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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 1998

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)

(973) 802-2859
(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 X 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 November 16, 1998. Common stock, par value of $10 per share: 250,000 shares outstanding.

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PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
SEPTEMBER 30, 1998 AND DECEMBER 31, 1997 (IN THOUSANDS)

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
ASSETS		
Fixed maturities		
<S>	<C>	<C>
Available for sale, at fair value (amortized cost, 1998: $2,692,270; 1997: $2,526,554)	$ 2,741,656	$ 2,563,852
Held to maturity, at amortized cost (fair value, 1998: $378,061; 1997: $350,056)	358,741	338,848
Equity securities available for sale, at fair value (cost, 1998: $2,796; 1997: $1,289)	3,076	1,982
Mortgage loans on real estate	22,126	22,787
Policy loans	753,342	703,955
Short-term investments	341,945	316,355
Other long-term investments	1,306	1,317
Total investments	4,222,192	3,949,096
Cash	152,392	71,358
Deferred policy acquisition costs	785,725	655,242
Accrued investment income	66,672	67,000
Other assets	146,824	86,692
Separate Account assets	9,920,797	8,022,079
TOTAL ASSETS	$15,294,602	$12,851,467
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES		
Policyholders' account balances	$ 2,641,785	$ 2,380,460
Future policy benefits and other policyholder liabilities	501,340	472,460
Cash collateral for loaned securities	260,312	143,421
Income taxes payable	58,220	101,837
Deferred income tax liability	169,271	138,483
Affiliated notes payable	164,000	--
Payable to affiliate	23,193	70,375
Other liabilities	29,318	90,126
Separate Account liabilities	9,839,535	7,948,788

TOTAL LIABILITIES	13,686,974	11,345,950
CONTINGENCIES (SEE NOTE 5)		
STOCKHOLDER'S EQUITY		
Common stock, $10 par value; 1,000,000 shares, authorized; 250,000 shares, issued and outstanding at September 30, 1998 and December 31, 1997	2,500	2,500
Paid-in-capital	439,582	439,582
Retained earnings	1,146,327	1,050,871
Net unrealized investment gains	25,089	17,129
Foreign currency translation adjustments	(5,870)	(4,565)
ACCUMULATED OTHER COMPREHENSIVE INCOME	19,219	12,564
TOTAL STOCKHOLDER'S EQUITY	1,607,628	1,505,517
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$15,294,602	$12,851,467

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PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (UNAUDITED)
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997 (IN THOUSANDS)

	NINE MONTHS ENDED SEPTEMBER 30, 1998	1997	THEE MONTHS ENDED SEPTEMBER 30, 1998	1997
REVENUES				
<S>	<C>	<C>	<C>	<C>
Premiums	$ 39,522	$ 38,920	$ 13,838	$ 12,573
Policy charges and fee income	262,686	231,834	95,358	75,193
Net investment income	199,079	193,142	69,112	69,110
Realized investment gains, net	37,645	13,415	24,660	6,442
Other income	30,609	21,648	11,752	8,816
TOTAL REVENUES	569,541	498,959	214,720	172,134
BENEFITS AND EXPENSES				
Policyholders' benefits	124,401	132,502	48,100	33,957
Interest credited to policyholders' account balances	86,451	81,104	29,567	28,062
General, administrative and other expenses	211,917	211,348	67,822	112,153
TOTAL BENEFITS AND EXPENSES	422,769	424,954	145,489	174,172
Income from operations before income taxes	146,772	74,005	69,231	(2,038)
Income taxes				
Current	24,417	38,114	1,770	17,936
Deferred	26,899	(10,554)	22,439	(17,302)
Total income taxes	51,316	27,560	24,209	634
NET INCOME	95,456	46,445	45,022	(2,672)
Other comprehensive income, net of tax:				
Unrealized gains on securities, net of reclassification adjustment	7,960	768	13,566	13,996
Foreign currency translation adjustments	(1,305)	(638)	(27)	171
Other comprehensive income	6,655	130	13,539	14,167
COMPREHENSIVE INCOME	$ 102,111	$ 46,575	$ 58,561	$ 11,495

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PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (UNAUDITED)
SEPTEMBER 30, 1998 AND DECEMBER 31, 1997 (IN THOUSANDS)

<S>	COMMON STOCK <C>	PAID-IN-CAPITAL <C>	RETAINED EARNINGS <C>	ACCUMULATED OTHER COMPREHENSIVE INCOME <C>	TOTAL STOCKHOLDER'S EQUITY <C>
BALANCE, DECEMBER 31, 1996	$2,500	$439,582	$ 944,497	$12,402	$1,398,981
Net income	--	--	106,374	--	106,374
Change in foreign currency translation adjustments	--	--	--	(2,863)	(2,863)
Change in net unrealized investment gains, net of reclassification adjustment	--	--	--	3,025	3,025
BALANCE, DECEMBER 31, 1997	2,500	439,582	1,050,871	12,564	1,505,517
Net income	--	--	95,456	--	95,456
Change in foreign currency translation adjustments	--	--	--	(1,305)	(1,305)
Change in net unrealized investment gains, net of reclassification adjustment	--	--	--	7,960	7,960
BALANCE, SEPTEMBER 30, 1998	$2,500	$439,582	$1,146,327	$19,219	$1,607,628

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PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997 (IN THOUSANDS)

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net income	$ 95,456	$ 46,445
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Policy charges and fee income	(31,102)	(32,488)
Interest credited to policyholders' account balances	86,451	81,104
Net (increse) decrease in Separate Accounts	(7,971)	27,085
Realized investment gains, net	(37,645)	(13,415)
Amortization and other non-cash items	7,309	(19,183)
Change in:		
Future policy benefits and other policyholders' liabilities	28,879	50,674
Accrued investment income	328	(5,890)
Payable to affiliate	(47,182)	42,731
Policy loans	(49,387)	(47,845)
Deferred policy acquisition costs	(130,483)	33,282
Income taxes payable	(43,617)	37,688
Deferred income tax liability	30,788	(10,484)
Other, net	(120,941)	4,434
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	(219,117)	194,138
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale/maturity of:		
Fixed maturities:		
Available for sale	3,881,574	2,370,205
Held to maturity	58,412	110,865
Equity securities	2,830	8,348
Mortgage loans on real estate	661	21,932
Other long-term investments	510	2,285
Payments for the purchase of:		
Fixed maturities:		

Available for sale	(4,029,692)	(2,425,849)
Held to maturity	(77,914)	(21,610)
Equity securities	(2,097)	(8,158)
Other long-term investments	(499)	(51)
Cash collateral for loaned securities, net	116,891	81,479
Short-term investments, net	(25,856)	(332,118)
CASH FLOWS USED IN INVESTING ACTIVITIES	(75,180)	(192,672)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Policyholders' account balances:		
Deposits	2,482,453	1,199,372
Withdrawals	(2,271,122)	(1,190,212)
Proceeds from issuance of affiliated notes payable	164,000	--
CASH FLOWS FROM FINANCING ACTIVITIES	375,331	9,160
Net increase in Cash	81,034	10,626
Cash, beginning of year	71,358	73,766
CASH, END OF PERIOD	$ 152,392	$ 84,392

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SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BUSINESS

Pruco Life Insurance Company (the Company), a wholly owned subsidiary of The Prudential Insurance Company of America (Prudential), is a stock life insurance company, organized in 1971 under the laws of the state of Arizona. The Company markets individual life insurance, variable life insurance, variable annuities, and deferred annuities (the Contracts) in all states and territories except the District of Columbia and Guam. In addition, the Company markets individual life insurance through its branch office in Taiwan. The Company has two subsidiaries, Pruco Life Insurance Company of New Jersey (PLNJ) and The Prudential Life Insurance Company of Arizona (PLICA). PLNJ is a stock life insurance company organized in 1982 under the laws of the state of New Jersey. It is licensed to sell individual life insurance, variable life insurance, deferred annuities, and variable annuities only in the states of New Jersey and New York. PLICA is a stock life insurance company organized in 1988 under the laws of the state of Arizona. PLICA had no new business sales in 1997 or for the nine months ended September 30, 1998 and at this time will not be issuing new business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with the requirements of Form 10-Q and generally accepted accounting principles (GAAP) for interim financial information. These statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 1997 included in the Company's Annual Report on Form 10-K for that year.

The accompanying consolidated financial statements have not been audited by independent accountants in accordance with generally accepted auditing standards, but in the opinion of management such financial statements include all adjustments, consisting only of normal recurring accruals and elimination of intercompany balances and transactions, necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the nine months ended September 30, 1998 may not be indicative of the results that may be expected for the year ending December 31, 1998.

NEW PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (Statement No. 130). Statement No. 130 establishes standards for the reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. All items that are required to be recognized under Statement No. 130 as components of comprehensive income are to be reported in a financial statement that is displayed with the same prominence as other financial statements. Statement No. 130 stipulates that comprehensive income reflect the change in equity of an enterprise during a period from transactions and other events and circumstances from non-owner sources.

Statement No. 130 is effective for fiscal years beginning after December 15, 1997. The Company has adopted Statement No. 130, resulting primarily in reporting unrealized gains and losses on investments in debt and equity securities; and foreign currency translation adjustments in comprehensive income.

On June 15, 1998, the FASB issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (Statement No. 133). Statement No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. Statement No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. Management of the Company is currently evaluating the impact of the adoption of Statement No. 133 on the Company's results of operations and its financial position.

RECLASSIFICATIONS

Certain amounts in the prior years have been reclassified to conform to current year presentation.

3. INVESTMENTS

FIXED MATURITIES classified as "available for sale" are carried at estimated fair value. Fixed maturities that the Company has both the positive intent and ability to hold to maturity are stated at amortized cost and are classified as "held to maturity". The amortized cost of fixed maturities is written down to estimated fair value when the asset is considered impaired and the decline in value is considered to be other than temporary. Unrealized gains and losses on fixed maturities "available for sale", net of income tax, the effect on deferred policy acquisition costs and participating annuity contracts that would result from the realization of unrealized gains and losses, are included in a separate component of equity, "Accumulated other comprehensive income."

EQUITY SECURITIES, available for sale, comprised of common and non-redeemable preferred stock, are carried at estimated fair value. The associated unrealized gains and losses, net of income tax, the effect on deferred policy acquisition costs and participating annuity contracts, that would result from the realization of unrealized gains and losses are included in a separate component of equity, "Accumulated other comprehensive income."

The following reconciles the Net unrealized investment gains recorded in Stockholder's equity at September 30, 1998 and December 31, 1997.

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
	(000's)	
Fixed maturities - Available for sale:		
Fair Value	$2,741,656	$2,563,852
Amortized cost	2,692,270	2,526,554
Unrealized investment gains	49,386	37,298
Equity securities:		
Fair value	3,076	1,982
Cost	2,796	1,289
Unrealized investment gains	280	693
Related adjustments:		
Deferred policy acquisition costs	(15,282)	(16,305)
Policyholders' account balances	1,846	2,529
Deferred federal income tax liability	(11,141)	(7,086)
	(24,577)	(20,862)
Net unrealized investment gains	$ 25,089	$ 17,129

PRUCO LIFE INSURANCE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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4. RELATED PARTY TRANSACTIONS

In July 1998, the Company established a revolving line of credit facility of up to $300 million with Prudential Funding Corporation, a wholly owned subsidiary of Prudential. Notes payable to affiliates includes amounts which mature at various dates throughout 1998 with interest rates ranging from 5.2% to 6.0%.

Prudential and Pruco Life have an agreement with respect to administrative services for the Prudential Series Fund. The Company invests in the various portfolios of the Series Fund through the Separate Accounts. Under this agreement, Prudential pays compensation to Pruco Life in the amount equal to a portion of the gross investment advisory fees paid by the Prudential Series Fund. The Company received from Prudential its allocable share of such compensation in the amount of $29 million and $20 million during 1998 and 1997, respectively, recorded in other income.

5. 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.

In the normal course of business, the Company is subject to various claims and assessments. Management believes the settlement of these matters would not have a material effect on the financial position or results of operations of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The Company markets individual life insurance, variable life insurance, variable annuities, and deferred annuities primarily through Prudential's sales force in the United States and in Taiwan.

The Company markets its products in the life insurance and annuity sectors of the insurance industry. These markets are faced with an increased tightening of the regulatory environment with particular emphasis placed on company solvency and sales practices. The legal barriers which have historically segregated the markets of the financial services industry are being challenged through both legislative and judicial processes. Regulatory changes which opened the insurance industry to other financial institutions, particularly banks and mutual funds, heightened competition in investment type products since those institutions were positioned to deliver the same products through large, stable distribution channels.

The Company held $15.3 billion in assets at September 30, 1998 compared to $12.9 billion at December 31, 1997, of which $9.9 billion and $8.0 billion were held in Separate Accounts as of September 30, 1998 and December 31, 1997, respectively, under variable life insurance policies and variable annuity contracts. The remaining assets were held in the general account for investment primarily in bonds, policy loans and short-term investments.

1. RESULTS OF OPERATIONS

For the nine months ended September 30, 1998 versus 1997

Net income for the nine months ended September 30, 1998 amounted to $95.5 million, an increase of $49.0 million compared to the $46.5 million earned in the nine months ended September 30, 1997.

Separate Account activity was a factor in operating results during the first nine months of 1998. Separate Account assets increased 23% as of September 30, 1998, from $8.0 billion as of December 31, 1997 to $9.9 billion. An increase of approximately $2.0 billion is due to sales of the Company's variable products and is offset by a $99 million reduction as a result of portfolio depreciation. Increased sales primarily relate to the Discovery Select product which was added to the Company's portfolio as of October 1996 and to PLNJ's portfolio as of January 1997. Separate Account asset based charges, such as mortality and expense charges, administration fees and Separate Account gains are the operating results elements affected by this growth.

Policy charges and fee income increased $30.9 million from $231.8 million for the nine months ended September 30, 1997 to $262.7 million for the nine months ended September 30, 1998. This variance is driven by an increase in charges for assuming mortality and expense risks due to the growth in separate accounts assets.

The Company's consolidated net investment income increased $6.0 million for the period ended September 30, 1998 to $199.1 million from $193.1 million for the period ended September 30, 1997. The increase in net investment income is primarily the result of a larger portfolio of assets offset by declining interest rates and new business strain.

The Company's consolidated net realized investment gains for the period ended September 30, 1998 was $37.6 million an increase of $24.2 million compared to the same period ended September 30, 1997. This increase was primarily due to net sales of fixed maturities during a period of declining interest rates. Also contributing to this increase were gains recognized on futures contracts used to hedge the insurance and annuity liabilities.

Other income increased $9.0 million from $21.6 million for the nine months ended September 30, 1997 to $30.6 million for the nine months ended September 30, 1998. This is primarily attributable to the increase in investment management fees which are received by the Company for services Prudential provides to The Prudential Series Funds, an underlying investment option of the Separate Accounts.

Policyholder's benefits decreased $8.1 million from $132.5 million for the nine months ended September 30, 1997 to $124.4 million for the nine months ended September 30, 1998. This decrease is driven by favorable experience in the life business.

General, administrative and other expenses increased $.6 million from $211.3 million for the nine months ended September 30, 1997 to $211.9 million for the nine months ended September 30, 1998. An exchange program, which allows investors

to exchange their current contract for a new Discovery Select policy, has led to an increase in the sales activity of Discovery Select. This increased sales volume resulted in a corresponding increase in expenses. In addition to the increased sales volume, the Parent company's allocation methodology for expenses billed to its subsidiaries in 1998 changed, resulting in increased expenses in Pruco Life. Offsetting this increase was a 1997 refinement of estimated gross profit margins which led to an overall increase in DAC amortization during 1997.

For the three months ended September 30, 1998 versus 1997

Net income for the three months ended September 30, 1998 amounted to $45.0 million, a increase of $47.7 million compared to the $2.7 million loss in the three months ended September 30, 1997.

Policy charges and fee income increased $20.2 million from $75.2 million for the three months ended September 30, 1997 to $95.4 million for the three months ended September 30, 1998. This variance is driven by an increase in charges for assuming mortality and expense risks due to the growth in separate accounts assets.

The Company's net realized investment gains increased $18.3 million for the period ended September 30, 1998 to $24.7 million from $6.4 million for the period ended September 30, 1997. The increase in net realized investment gains is a result of sales activity during a declining interest rate environment.

Policyholder's benefits increased $14.1 million from $34.0 million for the three months ended September 30, 1997 to $48.1 million for the three months ended September 30, 1998. The increase is driven by modeling changes in the third quarter of 1998 and do not have a material impact on the year to date results.

General, administrative and other expenses decreased $44.4 million from $112.2 million for the three months ended September 30, 1997 to $67.8 million for the three months ended September 30, 1998. A 1997 refinement of estimated gross profit margins led to a significant increase in DAC amortization during 1997. Partially offsetting this is an exchange program, allowing investors to exchange their current contract for a new Discovery Select policy, which has led to an increase in the sales activity of Discovery Select. This increased sales volume resulted in a corresponding increase in expenses. In addition to the increased sales volume, the Parent company's allocation methodology for expenses billed to its subsidiaries in 1998 changed, resulting in increased expenses in Pruco Life.

2. LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity requirements include the payment of sales commissions and other underwriting expenses and the funding of its contractual obligations for the life insurance and annuity contracts it has in-force. The Company has developed and utilizes a cash flow projection system and regularly performs asset/liability duration matching in the management of its asset and liability portfolios. The Company anticipates funding all its cash requirements utilizing cash from operations, normal investment maturities and anticipated calls and repayments or through short term lending from its affiliate Prudential Funding Corporation (see Related Party Transactions). As of September 30, 1998, the Company's assets included $3.0 billion of cash, short-term investments and investment grade publicly traded fixed maturity securities that could be liquidated if funds were required.

The Company conducts a thorough review of the adequacy of statutory insurance reserves and other actuarial liabilities. The review is performed to ensure that the Company's statutory reserves are computed in accordance with accepted actuarial standards, reflect all contractual obligations, meet the requirements of state laws and regulations and include adequate provisions for any other actuarial liabilities that need to be established. All significant reserve changes are reviewed by the Board of Directors and are subject to approval by the Arizona Department of Banking and Insurance. The Company believes that its statutory capital is adequate for its currently anticipated levels of risk as measured by regulatory guidelines.

3. THE YEAR 2000 ISSUE

Pruco Life as a wholly-owned subsidiary of Prudential utilizes many of the same business applications, infrastructure and business partners as Prudential. Prudential has addressed the Year 2000 issue on an enterprise-wide basis. Therefore, it is not possible to differentiate Pruco Life's Year 2000 issue from that of Prudential. The accompanying discussion of the Year 2000 issue reflects steps taken by Prudential to mitigate the Year 2000 risks.

Many computer systems are programmed to recognize only the last two digits in a date. As a result, any computer system that has date-sensitive programming may recognize a date using "00" as the year 1900 rather than the year 2000. This problem can affect non-information technology systems that include embedded technology, such as microprocessors included in "infrastructure" equipment used for telecommunications and other services as well as computer systems. If this anomaly is not corrected, the year "00" could cause systems to perform date comparisons and calculations incorrectly which could in turn affect the accuracy and compromise the integrity of business records. Business operations could be interrupted when companies are unable to process transactions, send invoices, or engage in similar normal business activities.

Prudential established a Company-wide Program Office (CPO) to develop and coordinate an operating framework for the Year 2000 compliance activities. Prudential's CPO structured the Year 2000 program into three major components: Business Applications, Infrastructure and Business Partners. The CPO also established quality assurance procedures including a certification process to monitor and evaluate enterprise-wide progress of each component of Prudential's program for conversion and upgrading of systems for Year 2000 compliance.

Business Applications

The scope of the Business Applications component includes a wide range of computer systems that directly support Prudential's business operations and accounting systems. The entire application portfolio was analyzed in 1996 to determine appropriate Year 2000 readiness strategies (i.e., renovate, replace or retire). Rigorous testing standards have been employed for all applications that will not be retired, including those that are newly developed or purchased. Application replacement and renovation projects follow a similar path toward Year 2000 compliance. The key project phases include Year 2000 analysis and design, programming activities, testing, and implementation. Replacement projects are also tracked until the existing applications are removed from production. Business application projects are grouped by applications undergoing renovations, replacements or retirements. At September 30, 1998, the percentage of business applications (based on application count) in the implementation phase for Year 2000 compliance for renovation, replacement and retirement are 91%, 62% and 87%,respectively. The interim target date for completing renovations and retirements is December 1998, with an overall completion date for Business Applications of June 1999.

Infrastructure

The scope of Prudential's Year 2000 Infrastructure initiatives include mainframe computer system hardware and operating system software, mid-range systems and servers, telecommunications equipment, buildings and facilities systems, personal computers, and vendor hardware and software.

Although there are minor differences among these various components, the approach to Year 2000 readiness for Infrastructure generally involves phases identified as inventory, assessment, remediation activities (e.g., upgrading hardware or software), testing and implementation. The interim target date for completion of infrastructure initiatives is December 1998 with an overall completion date for Infrastructure of June 1999.

Business Partners

Prudential's approach to business partner readiness includes classification of each partner's status as "critical" or "less critical" and the development of contingency plans to address the potential that a business partner could experience a Year 2000 failure. Project phases include inventory, risk assessment, and contingency planning activities. The interim target date for highly critical business partner readiness is December 1998 with an overall completion date for business partner readiness of June 1999.

The Cost of Year 2000 Readiness

Prudential is funding the Year 2000 program from operating cash flows. Some of the expenses of Prudential's Year 2000 readiness are allocated across its various businesses and subsidiaries, including Pruco Life. Expenses related to the Year 2000 initiatives allocated to Pruco Life are part of systems overhead costs to date and are included in Pruco Life's general and administrative expenses. The Year 2000 costs

allocated to Pruco Life to date are not material to its operations and financial condition. Moreover, the forecasted allocated Year 2000 costs are not expected to have a material impact on Pruco Life's ability to meet its contractual commitments.

Year 2000 Risks and Contingency Planning

The major portion of the Prudential's transactions are of such volume that they can only be effectively processed through the use of automated systems. Therefore, substantially all of Prudential's contingency plans include the ultimate resolution of any causative technology failures that may be encountered.

Prudential believes that the Business Application, Infrastructure and Business Partners components of the Year 2000 project are substantially on schedule. While management expects that a small number of the projects slated for completion as of the end of 1998 will not meet this target date, it is anticipated that these projects will be completed by mid-1999 so that these delays, if experienced, would not have a significant impact on the timing of the project as a whole. During the course of the Year 2000 program, some discretionary technology projects have been delayed in favor of the completion of Year 2000 projects. However, this impact has been minimized by Prudential's strategic decision to outsource most of the Year 2000 renovation work.

While Prudential and its subsidiaries believe that they are well positioned to mitigate its Year 2000 issue, this issue, by its nature contains inherent uncertainties, including the uncertainty of Year 2000 readiness of third parties. Consequently, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material adverse effect on the Company's results of operations, liquidity or financial condition. In the worst case, it is possible that any technology failure, including an internal or external Year 2000 failure, could have a material impact on the Company's results of operations, liquidity, or financial position.

Prudential is enhancing existing business contingency plans to mitigate Year 2000 risk. Current contingency plans include planned responses to the failure of specific business applications or infrastructure components. These responses are being reviewed and expected to be finalized by June 1999 to ensure that they are workable under the special conditions of a Year 2000 failure. The plans are also being updated to reduce the level of uncertainty about the Year 2000 problem including readiness of Prudential's Business Partners.

The discussion of the Year 2000 Issue herein, and in particular Prudential's plans to remediate this issue and the estimated costs thereof, are forward-looking in nature. See cautionary statement below relating to forward-looking statements.

4. INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Certain of the statements contained in Management's Discussion and Analysis may be considered forward-looking statements. Words such as "expects," "believes," "anticipates," "intends," "plans," or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based upon management's current expectations and beliefs concerning future developments and their potential effects upon the Company. There can be no assurance that future developments affecting the Company will be those anticipated by management. There are certain important factors that could cause actual results to differ materially from estimates or expectations reflected in such forward-looking statements including without limitation, changes in general economic conditions, including the performance of financial markets and interest rates; market acceptance of new products and distribution channels; competitive, regulatory or tax changes that affect the cost or demand for the Company's products; and adverse litigation results. While the Company reassesses material trends and uncertainties affecting its financial condition and results of operations, it does not intend to review or revise any particular forward-looking statement referenced in this Management's Discussion and Analysis in light of future events. The information referred to above should be considered by readers when reviewing any forward-looking statements contained in this Management's Discussion and Analysis.

PART II

ITEM 1   LEGAL PROCEEDINGS

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

ITEM 2   CHANGES IN SECURITIES

The following table presents sales and related expenses of the Flexible Premium Variable Annuity Account since July 19, 1995, the effective date of the registration statement (SEC file number 3331-61143).
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	For the account of the Company		For the account(s) of the contractholder(s)
	AGGREGATE OFFERING PRICE OF AMOUNT REGISTERED	AMOUNT SOLD	AMOUNT SOLD
		(000's)	
<S>	<C>	<C>	<C>
Flexible Premium Variable Annuity Account *	$ 500,000	$184,374	$9,977
Underwriting discounts and commissions **		(6,453)	
Other expenses ***		(8,894)	
Total		(15,347)	
Net offering proceeds		$169,027	

</TABLE>

*   Securities are not issued or sold in predetermined units.

**   Amount represents estimated commissions paid to affiliated parties.

*** Amount represents estimated general administrative expenses paid to the parent under service and lease agreement.

ITEM 3   DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4   SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the annual meeting of the stockholders held on June 9, 1998, the sole stockholder of the Company elected the Board of Directors of the Company. The following are the elected Board of Directors: James J. Avery, Jr. (Chairman of the Board); I. Edward Price (Vice Chairman of the Board); William Bethke; Ira J. Kleinman; Esther H. Milnes; Mendel Melzer; and Kiyo Sakaguchi.

ITEM 5 OTHER INFORMATION

Not Applicable

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(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. There have been no 8-K's filed during the first three quarters of 1998.

(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 19, 1993, are incorporated herein by reference to Form S-6, Registration No. 333-07451, filed July 2, 1996 on behalf of the Pruco Life Variable Appreciable Account; (ii) Bylaws of Pruco Life, as amended May 6, 1997 are incorporated herein by reference to Form 10-Q, Registration No. 33-37587, filed August 15, 1997 on behalf of Pruco Life Insurance Company.

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.

99. None

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

/s/ ESTHER H. MILNES - ----------------------- Esther H. Milnes	President and Director	November 16, 1998
/s/ JAMES M. SCHLOMANN - ----------------------- James M. Schlomann	Vice President and Comptroller and Chief Accounting Officer	November 16, 1998

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