

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the period ended September 30, 1996

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission file number 33-37587

PRUCO LIFE INSURANCE COMPANY

(Exact name of Registrant as specified in its charter)

ARIZONA

22-1944557

(State or other jurisdiction,
incorporation or organization)

(IRS Employer Identification No.)

213 WASHINGTON STREET, NEWARK, NEW JERSEY 07102

(Address of principal executive offices) (Zip Code)

(201) 802-5898

(Registrant's Telephone Number, including area code)

Securities registered pursuant to Section 12 (b) of the Act: NONE

Securities registered pursuant to Section 12 (g) of the Act: NONE

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days.

YES ☒ NO ☐

State the aggregate market value of the voting stock held by
non-affiliates of the registrant: NONE

Indicate the number of shares outstanding of each of the registrant's
classes of common stock, as of September 30, 1996. Common stock, par
value of \$10 per share: 250,000 shares outstanding.

PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

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CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

SEPTEMBER 30, 1996 DECEMBER 31, 1995

	SEPTEMBER 30, 1996	DECEMBER 31, 1995

	(000'S)	
ASSETS		
Fixed maturities		
Held to maturity	\$ 423,250	\$ 437,727
Available for sale	2,096,741	2,144,854
Mortgage loans	54,524	64,464
Policy loans	620,842	569,273
Equity securities	5,072	4,036
Investment real estate	-	4,059
Other long term investments	4,635	4,159
Short term investments	275,112	228,016
	-----	-----
Total Invested Assets	3,480,176	3,456,588
	-----	-----
Cash	57,953	41,435
Deferred policy acquisition costs	617,464	566,976
Premiums due	7,954	6,367
Accrued investment income	59,724	59,862
Receivable from affiliates	8,756	8,275
Other assets	12,617	12,578
Federal income tax receivable	-	6,375
Reinsurance recoverable on paid losses	27,914	27,914
Assets held in Separate Accounts	4,855,024	4,285,268
	-----	-----
TOTAL ASSETS	\$9,127,582	\$8,471,638
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Future policy benefits and claims	\$2,717,289	\$2,705,708
Other policy claims and benefits	15,188	13,822
Other liabilities	29,016	37,387
Federal income tax payable	16,412	-
Deferred federal income tax payable	130,255	138,123
Payable to affiliate	47,124	41,584
Separate Account liabilities	4,805,282	4,263,896
	-----	-----
TOTAL LIABILITIES	7,760,566	7,200,520
	-----	-----
CONTINGENCIES - NOTE 11		
STOCKHOLDERS' EQUITY		

Common Stock, \$10 par value; authorized, 1,000,000 shares; issued & outstanding 250,000 shares	2,500	2,500
Paid in capital	439,582	439,582
Unrealized gains (net of tax of \$1,811 & \$17,078)	7,860	33,342
Unassigned equity	917,074	795,694
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	1,367,016	1,271,118
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$9,127,582	\$8,471,638
	-----	-----

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,		THREE MONTHS ENDED SEPTEMBER 30,	
	1996	1995	1996	1995
	-----	-----	-----	-----
	(000'S)			
<S>	<C>	<C>	<C>	<C>
REVENUE				
Premiums	\$ 35,318	\$ 30,817	\$ 11,021	\$ 3,663
Net investment income	180,756	185,790	58,552	61,438
Realized capital gains/(losses)	7,252	8,393	2,329	8,002
Policy fee income	229,515	242,964	72,894	88,675
Other income	15,099	32,100	7,292	4,797
	-----	-----	-----	-----
TOTAL REVENUE	467,940	500,064	152,088	166,575
	-----	-----	-----	-----
BENEFITS AND EXPENSES				
Interest credited to policyholders' account balances	92,627	97,731	31,719	32,285
Policyholders' benefits	115,895	119,587	38,669	38,899
Other operating costs and expenses	72,680	107,867	(2,294)	39,135
	-----	-----	-----	-----
TOTAL BENEFITS AND EXPENSES	281,202	325,185	68,094	110,319
	-----	-----	-----	-----
Income before income tax provision	186,738	174,879	83,994	56,256
Income tax provision				
Current	57,959	55,610	30,478	21,077
Deferred	7,399	5,597	(1,081)	(3,264)
	-----	-----	-----	-----
NET INCOME	\$121,380	\$113,672	\$ 54,597	\$ 38,443
	-----	-----	-----	-----

</TABLE>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

NINE MONTHS ENDED TWELVE MONTHS ENDED
SEPTEMBER 30, 1996 DECEMBER 31, 1995
(000'S)

COMMON STOCK

Balance, beginning of period	\$ 2,500	\$ 2,500
Issued during period	-	-
	-----	-----
Balance, end of period	2,500	2,500
	-----	-----

PAID IN CAPITAL

Balance, beginning of period	439,582	439,582
Paid in during period	-	-
	-----	-----
Balance, end of period	439,582	439,582
	-----	-----

UNASSIGNED EQUITY

Balance, beginning of period	795,694	641,282
Net income	121,380	154,412
	-----	-----
Balance, end of period	917,074	795,694
	-----	-----

UNREALIZED CAPITAL GAINS

Balance, beginning of period	33,342	-
Net change in unrealized gains/(losses)	(35,899)	46,422
Other adjustments (a)	10,417	(13,080)
	-----	-----
Balance, end of period	7,860	33,342
	-----	-----

TOTAL STOCKHOLDERS' EQUITY	\$1,367,016	\$1,271,118
	-----	-----
	-----	-----

(a) Other adjustments consist of deferred policy acquisition costs and related deferred income taxes.

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995
	-----	-----
	(000'S)	
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 121,380	\$ 113,672
Adjustments to reconcile net income to net cash flows from operating activities	(138,194)	(191,343)
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES	(16,814)	(77,671)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale/maturity of:		
Fixed maturities	3,193,909	1,523,310
Equity securities	3,498	4,236
Mortgage loans	9,940	7,104
Other long term investments	21	193
Investment real estate	4,829	2,925
Other	59,266	(44,320)
Payments for the purchase of:		
Fixed maturities	(3,185,012)	(1,380,346)

Equity securities	(4,560)	(7,914)
Mortgage loans	-	-
Other long term investments	(497)	(626)
Investment real estate	(341)	-
Net proceeds/(payments) of short term investments	(47,721)	(17,532)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES	33,332	87,030
	-----	-----
Net increase/(decrease) in Cash	16,518	9,359
Cash, beginning of period	41,435	27,780
	-----	-----
CASH, END OF PERIOD	\$ 57,953	\$ 37,139
	-----	-----
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid in lieu of income taxes	\$ 45,044	\$ -
	-----	-----
	-----	-----

</TABLE>

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRINCIPLES

A. PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Pruco Life Insurance Company (Pruco Life), a stock life insurance company, and its subsidiaries (collectively, the Company). Pruco Life is a wholly-owned subsidiary of The Prudential Insurance Company of America (Prudential), a mutual life insurance company. The Company markets individual life insurance and single pay deferred annuities primarily through Prudential's sales force. All significant intercompany balances and transactions have been eliminated in consolidation.

B. BASIS OF PRESENTATION

The Financial Accounting Standards Board (FASB) issued Interpretation No. 40 "Applicability of Generally Accepted Accounting Principles to Mutual Life Insurance and Other Enterprises," as amended by Statement of Financial Accounting Standards (SFAS) No. 120 "Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts", effective for fiscal years beginning after December 15, 1995.

Interpretation No. 40 changed the practice of mutual life insurance companies with respect to utilizing statutory basis financial statements for general purposes in that such financial statements are no longer allowed to be referred to as having been prepared in accordance with Generally Accepted Accounting Principles (GAAP). As a result of Interpretation No. 40, the Company has prepared the 1996 consolidated financial statements in accordance with all applicable GAAP pronouncements. The Company has restated the 1995 and 1994 consolidated financial statements in accordance with GAAP. These financial statements were previously prepared based on statutory accounting practices prescribed or permitted by regulatory authorities in the domiciliary states. See Note 9 for the Company's statutory net income and surplus determined in accordance with accounting practices prescribed or permitted by regulatory authorities in domiciliary states.

C. INVESTMENTS

FIXED MATURITIES - Securities held to maturity are those that the Company has the positive intent and ability to hold to maturity and are principally reported at amortized cost. Amortized cost is adjusted to estimated fair value for impairments which are deemed to be other than temporary.

Where the Company may not have the positive intent to hold fixed maturities until maturity, the securities are classified as "Available for Sale." These securities are reported at market value based principally on their quoted market prices. The associated unrealized gains and losses, net of income taxes and deferred policy acquisition costs, are included as a component of equity or if deemed to be other than temporary, are included as a realized

loss.

EQUITY SECURITIES consist primarily of common and preferred stocks. Marketable equity securities are classified as "Available for Sale" and are reported at market value based principally on their quoted market prices. Non-marketable equity securities are reported at historical cost adjusted for other than temporary impairments. The associated unrealized gains and losses are included as a component of equity. \$4.0 million and \$3.6 million of joint venture equity securities are included in "Other Long Term Investments" as of September 30, 1996 and December 31, 1995, respectively.

MORTGAGE LOANS AND POLICY LOANS are stated primarily at unpaid principal balances, net of unamortized discounts and valuation allowances for impaired loans. Impaired loans are those for which management believes that they will be unable to collect all amounts due according to the contractual terms of the loan agreement. A valuation allowance is recorded for the difference between the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the underlying collateral, and the carrying value of the loan. Interest income on non-impaired loans is recognized as net investment income earned.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
(UNAUDITED)

INVESTMENT REAL ESTATE was acquired through foreclosure during 1994. This property was valued at its fair value at the time of foreclosure. Fair value is considered to be the amount that could reasonably be expected in a current transaction between willing parties, other than in forced or liquidation sale. Depreciation on this property for the period ended September 30, 1996 and the year ended December 31, 1995 was \$164 thousand and \$106 thousand, respectively. As of September 30, 1996 the Company had no investment real estate holdings. The last property was sold during the third quarter of 1996.

OTHER LONG TERM INVESTMENTS, which consist of limited partnerships, are valued at the aggregate net equity in the partnerships. Certain investments in this category were non-income producing at September 30, 1996 and December 31, 1995. These investments were \$244 thousand at September 30, 1996 and \$316 thousand at December 31, 1995.

Partnership and joint venture interests in which the Company does not have control and a majority economic interest are reported on the equity basis of accounting. \$4.6 million and \$4.1 million of non real estate related interests are included in other long term investments, as of September 30, 1996 and December 31, 1995, respectively. The Company's share of net income from such entities was \$1.2 million and \$0.5 million for the periods ended September 30, 1996 and 1995, respectively and is reported in investment income.

D. OTHER ASSETS

Property and equipment is carried at cost less accumulated depreciation. When applicable, cost includes interest and real estate taxes incurred during construction as well as other construction related costs. Depreciation is calculated primarily on the straight line method based on the estimated useful lives of the assets. Accumulated depreciation was \$2.3 million and \$2.0 million as of September 30, 1996 and December 31, 1995, respectively.

E. REVENUE RECOGNITION AND RELATED EXPENSES

UNIVERSAL LIFE AND INVESTMENT-TYPE CONTRACTS. Universal life contracts are long duration life insurance contracts that involve significant mortality and morbidity risk with both fixed and guaranteed terms. Investment contracts are long duration contracts that do not subject the insurance enterprise to risks arising from contractholder mortality or morbidity. Amounts received as payments for these contracts are reported as deposits to contractholders' account balances. Revenues from these contracts consist primarily of amounts assessed during the period against contractholders' account balances for mortality charges, policy administration and surrender charges. Policy benefits and claims that are charged to expenses include benefit claims incurred in the period in excess of related contractholders' account balances.

F. DEFERRED POLICY ACQUISITION COSTS

Acquisition costs consist of commissions and other costs which vary with and are primarily related to the production or acquisition of new business. Acquisition costs related to universal life products and investment-type contracts are deferred and amortized in proportion to total estimated gross profits arising principally from investment results, mortality, expense margins and surrender charges based on historical and anticipated future experience. Deferred acquisition costs are reviewed to determine if they are

recoverable from future income, including investment income. If such costs are determined to be unrecoverable, they are expensed at the time of determination. The effect on the deferred policy acquisition asset that would result from realization of unrealized gains/(losses) is recognized with an offset to unrealized gains/(losses) in consolidated stockholders' equity as of the balance sheet date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
(UNAUDITED)

G. FUTURE POLICY BENEFITS AND CONTRACTHOLDERS' FUNDS

Policyholders' account balances for universal life and investment-type contracts are equal to the policy account values. The policy account values represent an accumulation of gross premium payments plus credited interest less expense and mortality charges and withdrawals.

Benefit liabilities for annuities during the accumulation period are equal to the accumulated contractholders' fund balances and after annuitization are equal to the present value of expected future payments.

Interest crediting rates on these life insurance products range from 3.35% to 7%.

When liabilities for future policy benefits plus the present value of expected future gross premiums are insufficient to provide expected future policy benefits and expenses, unrecoverable deferred policy acquisition costs are written off and thereafter, if required, a premium deficiency reserve is established as a charge to earnings.

H. SEPARATE ACCOUNTS

Separate Accounts represent funds for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the policyholders, with the exception of the Pruco Life Modified Guaranteed Annuity Account. The Pruco Life Modified Guaranteed Annuity Account is a non-unitized separate account, which funds the Modified Guaranteed Annuity Contract and the Market Value Adjustment Annuity Contract. Owners of the Pruco Life Modified Guaranteed Annuity and the Market Value Adjustment Annuity Contracts do not participate in the investment gain or loss from assets relating to such accounts. Such gain or loss is borne, in total, by the Company. Assets are carried at market value. Deposits to all Separate Accounts are reported as increases in Separate Account liabilities. Charges assessed against contractholders' account balances for mortality, policy administration and surrender charges are included in revenues. Mortality and expense risk charges applied against net assets represent contractholder funds and are also a component of revenue. The assets are legally segregated and are not subject to claims that arise out of any other business of the Company.

I. ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
(UNAUDITED)

2. FIXED MATURITIES AND EQUITY SECURITIES

Gross unrealized gains and losses for securities classified as Held to Maturity and Available for Sale, by major security type, are as follows:

<TABLE>
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FOR THE PERIOD ENDED
SEPTEMBER 30, 1996

(000's)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
HELD TO MATURITY				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ -	\$ -	\$ -	\$ -
Foreign government bonds	-	-	-	-
Corporate securities	423,250	8,433	1,319	430,364
Mortgage-backed securities	-	-	-	-
Other fixed maturities	-	-	-	-
Total	\$ 423,250	\$ 8,433	\$ 1,319	\$ 430,364

FOR THE PERIOD ENDED
SEPTEMBER 30, 1996

(000's)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AVAILABLE FOR SALE				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 81,841	\$ 178	\$ 43	\$ 81,976
Foreign government bonds	83,524	346	498	83,372
Corporate securities	1,919,375	20,528	9,040	1,930,863
Mortgage-backed securities	517	13	-	530
Other fixed maturities	-	-	-	-
Total	\$2,085,257	\$21,065	\$9,581	\$2,096,741

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

<TABLE>
<CAPTION>

FOR THE YEAR ENDED
DECEMBER 31, 1995

(000's)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
HELD TO MATURITY				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ -	\$ -	\$ -	\$ -
Foreign government bonds	-	-	-	-
Corporate securities	437,727	18,629	1,805	454,551
Mortgage-backed securities	-	-	-	-
Other fixed maturities	-	-	-	-
Total	\$ 437,727	\$ 18,629	\$ 1,805	\$ 454,551

FOR THE YEAR ENDED
DECEMBER 31, 1995

(000's)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value

AVAILABLE FOR SALE				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 324,854	\$ 6,830	\$ 61	\$ 331,623
Foreign government bonds	73,042	3,055	-	76,097
Corporate securities	1,506,934	54,859	2,168	1,559,625
Mortgage-backed securities	169,190	8,717	398	177,509
Other fixed maturities	-	-	-	-

Total	\$2,074,020	\$73,461	\$2,627	\$2,144,854

</TABLE>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
(UNAUDITED)

The amortized cost and estimated fair value of fixed maturities at September 30, 1996 and December 31, 1995, categorized by contractual maturity, are shown below. Actual maturities will differ from contractual maturities because borrowers may prepay obligations with or without call or prepayment penalties. Fixed maturities not due at a single maturity date have been included in the table.

AS OF
SEPTEMBER 30, 1996

(000's)	Amortized Cost	Estimated Fair Value

HELD TO MATURITY		
Due in one year or less	\$ 32,561	\$ 32,768
Due after one year through five years	177,491	179,177
Due after five years through ten years	183,238	188,600
Due after ten years	29,960	29,818
Mortgage-backed securities	-	-

Total	\$ 423,250	\$ 430,364

AS OF
SEPTEMBER 30, 1996

(000's)	Amortized Cost	Estimated Fair Value

AVAILABLE FOR SALE		
Due in one year or less	\$ 107,594	\$ 108,914
Due after one year through five years	1,553,606	1,560,357
Due after five years through ten years	328,896	331,740
Due after ten years	94,644	95,200
Mortgage-backed securities	517	530

Total	\$2,085,257	\$2,096,741

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
(UNAUDITED)

AS OF
DECEMBER 31, 1995

(000's)	Amortized Cost	Estimated Fair Value
HELD TO MATURITY		
Due in one year or less	\$ 25,982	\$ 26,325
Due after one year through five years	184,288	189,354
Due after five years through ten years	194,543	206,331
Due after ten years	32,914	32,541
Mortgage-backed securities	-	-
Total	\$ 437,727	\$ 454,551

AS OF
DECEMBER 31, 1995

(000's)	Amortized Cost	Estimated Fair Value
AVAILABLE FOR SALE		
Due in one year or less	\$ 135,710	\$ 137,304
Due after one year through five years	1,316,881	1,360,878
Due after five years through ten years	335,302	349,961
Due after ten years	116,937	119,202
Mortgage-backed securities	169,190	177,509
Total	\$2,074,020	\$2,144,854

Proceeds from the sale/maturity of fixed maturities during the period ended September 30, 1996 and the year ended December 31, 1995 were \$3.2 billion and \$2.0 billion, respectively. Gross gains of \$23.3 million and \$28.9 million and gross losses of \$16.8 million and \$17.3 million were realized on those sales during the period ended September 30, 1996 and the year ended December 31, 1995, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
(UNAUDITED)

3. NET INVESTMENT INCOME

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1995	THREE MONTHS ENDED SEPTEMBER 30, 1996	THREE MONTHS ENDED SEPTEMBER 30, 1995
Net investment income consisted of:				
<S>	<C>	<C>	<C>	<C>
Gross investment income	(000's)	(000's)	(000's)	(000's)
Fixed maturities	\$138,564	\$147,217	\$46,605	\$ 48,385
Equity securities	44	96	44	128

Mortgage loans	4,321	6,164	2,008	1,605
Investment real estate	613	437	125	124
Policy loans	24,694	21,701	8,734	7,520
Short term investments	11,272	9,208	2,678	3,455
Other	6,486	4,689	1,738	1,424
	-----	-----	-----	-----
	185,994	189,512	61,932	62,641
Investment expenses	5,238	3,722	3,380	1,203
	-----	-----	-----	-----
Net investment income	\$180,756	\$185,790	\$58,552	\$ 61,438
	-----	-----	-----	-----

</TABLE>

4. INVESTMENT GAINS/(LOSSES)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30, 1996		THREE MONTHS ENDED SEPTEMBER 30, 1996	
	1995		1995	
	-----		-----	
	(000's)		(000's)	
<S>	<C>	<C>	<C>	<C>
Realized gains/(losses)				
Fixed maturities	\$ 6,157	\$ 6,700	\$ 1,214	\$ 6,328
Equity securities	589	1,752	629	1,682
Mortgage loans	-	-	-	-
Investment real estate	487	(69)	487	-
Other	19	10	(1)	(8)
	-----	-----	-----	-----
Realized investment gains/(losses)	\$ 7,252	\$ 8,393	\$ 2,329	\$ 8,002
	-----	-----	-----	-----

</TABLE>

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	NINE MONTHS ENDED SEPTEMBER 30, 1996		THREE MONTHS ENDED SEPTEMBER 30, 1996	
	1995		1995	
	-----		-----	
	(000's)		(000's)	
<S>	<C>	<C>	<C>	<C>
Unrealized gains/(losses)				
Fixed maturities - Available for sale	\$(56,749)	\$ 45,320	\$ 304	\$ (7,364)
Equity securities	(27)	9	-	(44)
	-----	-----	-----	-----
	(56,776)	45,329	304	(7,408)
Other adjustments (a)	16,026	(30,888)	(368)	(16,328)
Federal income tax provision/(benefit)	15,268	(2,636)	(723)	9,270
	-----	-----	-----	-----
Net change in unrealized gains/(losses)	(25,482)	11,805	(787)	(14,466)
Net unrealized gains/(losses), beg of period	33,342	-	-	-
	-----	-----	-----	-----
Net unrealized gains/(losses)	\$ 7,860	\$ 11,805	\$ (787)	\$ (14,466)
	-----	-----	-----	-----

</TABLE>

(a) Other adjustments consist of deferred policy acquisition costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES (UNAUDITED)

5. MORTGAGE LOANS

Mortgage loans at September 30, 1996 and December 31, 1995 are as follows:

	SEPTEMBER 30, 1996	DECEMBER 31, 1995
	-----	-----
	(000's)	
Commercial loans	\$51,482	\$59,659
Agricultural loans	3,042	4,805
	-----	-----

Total mortgage loans	\$54,524	\$64,464
	-----	-----
	-----	-----

6. FAIR VALUE INFORMATION

The fair value amounts have been determined by the Company using available information and reasonable valuation methodologies for only those accounts for which fair value disclosures are required. Considerable judgment is applied, as necessary, in interpreting data to develop the estimates of fair value. Accordingly, the estimates presented may not be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair values.

The following methods and assumptions were used in calculating the fair values.

FIXED MATURITIES - Fair values for fixed maturities, other than private placement securities, are based on quoted market prices or estimates from independent pricing services. Fair values for private placement securities are estimated using a discounted cash flow model which considers the current market spreads between the U.S. Treasury yield curve and corporate bond yield curve adjusted for the type of issue, its current quality and its remaining average life. The fair value of certain non-performing private placement securities is based on amounts provided by state regulatory authorities.

EQUITY SECURITIES - Fair value is based on quoted market prices, where available, or prices provided by state regulatory authorities.

MORTGAGE LOANS - The fair value of the commercial mortgage and agricultural loan portfolio is primarily based upon the present value of the scheduled cash flows discounted at the appropriate U.S. Treasury rate, adjusted for the current market spread for a similar quality mortgage. For certain non-performing and other loans, fair value is based upon the value of the underlying collateral.

POLICY LOANS - The estimated fair value is calculated using a discounted cash flow model based upon current U.S. Treasury rates and historical loan repayments.

INVESTMENT-TYPE INSURANCE CONTRACT LIABILITIES - Fair values for the Company's investment-type insurance contract liabilities are estimated using a discounted cash flow model, based on interest rates currently being offered for similar contracts.

7. INSURANCE

The benefit reserve liabilities for single premium universal life contracts and investment-type contracts such as deferred annuities are the contractholders' funds.

The benefit reserve liabilities for payout annuities such as matured deferred annuities and supplementary contracts are the present values of estimated future benefits payments and related expenses. Present values for these contracts are computed using interest rates ranging from 6.5% to 11%. The mortality assumption for these contracts is the 83 IAM tables. Reserves for supplementary benefits are stated at interest rates that vary from 4% to 6.5% using mortality and morbidity assumptions either from company experience or various actuarial tables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES (UNAUDITED)

8. INCOME TAXES

The Company is a member of a group of affiliated companies which join in filing a consolidated federal tax return. Pursuant to a tax allocation agreement, current tax liabilities are determined for individual companies based upon their separate return basis taxable income. Members with a loss for tax purposes recognize a current benefit in proportion to the amount of their losses utilized in computing consolidated taxable income.

The Company has not established a valuation allowance for its deferred tax assets. Management believes that based on its historical pattern of taxable income, the Company will produce sufficient income in the future to realize its deferred tax asset.

Net unrealized gains and losses are presented in equity net of deferred taxes. The tax provision attributable to these items amounted to \$1,811 thousand and \$17,078 thousand at September 30, 1996 and December 31, 1995, respectively.

The Internal Revenue Service (the "Service") has conducted examinations of the federal income tax returns of the Company through 1992. Discussions are being held with the Service with respect to proposed adjustments. However, management believes there are adequate defenses against, or sufficient reserves to provide for, such challenges.

The components of the income tax provisions are as follows:

	NINE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1995
	(000's)	
Current U.S. income tax	\$57,959	\$55,610
Deferred U.S. income tax	7,399	5,597
Total income taxes	\$65,358	\$61,607

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are presented below.

DEFERRED TAX ASSETS	SEPTEMBER 30, 1996	DECEMBER 31, 1995
	(000's)	
Insurance reserves	\$40,334	\$42,601
Other	1,932	-
Total deferred tax assets	\$42,226	\$42,601
DEFERRED TAX LIABILITIES		
Deferred acquisition costs	\$166,285	\$153,526
Net capital gains	6,235	27,102
Other	-	96
Total deferred tax liabilities	\$172,521	\$180,724
Net deferred liability	\$130,255	\$138,123

The differences between the U.S. statutory federal income tax and the effective income tax as reflected in the accompanying statement of income are:

	NINE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1995
	(000's)	
Tax at statutory rate	\$65,358	\$61,208
True-up	-	-
Other items, net	-	(1)
Total tax provision	\$65,358	\$61,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF
PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES
(UNAUDITED)

9. STOCKHOLDERS' EQUITY

The amounts of statutory net income for the periods ended, and surplus as of September 30, 1996 and 1995 were as follows:

	NINE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1995
	(000's)	
Net income	\$ 69,875	\$108,091
	AS OF SEPTEMBER 30, 1996	AS OF DECEMBER 31, 1995
	(000's)	
Surplus	\$899,128	\$829,021

10. RELATED PARTY TRANSACTIONS

A. SERVICE AGREEMENTS

The Company, Prudential, Pruco Life of New Jersey and Pruco Securities Corporation, an indirect wholly-owned subsidiary of Prudential, operate under service and lease agreements whereby services of officers and employees, supplies, use of equipment and office space are provided. The net cost of these services allocated to the Company were \$72.7 million as of September 30, 1996 and \$98 million for the year ended December 31, 1995.

B. PENSION PLANS

The Company is a wholly-owned subsidiary of Prudential which sponsors several defined benefit pension plans that cover substantially all of its employees. Benefits are generally based on career average earnings and credited length of service. Prudential's funding policy is to contribute annually the amount necessary to satisfy the Internal Revenue Service contribution guidelines.

No pension expense for contributions to the plan was allocated to the Company in 1996 or 1995 because the plan was subject to the full funding limitation under the Internal Revenue Code.

C. POSTRETIREMENT LIFE AND HEALTH BENEFITS

Prudential also sponsors certain life insurance and health care benefits for its retired employees. Substantially all employees may become eligible to receive a benefit if they retire after age 55 with at least 10 years of service. Prudential elected to amortize its obligation over twenty years. A provision for contributions to the postretirement fund is included in the net cost of services allocated to the Company discussed above for the period ended September 30, 1996 and the year ended December 31, 1995.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES (UNAUDITED)

D. REINSURANCE

The Company currently has three reinsurance agreements in place with Prudential (the reinsurer). Specifically: reinsurance Group Annuity Contract, whereby the reinsurer, in consideration for a single premium payment by the Company, provides reinsurance equal to 100% of all payments due under the contract, and two yearly renewable term agreements in which the Company may offer and the reinsurer may accept reinsurance on any life in excess of the Company's maximum limit of retention. These agreements had no material effect on net income for the periods ended September 30, 1996 and 1995.

11. CONTINGENCIES

Several actions have been brought against the Company on behalf of those persons who purchased life insurance policies based on complaints about sales practices engaged in by Prudential, the Company and agents appointed by Prudential and the Company. Prudential has agreed to indemnify the Company for any and all losses resulting from such litigation.

12. DIVIDENDS

The Company is subject to Arizona law which limits the amount of dividends that insurance companies can pay to stockholders. The maximum dividend which may be paid in any 12 month period without notification or approval is limited to the lesser of 10% of surplus as of December 31 of the preceding year or the net gain from operations of the preceding calendar year. Cash dividends may only be paid out of surplus derived from realized net profits. Based on these limitations and the Company's surplus position at December 31, 1995, the Company would be permitted a maximum of \$83 million in dividend distribution in 1996, all of which could be paid in cash, without approval from The State of Arizona Department of Insurance.

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RESULTS OF OPERATIONS

Pruco Life Insurance Company consists of Pruco Life Insurance Company (Pruco Life), Pruco Life Insurance Company of New Jersey and The Prudential Life Insurance Company of Arizona (collectively, the Company). Pruco Life is a wholly owned subsidiary of Prudential Insurance Company of America (Prudential), a mutual life insurance company. The Company markets individual life insurance and single pay deferred annuities primarily through Prudential's sales force. The Company held over \$9.1 billion in assets at September 30, 1996. \$4.9 billion of which were held in Separate Accounts under variable life insurance policies and variable annuity contracts. The remaining assets were held in the general account for investment primarily in bonds, short term investments and mortgage loans.

1. RESULTS OF OPERATIONS (FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 COMPARED WITH THE NINE MONTHS ENDED SEPTEMBER 30, 1995.)

Net income for the nine month period ended September 30, 1996 was \$121.4 million. This represents a \$7.7 million increase over the same period in 1995.

Policy Fee Income primarily consists of amounts assessed during the period against contractholders' account balances for mortality, policy administration and surrender charges. Policy Fee Income decreased \$13.5 million from \$243.0 million for the nine months ended September 30, 1995 to \$229.5 million for the same period in 1996.

Net investment income declined from \$185.8 million for the nine month period ended September 30, 1995 to \$180.8 million for the same period ending September 30, 1996. Realized capital gains decreased to \$7.3 million for the nine months ended September 30, 1996 from a realized gain of \$8.4 million for the same period in 1995. The decrease stems from corporate bonds which are generating lower gains due to increases in interest rates.

Policyholders' benefits decreased \$3.7 million for the nine months ended September 30, 1996, from the same period in 1995. This is primarily due to a decline in the level of reserves held for Minimum Death Benefit guarantees.

Other operating costs and expenses for the nine month period ended September 30, 1996 decreased \$35.2 million over the same period in 1995. An adjustment to true-up the beginning balance of deferred policy acquisition costs was run through the deferred policy acquisition costs amortization account which resulted in a \$29 million decrease in other operating costs and expenses. The additional decrease of approximately \$5 million is due to decreases in salaries, rent, employee benefit chargebacks, and depreciation.

2. LIQUIDITY

For an insurance company, cash needs, for the purpose of paying current benefits, making policy loans, and paying expenses are met primarily from premiums and investment income. Benefit expenses incurred were \$61.7 million and \$64.4 million for the nine months ended September 30, 1996 and September 30, 1995 respectively. Cash flows are anticipated to be ample to meet the Company's liquidity needs for the foreseeable future.

3. INVESTMENTS

The Company maintains a well diversified portfolio consisting of fixed as well as equity investments. Of the Company's total assets of approximately \$9.1 billion as of September 30, 1996, 53.2% was invested in Separate Account assets, 27.6% in fixed maturities, 3.0% in short term investments, .6% in mortgage loans and the remaining 15.6% in other assets.

Fixed Maturities. As of September 30, 1996 and December 31, 1995, the Company's investments in fixed maturities, which are primarily carried at market value, were \$2.5 billion and \$2.6 billion, respectively. Included in fixed maturities are securities that are classified by the National Association of Insurance Commissioners (NAIC) as being in the lowest three rating categories. The lowest three NAIC categories represent, for the most part, high-yield securities. These approximated 1.0% and 1.0% of the Company's assets at September 30, 1996 and December 31, 1995, respectively.

Mortgage Loans. As of September 30, 1996 and December 31, 1995, the Company's investments in mortgage loans were \$54.5 million and \$64.4 million, respectively. Mortgage loans are carried at the lower of unpaid principal balance or fair value. The decrease in mortgage loans is due to a \$7 million settlement payment.

Currently, the Company has no loans in the process of foreclosure and two loans with restructured terms in the amount of \$6.9 million.

Investment Real Estate. As of September 30, 1996, the Company has no investment real estate. The last property was sold during the third quarter of 1996. The disposition of \$4.3 million resulted in capital gains of \$0.5 million.

PART II

ITEM 1 LEGAL PROCEEDING

Pruco Life is not involved in any litigation that is expected to have a material effect.

ITEM 2 CHANGES IN SECURITIES

Not Applicable

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Pruco Life's sole shareholder, The Prudential Insurance Company of America, acting by consent in lieu of an annual meeting on May 1, 1996, elected six directors, comprising the entire board of directors of Pruco Life Insurance Company, by unanimous consent. The directors so elected were:

Garnett L. Keith, Jr.
Ira J. Kleinman
Mendel Melzer
Esther H. Milnes
I. Edward Price
William F. Yelverton.

On June 18, 1996 Pruco Life accepted Garnett L. Keith, Jr.'s resignation. William Bethke and Kiyo Sakaguchi were elected, by unanimous consent. Therefore, at the end of second quarter, 1996, the board was comprised of the following seven directors:

William Bethke
Ira J. Kleinman
Mendel Melzer
Esther H. Milnes
I. Edward Price
Kiyo Sakaguchi
William F. Yelverton.

ITEM 5 OTHER INFORMATION

Not Applicable.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8K

(a) (1) and (2) financial Statements of registrant and subsidiaries are listed on pages 3-6 hereof and are filed as part of this Report.

(a) (3) EXHIBITS

REGULATION S-K

2. Not Applicable

3. Documents Incorporated by Reference

(i) The Articles of Incorporation of Pruco Life, as amended October 13, 1993, are incorporated herein by reference to Exhibit 14 (3) of the Pruco Life Insurance Company Form 10-K for the fiscal year ended December 31, 1993; (ii) Bylaws of Pruco Life, as amended June 14, 1983, are incorporated herein by reference to Post-Effective Amendment

No. 13 to Form S-6, Registration No. 2-89558, filed March 2, 1989 on behalf of the Pruco Life Variable Annuity Account.

4. Exhibits

Modified Guaranteed Annuity Contract, incorporated by reference to Registrant's Form S-1 Registration Statement, Registration No. 33-37587, filed November 2, 1990.

Market-Value Adjustment Annuity Contract, incorporated by reference to Registrant's Form S-1 Registration Statement, Registration No. 33-61143, filed November 17, 1995.

10. None.
11. Not Applicable.
15. Not Applicable.
18. None.
19. Not Applicable.
20. Not Applicable.
22. None.
23. None.
24. Not Applicable.
25. Not Applicable.
27. Exhibit 27, Financial Data Schedule appended to this form in accordance with EDGAR instructions.
28. None
- (b) Reports on 8-K
No reports on form 8-K were filed during the second quarter of 1996.
99. None

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

PRUCO LIFE INSURANCE COMPANY
(Registrant)

SIGNATURE	TITLE	DATE
<u>Esther H. Milnes</u>	President and Director	November 14, 1996
<u>Linda S. Dougherty</u>	Vice President and Comptroller and Chief Accounting Officer	November 14, 1996

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