UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2001

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) 802-3274
(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 14, 2001. Common stock, par value of $10 per share: 250,000 shares outstanding

PRUCO LIFE INSURANCE COMPANY

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Pruco Life Insurance Company and Subsidiaries

Consolidated Statements of Financial Position
As of September 30, 2001 and December 31, 2000 (In Thousands)

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<S>	(Unaudited) September 30, 2001 <C>	December 31, 2000 <C>
ASSETS		
Fixed maturities		
Available for sale, at fair value (amortized cost, 2001: $3,922,569; 2000: $3,552,244)	$ 4,040,907	$ 3,561,521
Held to maturity, at amortized cost (fair value, 2000: $320,634)	--	324,546
Equity securities - available for sale, at fair value (cost, 2001: $251; 2000: $13,446)	509	10,804
Mortgage loans on real estate	8,504	9,327
Policy loans	870,610	855,374
Short-term investments	88,091	202,815
Other long-term investments	103,008	83,738
Total investments	5,111,629	5,048,125
Cash and cash equivalents	464,629	453,071
Deferred policy acquisition costs	1,104,195	1,132,653
Deferred ceding commissions	69,961	--
Accrued investment income	80,409	82,297
Reinsurance recoverable	212,379	31,568
Receivables from affiliates	39,238	51,586
Other assets	30,530	29,445
Separate Account assets	13,771,222	16,230,264

TOTAL ASSETS	$ 20,884,192	$ 23,059,009
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Policyholders' account balances	$ 3,752,714	$ 3,646,668
Future policy benefits and other policyholder liabilities	772,761	702,862
Cash collateral for loaned securities	195,081	185,849
Securities sold under agreement to repurchase	82,712	104,098
Income taxes payable	282,692	235,795
Other liabilities	163,256	120,891
Separate Account liabilities	13,771,222	16,230,264
Total liabilities	19,020,438	21,226,427
Contingencies (See Footnote 2)		
Stockholder's Equity		
Common stock, $10 par value; 1,000,000 shares, authorized; 250,000 shares, issued and outstanding	2,500	2,500
Paid-in-capital	466,748	466,748
Retained earnings	1,339,178	1,361,924
Accumulated other comprehensive income		
Net unrealized investment gains	55,328	4,730
Foreign currency translation adjustments	--	(3,320)
Accumulated other comprehensive income	55,328	1,410
Total stockholder's equity	1,863,754	1,832,582
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 20,884,192	$ 23,059,009

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See Notes to Consolidated Financial Statements

Pruco Life Insurance Company and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income (Unaudited)
Nine and Three Months Ended September 30, 2001 and 2000 (In Thousands)

<TABLE>
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	Nine months ended September 30, 2001	Nine months ended September 30, 2000	Three months ended September 30, 2001	Three months ended September 30, 2000
<S>	<C>	<C>	<C>	<C>
REVENUES				
Premiums	$ 62,522	$ 87,695	$ 15,168	$ 26,967
Policy charges and fee income	362,762	350,779	122,432	121,372
Net investment income	260,303	248,495	85,500	80,520
Realized investment losses, net	(36,314)	(15,222)	(36,621)	(1,228)
Asset management fees	6,085	53,702	2,216	18,850
Other income	2,560	685	1,820	275

Total revenues	657,918	726,134	190,515	246,756
BENEFITS AND EXPENSES				
Policyholders' benefits	179,968	181,172	64,478	63,452
Interest credited to policyholders' account balances	147,316	123,490	49,283	44,039
General, administrative and other expenses	307,948	304,903	106,887	92,354
Total benefits and expenses	635,232	609,565	220,648	199,845
Income (loss) from operations before income taxes	22,686	116,569	(30,133)	46,911
Income tax provision (benefit)	2,921	39,956	(8,365)	16,419
NET INCOME (LOSS)	$ 19,765	$ 76,613	$ (21,768)	$ 30,492
Other comprehensive income, net of tax:				
Unrealized gains on securities, net of reclassification adjustment	50,598	14,271	41,202	13,696
Foreign currency translation adjustments	3,320	123	--	1,550
Other comprehensive income	53,918	14,394	41,202	15,246
TOTAL COMPREHENSIVE INCOME	$ 73,683	$ 91,007	$ 19,434	$ 45,738

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See Notes to Consolidated Financial Statements

Pruco Life Insurance Company and Subsidiaries

Consolidated Statements of Changes in Stockholder's Equity (Unaudited)
Periods Ended September 30, 2001 and December 31, 2000 and 1999 (In Thousands)

<TABLE>
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<S>	Common stock <C>	Paid-in-capital <C>	Retained earnings <C>	Accumulated other comprehensive income (loss) <C>	Total stockholder's equity <C>
Balance, January 1, 1999	$ 2,500	$ 439,582	$ 1,202,833	$ 8,317	$ 1,653,232
Net income	--	--	55,595	--	55,595
Change in foreign currency translation adjustments, net of taxes	--	--	--	(742)	(742)
Change in net unrealized investment losses, net of reclassification adjustment and taxes	--	--	--	(38,266)	(38,266)
Balance, December 31, 1999	$ 2,500	$ 439,582	$ 1,258,428	$ (30,691)	$ 1,669,819
Net income	--	--	103,496	--	103,496

Contribution from Parent	--	27,166	--	--	27,166
Change in foreign currency translation adjustments, net of taxes	--	--	--	(993)	(993)
Change in net unrealized investment losses, net of reclassification adjustment and taxes	--	--	--	33,094	33,094
	-----------	-----------	-----------	-----------	-----------
Balance, December 31, 2000	$ 2,500	$ 466,748	$ 1,361,924	$ 1,410	$ 1,832,582
Net income	--	--	19,765	--	19,765
Dividends			(42,511)		(42,511)
Change in foreign currency translation adjustments, net of taxes	--	--	--	3,320	3,320
Change in net unrealized investment gains, net of reclassification adjustment and taxes	--	--	--	50,598	50,598
	-----------	-----------	-----------	-----------	-----------
Balance, September 30, 2001	$ 2,500	$ 466,748	$ 1,339,178	$ 55,328	$ 1,863,754
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See Notes to Consolidated Financial Statements

Pruco Life Insurance Company and Subsidiaries

Consolidated Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2001 and 2000 (In Thousands)

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<S>	2001 <C>	2000 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 19,765	$ 76,613
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Policy charges and fee income	(38,777)	(50,971)
Interest credited to policyholders' account balances	147,316	123,490
Realized investment losses, net	36,314	15,222
Amortization and other non-cash items	(63,520)	(8,372)
Change in:		
Future policy benefits and other policyholders' liabilities	69,899	57,423
Accrued investment income	1,888	(10,231)
Receivables from affiliates	12,348	23,524
Policy loans	(37,190)	(52,328)
Deferred policy acquisition costs and ceding commissions	(41,503)	(75,914)
Income taxes payable	55,435	88,333
Other, net	17,334	16,593
	-----------	-----------
Cash Flows From Operating Activities	$ 179,309	$ 203,382
	-----------	-----------
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale/maturity of:		
Fixed maturities:		
Available for sale	2,233,807	1,703,145
Held to maturity	--	35,180
Equity securities	276	1,147
Mortgage loans on real estate	823	864
Payments for the purchase of:		
Fixed maturities:		
Available for sale	(2,422,074)	(2,004,763)

Equity securities	(184)	(5,503)
Cash collateral for loaned securities, net	9,232	87,309
Securities sold under agreement to repurchase, net	(21,386)	29,540
Other long-term investments	(19,678)	(10,583)
Short-term investments, net	114,755	(9,607)
Cash Flows Used In Investing Activities	(104,429)	(173,271)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Policyholders' account balances:		
Deposits	1,033,550	1,894,558
Withdrawals	(1,031,396)	(1,638,109)
Cash provided to affiliate	(65,476)	--
Cash Flows From Financing Activities	(63,322)	256,449
Net increase in Cash and cash equivalents	11,558	286,560
Cash and cash equivalents, beginning of year	453,071	198,994
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 464,629	$ 485,554

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See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements(Unaudited)

1. BASIS OF PRESENTATION

The accompanying interim consolidated financial statements have been prepared pursuant to the rules and regulations for reporting on Form 10-Q on the basis of accounting principles generally accepted in the United States. These interim financial statements are unaudited but reflect all adjustments which, in the opinion of management, are necessary to provide a fair presentation of the consolidated results of operations and financial condition of the Pruco Life Insurance Company ("the Company"), a wholly owned subsidiary of The Prudential Insurance Company of America ("Prudential"), for the interim periods presented. All such adjustments are of a normal recurring nature. The results of operations for any interim period are not necessarily indicative of results for a full year. Certain amounts in the Company's prior year consolidated financial statements have been reclassified to conform with the 2001 presentation. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

2. CONTINGENCIES AND LITIGATION

Prudential and the Company are subject to legal and regulatory actions in the ordinary course of their businesses, including class actions. Pending legal and regulatory actions include proceedings relating to aspects of the businesses and operations that are specific to the Company and Prudential and that are typical of the businesses in which the Company and Prudential operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages.

Beginning in 1995, regulatory authorities and customers brought significant regulatory actions and civil litigation against the Company and Prudential involving individual life insurance sales practices. In 1996, Prudential, on behalf of itself and many of its life insurance subsidiaries including the Company entered into settlement agreements with relevant insurance regulatory authorities and plaintiffs in the principal life insurance sales practices class action lawsuit covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995. Pursuant to the settlements, the companies agreed to various changes to their sales and business practices controls, to a series of fines, and to provide specific forms of relief to eligible class members. Virtually all claims by class members filed in connection with the settlements have been resolved and virtually all aspects of the remediation program have been satisfied. While the approval of the class action settlement is now final, Prudential and the Company remain subject to oversight and review by insurance regulators and other regulatory authorities with respect to its sales practices and the conduct of the remediation program. The U.S. District Court has also retained jurisdiction as to all matters relating to the administration, consummation, enforcement and interpretation of the settlements. As of June 30, 2001, virtually all aspects of the settlement have been satisfied.

As of September 30, 2001, Prudential and/or the Company remained a party to approximately 44 individual sales practices actions filed by policyholders who "opted out" of the class action settlement relating to permanent life insurance policies issued in the United States between 1982 and 1995. In addition, there were 36 sales practices actions pending that were filed by policyholders who were members of the class and who failed to "opt out" of the class action settlement. Prudential and the Company believe that those actions are governed by the class settlement release and expects them to be enjoined and/or dismissed. Additional suits may be filed by class members who "opted out" of the class settlements or who failed to "opt out" but nevertheless seek to proceed against Prudential and/or the Company. A number of the plaintiffs in these cases seek large and/or indeterminate amounts, including punitive or exemplary damages. Some of these actions are brought on behalf of multiple plaintiffs. It is possible that substantial punitive damages might be awarded in any of these actions and particularly in an action involving multiple plaintiffs.

Prudential has indemnified the Company for any liabilities incurred in connection with sales practices litigation covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995.

On August 13, 2000, plaintiffs filed a purported national class action against us in the District Court of Valencia County, New Mexico, Azar, et al. v. Prudential, based upon the alleged failure to adequately disclose the increased costs associated with payment of life insurance premiums on a "modal" basis, i.e., more frequently than once a year. Similar actions have been filed in New Mexico against over a dozen other insurance companies. The complaint includes allegations that we should have disclosed to each policyholder who paid for coverage on a modal basis the dollar cost difference between the modal premium and the annual premium required for the policy, as well as the effective annual percentage rate of interest of such difference. Based on these allegations, plaintiffs assert statutory claims including violation of the New Mexico Unfair Practices Act, and common law claims for breach of the implied covenant of good faith and fair dealing, breach of fiduciary duty, unjust enrichment and fraudulent concealment. The complaint seeks injunctive relief, compensatory and punitive damages, both in unspecified amounts, restitution, treble damages, pre-judgment interest, costs and attorneys' fees. We filed an answer denying the claims. Thereafter, both we and the plaintiffs filed separate motions for summary judgment. On March 9, 2001, the court entered an order granting summary judgment to plaintiffs as to liability, permitting us to appeal the order and staying the case pending completion of the appeal proceeding. The appeals court has agreed to hear the appeal and the briefing has been completed.

The balance of the Company's litigation is subject to many uncertainties, and given the complexity and scope, the outcomes cannot be predicted. It is possible that the results of operations or the cash flow of the Company in a particular quarterly or annual period could be materially affected by an ultimate unfavorable resolution of pending litigation and regulatory matters. Management believes, however, that the ultimate outcome of all pending litigation and regulatory matters should not have a material adverse effect on the Company's financial position.

3. RELATED PARTY TRANSACTIONS

The Company has extensive transactions and relationships with Prudential and other affiliates. It is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

Expense Charges and Allocations
All of the Company's expenses are allocations or charges from Prudential or other affiliates. These expenses can be grouped into the following categories: general and administrative expenses, retail distribution expenses and asset management fees.

The Company's general and administrative expenses are charged to the Company using allocation methodologies based on business processes. Management believes that the methodology is reasonable and reflects costs incurred by Prudential to process transactions on behalf of the Company. Prudential and the Company operate under service and lease agreements whereby services of officers and employees, supplies, use of equipment and office space are provided by Prudential.

The Company is allocated estimated distribution expenses from Prudential's retail agency network for both its domestic life and annuity products. The Company has capitalized the majority of these distribution expenses as deferred policy acquisition costs. Beginning April 1, 2000, Prudential and the Company agreed to revise the estimate of allocated distribution expenses to reflect a market based pricing arrangement.

In accordance with a profit sharing agreement with Prudential that was in effect through December 31, 2000, the Company received fee income from policyholder account balances invested in the Prudential Series Funds ("PSF"). These revenues were recorded as "Asset management fees" in the Consolidated Statements of

Operations and Comprehensive Income. The Company was charged an asset management fee by Prudential Global Asset Management ("PGAM") and Jennison Associates LLC ("Jennison") for managing the PSF portfolio. These fees are a component of "general, administrative and other expenses."

On September 29, 2000, the Board of Directors for the Prudential Series Fund, Inc. ("PSFI") adopted resolutions to terminate the existing management agreement between PSFI and Prudential, and has appointed another subsidiary of Prudential as the fund manager for the PSF. The change was approved by the shareholders of PSF during early 2001 and effective January 1, 2001, the Company no longer receives fees associated with the PSF. In addition, the Company will no longer incur the asset management expense from PGAM and Jennison associated with the PSF.

Corporate Owned Life Insurance
The Company has sold three Corporate Owned Life Insurance ("COLI") policies to Prudential. The cash surrender value included in Separate Accounts was $608.4 million and $685.9 million at September 30, 2001 and December 31, 2000, respectively. The fees received related to the COLI policies were $4.7 million for the period ending September 30, 2001.

Reinsurance
The Company currently has four reinsurance agreements in place with Prudential and affiliates. Specifically, the Company has a 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. In addition there are 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. The Company is not relieved of its primary obligation to the policyholder as a result of these reinsurance transactions. These agreements had no material effect on net income for the periods ended September 30, 2001 or 2000. The fourth agreement which is new for 2001 is described below.

On January 31, 2001, the Company transferred all of its assets and liabilities associated with the Company's Taiwan branch including Taiwan's insurance book of business to an affiliated Company, Prudential Life Insurance Company of Taiwan Inc. ("Prudential of Taiwan"), a wholly owned subsidiary of Prudential.

The mechanism used to transfer this block of business in Taiwan is referred to as a "full acquisition and assumption" transaction. Under this mechanism, the Company is jointly liable with Prudential of Taiwan for two years from the giving of notice to all obligees for all matured obligations and for two years after the maturity date of not-yet-matured obligations. Prudential of Taiwan is also contractually liable, under indemnification provisions of the transaction, for any liabilities that may be asserted against the Company. The transfer of the insurance related assets and liabilities was accounted for as a long-duration coinsurance transaction under accounting principles generally accepted in the United States. Under this accounting treatment, the insurance related liabilities remain on the books of the Company and an offsetting reinsurance recoverable is established.

As part of this transaction, the Company made a capital contribution to Prudential of Taiwan in the amount of the net equity of the Company's Taiwan branch as of the date of transfer. In July 2001, the Company dividended its interest in Prudential of Taiwan to Prudential.

Premiums and benefits ceded for the period ending September 30, 2001 from the Taiwan coinsurance agreement were $59.5 million and $9.2 million, respectively.

Debt Agreements
In July 1998, the Company established a revolving line of credit facility of up to $500 million with Prudential Funding LLC, a wholly owned subsidiary of Prudential. There was no outstanding debt relating to this credit facility as of September 30, 2001 or December 31, 2000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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The following analysis should be read in conjunction with the Notes to Consolidated Financial Statements.

The Company sells interest-sensitive individual life insurance and variable life insurance, term life insurance, individual variable and fixed annuities, and a non-participating guaranteed interest contract ("GIC") called Prudential Credit Enhanced GIC ("PACE") primarily through Prudential's sales force in the United States. These markets are subject to regulatory oversight with particular emphasis placed on company solvency and sales practices. These markets are also subject to increasing competitive pressure as the legal barriers, which have historically segregated the markets of the financial services industry, have been changed through both legislative and judicial processes. Regulatory changes have opened the insurance industry to competition from other financial institutions, particularly banks and mutual funds that are positioned to deliver competing investment products through large, stable distribution channels. The Company also had marketed individual life insurance through its branch office in Taiwan. The Taiwan branch was transferred to an affiliated Company on January 31, 2001, as described in the Notes to the Financial Statements. Beginning February 1, 2001, Taiwan's net income is not included in the Company's results of operations.

Generally, policyholders who purchase the Company's products have the option of investing in the Separate Accounts, segregated funds for which investment risks are borne by the customer, or the Company's portfolio, referred to as the General Account. The Company earns its profits through policy fees charged primarily to Separate Account annuity and life policyholders and through the interest spread for the GIC and certain annuity and individual life products. Policy fees are assessed on the policyholder fund balances. These fund values are affected by net sales (sales less withdrawals), changes in interest rates and investment returns. The interest spread represents the difference between the investment income earned on the Company's investment portfolio that supports the products and the amount of interest credited to the policyholders' accounts. Products that generate spread income primarily include the GIC product, general account individual life insurance products, fixed annuities and the fixed-rate option of variable annuities. The majority of the fund balances and new sales, except for the GIC product, are in the Separate Accounts.

The Company's Changes in Financial Position and Results of Operations are described below.

1. Analysis of Financial Condition

From December 31, 2000 to September 30, 2001 there was a decrease of $2,175 million in total assets from $23,059 million to $20,884 million, the majority of which relates to a $2,459 million decrease in Separate Accounts primarily from stock market declines, as described below. The fixed maturity portfolio increased $155 million resulting from unrealized appreciation from declining interest rates and from positive cash inflows. The transfer of the Company's Taiwan branch reduced investments and other assets but is offset by the establishment of reinsurance recoverable. The Company also reclassified held-to-maturity securities, amounting to $324.5 million at January 1, 2001 to the available-for-sale category.

During this nine-month period, liabilities decreased by $2,206 million from $21,226 million to $19,020 million. Corresponding with the asset change, Separate Account liabilities decreased by $2,459 million as a result of net investment losses of $2,561 million, expense disbursements and other changes of $195 million, offset by net sales of $297 million. Current year net sales of $297 million ($1,210 million of contributions less $913 million of surrenders and withdrawals) are $760 million lower than the same period prior year net sales of $1,057 million ($1,902 million of contributions less $845 million of surrenders and withdrawals) primarily related to a decrease in Discovery Select annuity product ("Discovery Select") exchange sales resulting from the discontinuation of the Exchange Program on May 1, 2000. Sales of domestic life insurance products increased by $216 million from the prior year as a result of increased sales of the variable universal life product. Policyholder account balances increased by $106 million primarily attributable to interest credited. Future policy benefit liabilities increased by $70 million resulting from sales of term insurance, additional extended term insurance, and increases to Taiwan reserves. Net taxes payable increased by $47 million due to the current year tax provision and the receipt of tax refunds. Other liabilities increased by $42 million as a result of increases in payables for securities purchased, premium remittance accounts, and technical overdrafts.

2. Results of Operations

For the nine months ended September 30, 2001 versus 2000

Net Income
Consolidated income before tax was $93.9 million lower for the first nine months of 2001 than for the first nine months of 2000. Net income after taxes was $19.8 million in 2001, $56.8 million lower than the same period in 2000. Economic and market downturns resulted in increased writedowns for other than temporary impairments of fixed maturities of $42.0 million, and increased DAC amortization of $57.4 million for domestic life and annuity products, resulting from a decline in expected future profits. In addition, net asset management fee revenue declined $25.1 million ($47.6 million in revenues less $22.5 million of expenses). The Company ceased receiving fee income or paying asset management fee expenses related to the Prudential Series Fund ("PSF") as of January 1, 2001, as described in the Notes to Consolidated Financial Statements. Partially offsetting these decreases were realized gains on sales of fixed maturities in 2001 versus losses in 2000, which improved income by $33.0 million. Tax expense,

and the effective tax rate, for the current year are lower than the prior year due to reduced income from operations before income taxes and benefits from nontaxable investment income.

Revenues

Consolidated revenues decreased by $68.2 million, from $726.1 million to $657.9 million. As discussed above, the elimination of PSF asset management fees reduced revenues by $47.6 million. Premiums decreased by $25.2 million from the prior year. The ceding of premiums pursuant to the transfer of the Company's Taiwan branch caused a $54.8 million decline in premiums. This was partially offset by higher term insurance sales of the Term Essential and Term Elite products, as those products were not launched until late 2000, and an increase in extended term premiums. Realized investment losses increased by $21.1 million from the prior year as recognized writedowns on fixed maturities increased from $8.0 million in 2000 to $50.0 million in 2001. In addition, gains on derivative instruments were $12 million less than in 2000. Partially offsetting these investment declines were gains on sales of fixed maturities of $14.2 million in 2001 compared to losses of $18.8 million in 2000 as interest rates declined in 2001 increasing the fair value of the bonds.

These decreases were partially offset by increases in policy charges and fee income and net investment income. Policy charges and fee income, consisting primarily of mortality and expense ("M&E"), loading and other insurance charges assessed on General and Separate Account policyholder fund balances, increased by $12.0 million. The increase was a result of a $20.9 million increase for domestic individual life products as the in-force business increased 12% from the prior year as new business sales resulted in higher mortality and sales based loading charges. These increases were partially offset by lower M&E charges for individual annuity and domestic life products as fund balances have declined as a result of unfavorable valuation changes in the securities market. Net investment income increased by $11.8 million from the prior year as income from fixed maturites rose $16.4 million as a result of a fixed maturity balance that is $371 million higher than September 30, 2000, from the reinvestment of proceeds from GIC sales.

Benefits and Expenses

Policyholder benefits decreased by $1.2 million as decreases in reserve provisions and benefits for the Company's Taiwan branch of $40.5 million were mostly offset by increases in domestic individual life product reserves, death benefits, and surrender benefits. Death benefits increased $20 million; $18 million was related to the September 11 terrorist attacks. Domestic individual life reserves increased $12.9 million as a result of sales of term insurance and extended term premiums. There were also increased benefits paid on surrenders of reduced paid up policies of $6.1 million. Interest credited to policyholder account balances increased by $23.8 million as policyholder account balances grew by $301 million from September 2000 mainly as a result of GIC sales, as mentioned above.

General, administrative, and other expenses increased $3.0 million from the prior year. A significant factor was an increase in DAC amortization of domestic life and annuity products of $57.4 million from increases in deferrable expenses as a result of sales, and increased amortization associated with a decline in expected future profits from stock market declines. There was also an additional $10 million of expenses from higher allocations charged to the Company for salary, consulting, and data processing costs. The Company is assuming a larger share of allocated costs as allocations are based on new sales of which the Company has a higher percentage than in the previous year. Commission and distribution expenses after capitalization are $22.2 million lower resulting from a change in the allocation of distribution expenses to a market based pricing arrangement as of April 1, 2000 and higher capitalization of commissions from new sales. The elimination of asset management expenses lowered expenses by $22.5 million. The transfer of the Company's Taiwan branch resulted in an expense reduction of $19.7 million.

For the three months ended September 30, 2001 versus 2000

Net income

Consolidated income (loss) before tax for the three months ended September 30, 2001 is $77.0 million lower than for the prior year comparable three-month period and $52.3 million lower after tax. The main drivers as discussed above are higher DAC amortization of $40.0 million and an increase in writedowns for other than temporary impairment of fixed maturities of $28.7 million. Another factor is the elimination of PSF net asset management fee income of $ 9.3 million ($16.6 million in revenues less $7.3 million of expenses). Tax expense, and the effective tax rate, for the current year are lower than the prior year due to reduced income from operations before income taxes and benefits from nontaxable investment income.

Revenues

Consolidated revenues are $56.2 million lower than in the prior year comparable period. Realized investment losses increased by $35.4 million as $31.7 million of impairment writedowns were recorded in third quarter 2001 compared to $3.0 million in the prior year, and derivative losses were higher in 2001. The elimination of PSF asset management fees decreased revenues by $16.6 million. Premiums decreased $11.8 million from the prior year. The ceding of premiums pursuant to the transfer of the Company's Taiwan branch decreased premiums by $20.7 million. This was partially offset by higher domestic premiums from sales of term insurance. Net investment income is $5 million higher as the fixed maturity portfolio grew as a result of reinvestment of cash inflows from the GIC product. Policy charges and fee income increased $1.1 million. Policy charges and fee income from domestic individual life products increased $7.3 million as a result of higher mortality and loading charges from growth in the in-force business. The increase was partially offset by decreases in individual annuity fees due to declining fund values as a result of the securities market.

Benefits and Expenses
Policyholder benefits increased $1.0 million from the prior year quarter. Increased death claims of $18 million relating to the September 11 terrorist attacks offset lower benefits of $16 million resulting from the transfer of the Company's Taiwan branch. Interest credited to policyholders' account balances increased $5.2 million primarily as a result of increases to GIC fund balances.

General, administrative and other expenses increased $14.5 million. DAC amortization for domestic life and annuity products increased by $41.0 million from increases in deferrable expenses as a result of sales, and increased amortization associated with a decline in expected future profits from stock market declines. Although the Company is assuming a larger share of allocated costs as allocations are based on new sales, the reduction in the reserve for unbeknownst modified endowments contracts ("UMEC") contributed to a decrease in general and administrative expenses for the quarter of $8 million. The elimination of asset management expenses resulted in a $7.3 million decrease. The transfer of the Company's Taiwan branch decreased expenses by $6.5 million. Commissions and distribution expenses for domestic products are $4.6 million lower than the prior year as a result of higher capitalization based on new sales.

3. Liquidity and Capital Resources

Principal cash flow sources are investment and fee income, investment maturities and sales, and premiums and fund deposits. These cash inflows may be complemented by financing activities through other Prudential affiliates.

Cash outflows consist principally of benefits, claims and amounts paid to policyholders in connection with policy surrenders, withdrawals and net policy loan activity. Uses of cash also include commissions, general and administrative expenses, and purchases of investments. Liquidity requirements associated with policyholder obligations are monitored regularly so that the Company can manage cash inflows to match anticipated cash outflow requirements.

The Company believes that cash flow from operations together with proceeds from scheduled maturities and sales of fixed maturity investments, are adequate to satisfy liquidity requirements based on the Company's current liability structure.

The Company had $20.9 billion of assets at September 30, 2001 compared to $23.1 billion at December 31, 2000, of which $13.8 billion and $16.2 billion were held in Separate Accounts at September 30, 2001 and December 31, 2000, respectively, under variable life insurance policies and variable annuity contracts. The remaining assets consisted primarily of investments and deferred policy acquisition costs.

4. Information Concerning Forward-Looking Statements

Some of the statements contained in Management's Discussion and Analysis, including those words such as "believes", "expects", "intends", "estimates", "assumes", "anticipates" and "seeks", are forward-looking statements. These forward-looking statements involve risk and uncertainties. Actual results may differ materially from those suggested by the forward-looking statements for various reasons. In particular, statements contained in Management's Discussion and Analysis regarding the Company's business strategies involve risks and uncertainties, and we can provide no assurance that we will be able to execute our strategies effectively or achieve our financial and other objectives.

Item 3. Quantitative and Qualitative Disclosures About Market Risk
The Company's exposure to market risks and the way these risks are managed, are summarized in Item 7a of the 2000 Form 10K.

PART II

Item 2. Changes in Securities and Use of Proceeds.

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(d) Information required by Item 701(f) of Regulation S-K:

The information below pertains to modified guaranteed annuity contracts issued by the Company in two distinct variable annuity products, Discovery Preferred Variable Annuity and Discovery Select Variable Annuity. However, because the modified guaranteed annuity option of each of these products is identical, the Company has aggregated the registration of these securities.

(1) The original effective date of the Registration Statement of the Company for the Discovery Preferred Variable Annuity on Form S-1 was declared effective on November 27, 1995 (Registration No. 33-61143). The Discovery Select prospectus was added through filings under Rule 424 of the Securities Act of 1993. The registration statement continues to be effective through annual amendments, the most recent filed April 24, 2001 and declared effective May 1, 2001.

(2) Offering commenced immediately upon effectiveness of the registration statement.

(3) Not applicable.

(4) (i) The offering has not been terminated.

(ii) The managing underwriter of the offering is Prudential Investment Management Services LLC.

(iii) Market-Value Adjustment Annuity Contracts (also known as modified guaranteed annuity contracts).

(iv) Securities registered and sold for the account of the Company:

Amount registered*:	$ 500,000,000
Aggregate price of the offering amount registered:	$ 500,000,000
Amount sold*:	$ 371,870,483
Aggregate offering price of amount sold to date:	$ 371,870,483

* Securities not issued in predetermined units

No securities have been registered for the account of any selling security holder.

(v) Expenses associated with the issuance of the securities:

Underwriting discounts and commissions**	$ 10,399,251
Other expenses**	$ 20,926,805
Total	$ 31,326,056

** Amounts are estimated and are paid to affiliated parties.

(vi) Net offering proceeds: $ 340,544,427

(vii) Not applicable.

(viii) Not applicable.

</TABLE>

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

3(i)(a) The Articles of Incorporation of Pruco Life Insurance Company (as amended through October 19, 1993) are incorporated by reference to the initial Registration Statement on Form S-6 of Pruco Life Variable Appreciable Account as filed July 2, 1996, Registration No. 333-07451.

3(ii) By-Laws of Pruco Life Insurance Company (as amended through May 6, 1997) are incorporated by reference to Form 10-Q as filed by the Company on August 15, 1997.

4(a) Modified Guaranteed Annuity Contract is incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 33-37587 as filed November 2, 1990.

4(b) Market-Value Adjustment Annuity Contract is incorporated by reference to the Company's registration statement on Form S-1, Registration No. 333-18053, as filed November 17, 1995.

(b) Reports on Form 8K

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
Andrew J. Mako	Executive Vice President	November 14, 2001
William J. Eckert, IV	Principal Financial Officer and Chief Accounting Officer	November 14, 2001