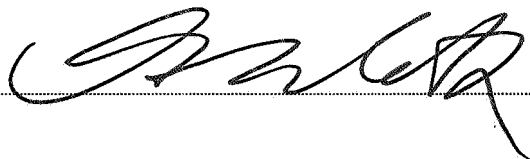
**Covering Sheet to Form 1**

Name of insurer                      **PA (GI) Limited**  
Global business  
Financial year ended                **31 December 2010**



**M Ellis**

**Director**



**G Watson**

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

**Date: 29 March 2011**

## Components of capital resources

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2010

R3	Company registration number	GL/UK/CM	day month year			Units
	71805	GL	31	12	2010	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		1	2	3	4	

## Core tier one capital

Permanent share capital	11	3000		3000	3000
Profit and loss account and other reserves	12	6602		6602	6616
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	9602		9602	9616

## 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				

<b>Total tier one capital before deductions (19+24+25+26+27+28)</b>	<b>31</b>	9602		9602	9616
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				
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>	9602		9602	9616

## Components of capital resources

Name of insurer PA (GI) Limited

Global business

Financial year ended 31 December 2010

R3	Company registration number	GL/ UK/ CM	day month year			Units
			31	12	2010	
	71805	GL				£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		1	2	3	4	

## Tier two capital

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

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

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

**Components of capital resources**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2010**

Company registration number	GL/UK/CM	day month year			Units	
<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
	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		
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>				
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>	9602		9602	9616
Inadmissible assets other than intangibles and own shares	<b>73</b>				
Assets in excess of market risk and counterparty limits	<b>74</b>				
Deductions for related ancillary services undertakings	<b>75</b>				
Deductions for regulated non-insurance related undertakings	<b>76</b>				
Deductions of ineligible surplus capital	<b>77</b>				
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>	9602		9602	9616

**Available capital resources for GENPRU/INSRU tests**

Available capital resources for guarantee fund requirement	<b>81</b>	9602		9602	9616
Available capital resources for 50% MCR requirement	<b>82</b>	9602		9602	9616
Available capital resources for 75% MCR requirement	<b>83</b>	9602		9602	9616

**Financial engineering adjustments**

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

## 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 2010

General insurance business

	Company registration number	GL/UK/CM	day	month	year	Units	
	R11	71805	GL	31	12	2010	£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				
<b>Sub-total A (13 + 1/2 14 - 2/3 15)</b>			<b>16</b>				
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				
<b>Sub-total H (23 + 1/2 24 - 2/3 25)</b>			<b>26</b>				
<b>Sub-total I (higher of sub-total A and sub-total H)</b>			<b>30</b>				
<b>Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure</b>			<b>31</b>				
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				
<b>Sub-total J (32-33)</b>			<b>34</b>				
Claims paid in period of 3 financial years			41			18135	19917
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis		42			81431	90817
	For insurance business accounted for on an accident year basis		43			137049	118434
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis		44			101322	139944
	For insurance business accounted for on an accident year basis		45			142658	52
<b>Sub-total C (41+42+43-44-45)</b>			<b>46</b>			(7365)	89172
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47			(7365)	89172
<b>Sub-total D (46-47)</b>			<b>48</b>				
<b>Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)</b>			<b>49</b>			0.50	0.50
<b>Premiums amount (Sub-total J x reinsurance ratio)</b>			<b>50</b>				
Provision for claims outstanding (before discounting and net of reinsurance)			51				
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero			52			218480	209251
<b>Brought forward amount (See instruction 4)</b>			<b>53</b>			5380	5380
Greater of lines 50 and 53			<b>54</b>			5380	5380



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

Global business

Financial year ended **31 December 2010**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	71805	GL	31	12	2010	£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		18135			19917	
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22		81431			90817	
	For insurance business accounted for on an accident year basis	23		137049			118434	
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24		101322			139944	
	For insurance business accounted for on an accident year basis	25		142658			52	
Claims incurred in reference period (21+22+23-24-25)		26		(7365)			89172	
Claims incurred for classes 11, 12 or 13 (included in 26)		27		(30486)			54318	
Claims incurred for "actuarial health insurance" (included in 26)		28						
<b>Sub-total E (26 +1/2 27 - 2/3 28)</b>		29		(22608)			116331	
<b>Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)</b>		31		(7536)			38777	
Division of sub-total F (gross adjusted claims amount)	x 0.26	32					10082	
	Excess (if any) over 40.3M EURO x 0.03	33					83	
<b>Sub-total G (32-33)</b>		39					9999	
<b>Claims amount Sub-total G x reinsurance ratio (11.49)</b>		41					5000	
Higher of premiums amount and brought forward amount (11.54)		42		5380			5380	
<b>General insurance capital requirement (higher of lines 41 and 42)</b>		43		5380			5380	

**Analysis of admissible assets**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2010**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	2010	£000
						1	2
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings				11			
<b>Investments in group undertakings and participating interests</b>							
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			
<b>Other financial investments</b>							
Equity shares				41			
Other shares and other variable yield participations				42			
Holdings in collective investment schemes				43		5798	6112
Rights under derivative contracts				44			
Fixed interest securities	Approved			45		3942	3929
	Other			46			
Variable interest securities	Approved			47			
	Other			48			
Participation in investment pools				49			
Loans secured by mortgages				50			
Loans to public or local authorities and nationalised industries or undertakings				51			
Loans secured by policies of insurance issued by the company				52			
Other loans				53			
Bank and approved credit & financial institution deposits	One month or less withdrawal			54			
	More than one month withdrawal			55			
Other financial investments				56			
Deposits with ceding undertakings				57			
Assets held to match linked liabilities	Index linked			58			
	Property linked			59			

**Analysis of admissible assets**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total other than long term insurance business assets**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2010		
	71805	GL	31	12	2010	£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	218480	209251
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	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	594
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)			
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	228892	219890
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**Analysis of admissible assets**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2010**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	2010	£000	1
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					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	228892	219890
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	228892	219890

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

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day month year			Units	
	<b>R15</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
				<b>As at end of this financial year</b>		<b>As at end of the previous year</b>	
				<b>1</b>	<b>2</b>		

**Technical provisions (gross amount)**

Provisions for unearned premiums		<b>11</b>			
Claims outstanding		<b>12</b>		218480	209251
Provision for unexpired risks		<b>13</b>			
Equalisation provisions	Credit business	<b>14</b>			
	Other than credit business	<b>15</b>			
Other technical provisions		<b>16</b>			
Total gross technical provisions (11 to 16)		<b>19</b>		218480	209251

**Provisions and creditors**

Provisions	Taxation	<b>21</b>			
	Other risks and charges	<b>22</b>			
Deposits received from reinsurers		<b>31</b>			
Creditors	Direct insurance business	<b>41</b>			
	Reinsurance accepted	<b>42</b>			
	Reinsurance ceded	<b>43</b>			
Debenture loans	Secured	<b>44</b>			
	Unsecured	<b>45</b>			
Amounts owed to credit institutions		<b>46</b>			
Creditors	Taxation	<b>47</b>			407
	Foreseeable dividend	<b>48</b>			
	Other	<b>49</b>		568	568
Accruals and deferred income		<b>51</b>		242	48
Total (19 to 51)		<b>59</b>		219290	210274
Provision for "reasonably foreseeable adverse variations"		<b>61</b>			
Cumulative preference share capital		<b>62</b>			
Subordinated loan capital		<b>63</b>			
Total (59 to 63)		<b>69</b>		219290	210274

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	<b>71</b>				
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Amounts deducted from technical provisions for discounting	<b>82</b>				
Other adjustments (may be negative)	<b>83</b>				
Capital and reserves	<b>84</b>			9602	9616
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)	<b>85</b>			228892	219890

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

Global business

Financial year ended **31 December 2010**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	71805	GL	31	12	2010	£000
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20		11					
	Equalisation provisions		12					
Transfer from the long term insurance business revenue account			13					
Investment income	Income		14			211	93	
	Value re-adjustments on investments		15			12	174	
	Gains on the realisation of investments		16					
Investment charges	Investment management charges, including interest		17					
	Value re-adjustments on investments		18				638	
	Loss on the realisation of investments		19					
Allocated investment return transferred to the general insurance business technical account			20					
Other income and charges (particulars to be specified by way of supplementary note)			21			(243)	(48)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			(20)	(419)	
Tax on profit or loss on ordinary activities			31			(6)	(117)	
Profit or loss on ordinary activities after tax (29-31)			39			(14)	(302)	
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			(14)	(302)	
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59			(14)	(302)	

## General insurance business : Summary of business carried on

Name of insurer **PA (GI) Limited**  
 Global business  
 Financial year ended **31 December 2010**

Category number	FSA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	71805	GL	31	12	2010
		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	45752	172728			
2	Total primary (direct) and facultative business	2	44010	166345			
3	Total treaty reinsurance accepted business	3	1742	6383			
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	12500	124549			
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	10984	16589			
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13	20526	25207			
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	1742	6383			
700	Miscellaneous treaty reinsurance accepted business	18					
	Total (lines 4 to 18)	20	45752	172728			

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

Global business

Financial year ended **31 December 2010**

Category number	FSA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	71805	GL	31	12	2010
		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		12500	124549	
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		10984	16589	
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 2010**

Category number	FSA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
				R20A	71805	GL	
				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	
		Gross Premium written in 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		20526	25207	
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		1742	6383	
680	Proportional financial lines	98				
690	Proportional aggregate cover	99				

## Treaty Reinsurance Miscellaneous

700	Miscellaneous treaty reinsurance accepted business (equals line 18)	101				
-----	---	-----	--	--	--	--

	<b>Total (lines 21 to 101)</b>	<b>111</b>		<b>45752</b>	<b>172728</b>	
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## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### PA (GI) Limited

#### Global Business

Financial year ended 31 December 2010

### NOTES TO APPENDIX 9.1

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

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

**\*0301\*** Reconciliation of net admissible assets to capital resources after deductions

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

	2010 £'000	2009 £'000
Admissible assets – Form 13 line 89	228,892	219,890
Less Liabilities – Form 15 line 69	<u>219,290</u>	<u>210,274</u>
Net admissible assets	<u>9,602</u>	<u>9,616</u>
Capital resources after deductions - Form 3 line 79	<u>9,602</u>	<u>9,616</u>

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

	2010 £'000
Profit and loss account and other reserves – Form 3 line 12 column 4	6,616
Profit and loss account and other reserves – Form 3 line 12 column 3	<u>6,602</u>
Movement	<u>(14)</u>
Represented by:	
Loss retained for the financial year – Form 16 line 59	<u>(14)</u>

**\*1305\*** Maximum counterparty limits

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

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

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

**\*1501\*** Provision for reasonably foreseeable adverse variations

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

**Returns under the Accounts and Statements Rules**

**Supplementary Notes**

**PA (GI) Limited**

**Global Business**

**Financial year ended 31 December 2010**

**NOTES TO APPENDIX 9.1 (continued)**

**\*1502\* Liabilities**

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

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

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

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

**\*1603\* Other income and charges**

The charge of £243,000 (2008 £48,000) 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 2010**

**NOTES TO APPENDIX 9.2**

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

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

**\*20Aj\*** No new contracts effected

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

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

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

**\*2000\*** Omission of Form

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

**\*2700\*** Omission of Form

Form 27 has not been prepared as all entries would be nil.

**\*3700\*** Omission of Form

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

**\*3800\*** Omission of Form

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

**\*3900\*** Omission of Form

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

**Returns Under the Accounts and Statements Rules****Statement of major treaty reinsurers required by rule 9.25****PA (GI) Limited****Global business****Financial year ended 31 December 2010**

<b>Reinsurer's details</b>  <b>As required by Rule 9.25: (Para 1(a))</b>	<b>Connection</b>  <b>(Para 1(b))</b>	<b>Proportional reinsurance treaties</b>  <b>(Para 1(c)(i)) £000</b>	<b>Non-proportional reinsurance treaties</b>  <b>(Para 1(c)(ii)) £000</b>	<b>Debts outstanding included at F15 L75</b>  <b>(Para 1(d)) £000</b>	<b>Deposits received included at F15 L31</b>  <b>(Para 1(e)) £000</b>	<b>Anticipated recoveries</b>  <b>(Para 1(f)) £000</b>	<b>Comments</b>
Royal & Sun Alliance Plc St.Mark's Court Chart Way Horsham RH12 1XL	None	Nil	Nil	Nil	Nil	45,752	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 2010**

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 2010**

The Company has no major reinsurance cedants.

**Returns under the Accounts and Statements Rules**

**Statement required by rule 9.32**

**PA (GI) Limited**

**Global Business**

**Financial year ended 31 December 2010**

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 2010.

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 2010**

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 2010**

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 2010.

## **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 2010**

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

- a) Pearl Life Holdings Limited;
- b) Impala Holdings Limited;
- c) Pearl Group Holdings (No. 2) Limited (formerly Pearl Group Limited);
- d) Phoenix Life Holdings Limited;
- e) PGH (LCA) Limited;
- 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 (formerly Pearl Group);
- n) Xercise Limited;
- o) Xercise2 Limited;
- p) Jambright Limited;
- q) TDR Capital Nominees Limited; and
- r) TDR Capital LLP

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 2010, Pearl Life Holdings Limited owned 100% of the shares of PA (GI) Limited and was able to exercise 100% of the voting power at any general meeting.

#### **2. Impala Holdings Limited**

As at 31 December 2010, Impala Holdings Limited owned 100% of the shares of Pearl Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.

#### **3. Pearl Group Holdings (No. 2) Limited**

As at 31 December 2010, Pearl Group Holdings (No. 2) Limited owned 75% of the shares of Impala Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 75% of the voting power at any general meeting.

#### **4. Phoenix Life Holdings Limited**

As at 31 December 2010, Phoenix Life Holdings Limited owned 100% of the ordinary shares of Pearl Group Holdings (No. 2) Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 100% of the voting power at any general meeting.

## **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 2010**

**(continued)**

#### **5. PGH (LCA) Limited**

As at 31 December 2010, PGH (LCA) Limited owned 50% of the ordinary shares of Phoenix Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

#### **6. PGH (LCB) Limited**

As at 31 December 2010, PGH (LCB) Limited owned 50% of the ordinary shares of Phoenix Life Holdings Limited, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

#### **7. PGH (LC1) Limited**

As at 31 December 2010, PGH (LC1) Limited owned 12.5% of the ordinary shares 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 2010, PGH (LC2) Limited owned 12.5% of the ordinary shares 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 2010, PGH (MC1) Limited owned 100% of the ordinary shares of PGH (LC1) Limited, which in turn owned 12.5% of the ordinary shares 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 of Impala Holdings Limited at any general meeting.

#### **10. PGH (MC2) Limited**

As at 31 December 2010, PGH (MC2) Limited owned 100% of the ordinary shares of PGH (LC2) Limited, which in turn owned 12.5% of the ordinary shares 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 of Impala Holdings Limited at any general meeting.

#### **11. PGH (TC1) Limited**

As at 31 December 2010, PGH (TC1) Limited owned 100% of the ordinary shares of PGH (MC1) Limited, which in turn owned 100% of the ordinary shares of PGH (LC1) Limited, which in turn owned 12.5% of the ordinary shares 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 of Impala Holdings Limited 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 2010**

**(continued)**

#### **12. PGH (TC2) Limited**

As at 31 December 2010, PGH (TC2) Limited owned 100% of the ordinary shares of PGH (MC2) Limited, which in turn owned 100% of the ordinary shares of PGH (LC2) Limited, which in turn owned 12.5% of the ordinary shares 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 of Impala Holdings Limited at any general meeting.

#### **13. Phoenix Group Holdings (formerly Pearl Group)**

As at 31 December 2010, Phoenix Group Holdings owned 100% of the ordinary shares of PGH (LCA) Limited, 100% of the ordinary shares of PGH (LCB) Limited, 100% of the ordinary shares of PGH (TC1) Limited and 100% of the ordinary shares of PGH (TC2) Limited which between themselves own 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.

#### **14. Xercise Limited**

As at 31 December 2010, Xercise Limited owned the legal title to 13.2% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 13.2% of the voting power at any general meeting.

The beneficial interest in the Phoenix Group Holdings shares was transferred to Xercise2 Limited and its wholly owned subsidiaries on 4 October 2010.

#### **15. Xercise2 Limited**

On 4 October 2010, Xercise2 Limited, and its wholly owned subsidiaries acquired the beneficial interest in the Phoenix Group Holdings shares previously held by Xercise Limited.

As at the date of the submission of this return, it is understood that approval from the FSA for the application by Xercise2 Limited and its wholly owned subsidiaries to become a controller of PA (GI) Limited is pending.

#### **16. Jambright Limited**

As at 31 December 2010, 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.

**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 2010**

**(continued)**

**17. TDR Capital Nominees Limited**

As at 31 December 2010, TDR Capital Nominees Limited owned 14.1% of the share capital of Phoenix Group Holdings, a company of which PA (GI) Limited is a subsidiary undertaking, and was able to exercise 14.1% of the voting power at any general meeting.

**18. TDR Capital LLP**

As at 31 December 2010, TDR Capital Nominees Limited and Jambright Limited, which are associates of TDR Capital LLP within the meaning of the Financial Services and Markets Act 2000 by virtue of being subsidiary undertakings of TDR Capital LLP, together 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**

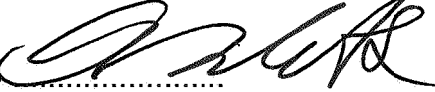
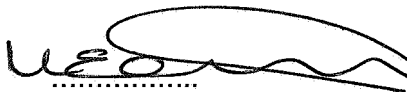
**Financial year ended 31 December 2010**

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

G A Watson



.....  
Director

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

Date: 29 March 2011

## **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 2010**

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

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

We are not required to 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; 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 2010**

**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 30 March 2011. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms and the statements.

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

**Opinion**

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



Ernst & Young LLP

Statutory Auditor

London

30 March 2011