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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2002

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 ☒ 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, 2002. Common stock, par value of \$10 per share:
250,000 shares outstanding

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Forward-Looking Statement Disclosure

Certain of the statements included in this Quarterly Report on Form 10-Q, including but not limited to those in the Management's Discussion and Analysis of Financial Condition and Results of Operations, constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "anticipates," "includes," "plans," "assumes," "estimates," "projects," or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management's current expectations and beliefs concerning future developments and their potential effects upon Pruco Life Insurance Company ("the Company"). There can be no assurance that future developments affecting the Company will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: general economic, market and political conditions, including the performance of financial markets, interest rate fluctuations and the continuing impact of the events of September 11; volatility in the securities markets; reestimates of our reserves for future policy benefits and claims; our exposure to contingent liabilities; catastrophe losses; investment losses and defaults; changes in our claims-paying or credit ratings; competition in our product lines and for personnel; fluctuations in foreign currency exchange rates and foreign securities markets; risks to our international operations; the impact of changing regulation or accounting practices; adverse litigation results; and changes in tax law. The Company does not intend, and is under no obligation to, update any particular forward-looking statement included in this document.

Pruco Life Insurance Company and Subsidiary

Consolidated Statements of Financial Position (Unaudited)
As of September 30, 2002 and December 31, 2001 (In Thousands)

<TABLE>
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December 31, 2001	September 30, 2002	
-----	-----	-----
<S>	<C>	<C>
ASSETS		
Fixed maturities		
Available for sale, at fair value (amortized cost, 2002: \$4,449,287; 2001: \$3,935,472)	\$ 4,648,469	\$

4,024,893		
Equity securities - available for sale, at fair value (cost, 2002: \$127; 2001: \$173)	229	
375		
Commercial loans on real estate	7,267	
8,190		
Policy loans	880,311	
874,065		
Short-term investments	83,404	
215,610		
Other long-term investments	84,456	
84,342		
-----	-----	-----
Total investments	5,704,136	
5,207,475		
Cash and cash equivalents	746,044	
374,185		
Deferred policy acquisition costs	1,127,544	
1,159,830		
Accrued investment income	85,758	
77,433		
Reinsurance recoverable	344,277	
300,697		
Receivables from affiliates	64,487	
33,074		
Other assets	72,318	
20,134		
Separate Account assets	12,063,751	
14,920,584		
-----	-----	-----
TOTAL ASSETS	\$20,208,315	\$
22,093,412		
=====	=====	
LIABILITIES AND STOCKHOLDER'S EQUITY		
Liabilities		
Policyholders' account balances	\$4,623,761	\$
3,947,690		
Future policy benefits and other policyholder liabilities	864,453	
808,230		
Cash collateral for loaned securities	267,029	
190,022		
Securities sold under agreement to repurchase	326,935	
80,715		
Income taxes payable	252,527	
266,096		
Other liabilities	140,414	
228,596		
Separate Account liabilities	12,063,751	
14,920,584		
-----	-----	-----
Total liabilities	18,538,870	
20,441,933		
-----	-----	-----
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	1,121,302	
1,147,665		
Accumulated other comprehensive income:		
Net unrealized investment gains	79,031	
34,718		
Foreign currency translation adjustments	(136)	
(152)		
-----	-----	-----
Accumulated other comprehensive income	78,895	
34,566		
-----	-----	-----
Total stockholder's equity	1,669,445	
1,651,479		
-----	-----	-----
TOTAL LIABILITIES AND		

STOCKHOLDER'S EQUITY
22,093,412

\$20,208,315 \$

</TABLE>

See Notes to Consolidated Financial Statements

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Pruco Life Insurance Company and Subsidiary

Consolidated Statements of Operations and Comprehensive Income (Unaudited)
Nine and Three Months Ended September 30, 2002 and 2001 (In Thousands)

<TABLE>
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	Nine months ended September 30,		Three months ended September 30,	
	2002	2001	2002	2001
REVENUES				
<S>	<C>	<C>	<C>	<C>
Premiums	\$ 76,579	\$ 62,522	\$ 35,313	\$ 15,168
Policy charges and fee income	387,058	362,762	128,310	122,432
Net investment income	249,284	260,303	85,488	85,500
Realized investment losses, net	(55,094)	(36,314)	(22,788)	(36,621)
Asset management fees	8,113	6,085	2,981	2,216
Other income	9,728	2,560	2,095	1,820
Total revenues	675,668	657,918	231,399	190,515
BENEFITS AND EXPENSES				
Policyholders' benefits	177,197	179,968	60,268	64,478
Interest credited to policyholders' account balances	150,455	147,316	53,783	49,283
General, administrative and other expenses	412,649	307,948	181,072	106,887
Total benefits and expenses	740,301	635,232	295,123	220,648
(Loss) income from operations before income taxes	(64,633)	22,686	(63,724)	(30,133)
Income tax (benefit) provision	(38,286)	2,921	(35,170)	(8,365)
NET (LOSS) INCOME	(26,347)	19,765	(28,554)	(21,768)
Other comprehensive income, net of tax:				
Unrealized gains on securities, net of reclassification adjustment	44,313	50,598	32,531	41,202
Foreign currency translation adjustments	16	3,320	(208)	--
Other comprehensive income	44,329	53,918	32,323	41,202
TOTAL COMPREHENSIVE INCOME	\$ 17,982	\$ 73,683	\$ 3,769	\$ 19,434

</TABLE>

See Notes to Consolidated Financial Statements

Pruco Life Insurance Company and Subsidiary

Consolidated Statements of Changes in Stockholder's Equity (Unaudited)
Periods Ended September 30, 2002 and December 31, 2001 and 2000 (In Thousands)

stockholder's	Common stock -----	Paid-in- capital -----	Retained earnings -----	Accumulated other comprehensive income (loss) -----	Total equity -----
--					
<S> Balance, January 1, 2000 1,669,819	<C> \$ 2,500	<C> \$ 439,582	<C> \$ 1,258,428	<C> \$ (30,691)	<C> \$
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 1,832,582	\$ 2,500	\$ 466,748	\$ 1,361,924	\$ 1,410	\$
Net income 67,582	--	--	67,582	--	
Dividends to Parent (153,816)	--	--	(153,816)	--	
Policy credits issued to eligible policyholders (128,025)	--	--	(128,025)	--	
Change in foreign currency translation adjustments, net of taxes 3,168	--	--	--	3,168	
Change in net unrealized investment gains, net of reclassification adjustment and taxes 29,988	--	--	--	29,988	
--	-----	-----	-----	-----	-----
Balance, December 31, 2001 1,651,479	\$ 2,500	\$ 466,748	\$ 1,147,665	\$ 34,566	\$
Net loss (26,347)	--	--	(26,347)	--	
Adjustments to policy credits issued to eligible policyholders (16)	--	--	(16)	--	
Change in foreign currency translation adjustments, net of taxes 16	--	--	--	16	
Change in net unrealized investment gains, net of reclassification adjustment and taxes 44,313	--	--	--	44,313	

--	-----	-----	-----	-----	-----
Balance, September 30, 2002	\$ 2,500	\$ 466,748	\$ 1,121,302	\$ 78,895	\$
1,669,445	=====	=====	=====	=====	
=====					

</TABLE>

See Notes to Consolidated Financial Statements

Pruco Life Insurance Company and Subsidiary

Consolidated Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2002 and 2001 (In Thousands)

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	2002	2001
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net (loss) income	\$ (26,347)	\$ 19,765
Adjustments to reconcile net (loss) income to net cash (used in)		
provided by operating activities:		
Policy charges and fee income	(53,458)	(38,777)
Interest credited to policyholders' account balances	150,455	147,316
Realized investment losses, net	55,094	36,314
Amortization and other non-cash items	(73,506)	(63,520)
Change in:		
Future policy benefits and other policyholders' liabilities	56,223	69,899
Accrued investment income	(8,325)	1,888
Receivables from affiliates	(31,413)	12,348
Policy loans	(6,246)	(37,190)
Deferred policy acquisition costs	32,286	28,458
Income taxes payable/receivable	(13,569)	55,435
Other, net	(67,973)	(52,627)
Cash Flows From Operating Activities	\$ 13,221	\$ 179,309
	-----	-----
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Proceeds from the sale/maturity of:		
Fixed maturities:		
Available for sale	1,253,266	2,233,807
Equity securities	3	276
Commercial loans on real estate	923	823
Payments for the purchase of:		
Fixed maturities:		
Available for sale	(1,815,193)	(2,422,074)
Equity securities	(3)	(184)
Cash collateral for loaned securities, net	77,007	9,232
Securities sold under agreement to repurchase, net	246,220	(21,386)
Other long-term investments	(10,822)	(19,678)
Short-term investments, net	132,193	114,755
Cash Flows Used In Investing Activities	(116,406)	(104,429)
	-----	-----
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Policyholders' account balances:		
Deposits	1,382,000	1,033,550
Withdrawals	(790,967)	(1,031,396)
Cash payments to eligible policyholders	(115,989)	--
Cash provided to affiliate	--	(65,476)
Cash Flows From (Used in) Financing Activities	475,044	(63,322)
	-----	-----
Net increase in Cash and cash equivalents	371,859	11,558
Cash and cash equivalents, beginning of year	374,185	453,071
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 746,044	\$ 464,629
	=====	=====

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Pruco Life Insurance Company and Subsidiary

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"), for the interim periods presented. The Company is a wholly owned subsidiary of The Prudential Insurance Company of America ("Prudential"), which in turn is a wholly owned subsidiary of Prudential Financial, Inc. 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 current year 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, 2001.

2. CONTINGENCIES AND LITIGATION

Contingencies

On an ongoing basis, our internal supervisory and control functions review the quality of our sales, marketing and other customer interface procedures and practices and may recommend modifications or enhancements. In certain cases, if appropriate, we may offer customers remediation and may incur charges, including the cost of such remediation, administrative costs and regulatory fines.

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 as a result of payments in connection with the matters discussed above depending, in part, upon the results of operations or cash flow for such period. Management believes, however, that the ultimate payments in connection with these matters should not have a material adverse effect on the Company's financial position.

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 September 30, 2002, Prudential and/or the Company remained a party to approximately 40 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 20 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.

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Pruco Life Insurance Company and Subsidiary

Notes to Consolidated Financial Statements
(Unaudited)

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.

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 estimate of allocated distribution expenses is intended to reflect a market based pricing arrangement. The Company has capitalized the majority of these distribution expenses as deferred policy acquisition costs.

In accordance with a revenue sharing agreement with Prudential Investments LLC, which began on February 1, 2002, the Company receives fee income from policyholder account balances invested in the Prudential Series Funds ("PSF"). These revenues are recorded as "Asset management fees" in the Consolidated Statements of Operations and Comprehensive Income.

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 \$615.4 million and \$647.2 million at September 30, 2002 and December 31, 2001, respectively. The fees received related to the COLI policies were \$7.1 million for the period ended September 30, 2002 and \$4.7 million for the period ended September 30, 2001.

Reinsurance with Affiliates

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, 2002 or 2001. The fourth agreement 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 Financial, Inc.

Pruco Life Insurance Company and Subsidiary

Notes to Consolidated Financial Statements (Unaudited)

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 divided its interest in Prudential of Taiwan to Prudential.

Premiums ceded for the periods ended September 30, 2002 and 2001 from the Taiwan coinsurance agreement were \$56.4 million and \$59.5 million, respectively. Benefits ceded for the periods ended September 30, 2002 and 2001 from the Taiwan coinsurance agreement were \$10.6 million and \$9.2 million, respectively.

Included in the reinsurance recoverable balances were affiliated reinsurance recoverables of \$318.9 million and \$285.8 million at September 30, 2002 and December 31, 2001, respectively. Of these affiliated amounts, the reinsurance recoverable related to the Taiwan coinsurance agreement was \$293.3 million and \$260.6 million at September 30, 2002 and December 31, 2001, respectively.

Debt Agreements

The Company has a revolving line of credit facility of up to \$700 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, 2002 or December 31, 2001.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") addresses the consolidated financial condition of Pruco Life Insurance Company as of September 30, 2002, compared with December 31, 2001, and its consolidated results of operations for the nine month and three month periods ended September 30, 2002 and September 30, 2001. You should read the following analysis of our consolidated financial condition and results of operations in conjunction with the Company's MD&A and audited Consolidated Financial statements included in the Company's Report on Form 10-K for the year ended December 31, 2001.

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 charges and fee income consist mainly of three types, sales charges or loading fees on new sales, mortality and expense charges ("M&E") assessed on fund balances, and mortality and related charges based on total life insurance in-force business. Policyholder 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 Company's Changes in Financial Position and Results of Operations are described below.

1. Analysis of Financial Condition

From December 31, 2001 to September 30, 2002 there was a decrease of \$1,885 million in total assets from \$22,093 million to \$20,208 million. Separate Account assets declined \$2,857 million mainly from market value declines. Fixed maturities increased by \$624 million from investing policyholder deposits and unrealized market gains. Cash and cash equivalents are \$372 million higher than December 31, 2001 primarily as a result of increased securities lending activities.

During this nine-month period, liabilities decreased by \$1,903 million from \$20,442 million to \$18,539 million. Corresponding with the asset change, Separate Account liabilities decreased by \$2,857 million primarily from market value declines. Other liabilities decreased by \$88 million mainly due to the funding of policy credits to the Separate Account policyholders, which had been accrued in other liabilities at December 31, 2001. This decrease was partially offset by an increase in investment payables. Policyholder account balances increased by \$676 million primarily from positive net sales (sales less withdrawals) of annuity products with fixed rate options and the funding of policy credits. A higher level of securities lending activity increased liabilities by \$323 million. Future policy benefits increased \$56 million mainly due to increases in reserves for the transferred Taiwan business and for domestic life insurance.

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2. Results of Operations

For the nine months ended September 30, 2002 versus 2001

Net Income

The consolidated net loss of \$26.3 million for the first nine months of 2002 represents a \$46.1 million decline compared to net income of \$19.8 million for the first nine months of 2001. The decrease was caused primarily by an increase in the amortization of deferred acquisition costs ("DAC") of \$97.1 million on a pretax basis, included in "General, Administrative and Other Expenses." The decline in our Separate Account assets resulting from unfavorable market conditions contributed to the increased amortization of DAC reflecting a decrease in expected future gross profits, as is described in more detail below. This was partially offset by lower taxes and higher policy charges and fee income. Tax expense for the current year is lower than the prior year due to reduced income from operations before taxes and a refinement of the estimated benefits from nontaxable investment income.

Revenues

Consolidated revenues increased by \$17.8 million, from \$657.9 million to \$675.7 million. 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 \$24.3 million. The increase was a result of a \$35.7 million increase for domestic individual life

products offset by an \$11.4 million decrease for annuity products. Mortality and sales based loading charges for life products increased as a result of growth of the in-force business. The life insurance in-force (excluding term insurance) grew to \$62.5 billion at September 30, 2002 from \$57.0 billion at September 30, 2001 and \$58.7 billion at December 31, 2001. In contrast, annuity fees are mainly asset based fees which are dependent on the fund balances which are affected by net sales as well as asset depreciation or appreciation on the underlying investment funds in which the customer has the option to invest. Annuity fund balances have declined as a result of unfavorable conditions in the securities market over the past two years. Premiums increased by \$14.1 million as a result of higher term insurance sales and renewals of the Term Essential and Term Elite products of \$32.6 million partially offset by lower extended term premiums of \$10.2 million, lower Taiwan premiums of \$7.5 million and lower premiums from annuitizations of \$7.7 million. Extended term policies represent term insurance the Company issued, under policy provisions to customers who previously had lapsing variable life insurance with the Company. Other income increased \$7.2 million primarily from expense allowance recoveries from a variable life reinsurance contract and increased modal premiums.

Partially offsetting these increases are realized investment losses and lower net investment income. Realized investment losses are \$18.8 million higher consisting of \$10.2 million in derivative and other losses and \$8.6 million of increased losses on fixed maturities from credit related sales and impairments. The derivative losses are from Treasury futures and swaps as the Company is in a net short position in a declining interest rate environment. Despite the investment portfolio growth, net investment income is lower by \$11.0 million due to lower yields available on the reinvestment of fixed maturities and lower interest rates for short-term investments.

Benefits and Expenses

Policyholder benefits decreased by \$2.8 million from decreases in reserve provisions for the Taiwan branch and domestic life insurance reserves offset by increased death benefits. Taiwan benefits and reserves were \$5.9 million lower due to the transfer of the branch as of January 31, 2001. Domestic life reserves decreased \$4.3 million primarily as a result of the lower amount of extended term insurance. This was partially offset by increases for term insurance reserves due to sales and renewals of the Term Essential and Term Elite products. Death claims were higher due mainly to higher guaranteed minimum death benefits for annuity products of \$15.4 million, as described below. Guaranteed minimum death benefits increased from \$8.9 million in the first nine months of 2001 to \$24.3 million in the first nine months of 2002. Partially offsetting this increase is lower policyholder benefits of \$7.2 million from our life insurance products mainly due to lower death claims. Prior year policyholder benefits include the impact of death claims incurred on our life products as a result of the September 11, 2001 terrorist attacks of \$18 million.

The guaranteed minimum death benefit feature provides annuity contract holders with a guarantee that the benefit received at death will be no less than a prescribed minimum amount. This minimum amount is based on the net deposits paid into the contract, the net deposits accumulated at a specified rate, the highest historical account value on a contract anniversary, or more typically the greatest of these values. To the extent that the guaranteed minimum death benefit is higher than the current account value at the time of death, the Company incurs a cost. This results in increased annuity policy benefits in periods of declining financial markets and in periods of stable financial markets following a decline. Current accounting literature does not prescribe advance recognition of the expected future net costs associated with these guarantees, and accordingly we currently do not record a liability corresponding to these projected future obligations for death benefits in excess of annuity account values. However, we consider the expected net costs associated with these guarantees in our calculations of expected gross profits on variable annuity business, on which our periodic evaluations of unamortized policy acquisition costs are based. A proposed AICPA Statement of Position, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts" (the "Proposed SOP"), would require recording of a liability for the expected net costs associated with these guarantees under certain circumstances, if adopted as proposed. We are currently evaluating the impact of the proposed SOP, which has a proposed effective date for fiscal years beginning after December 15, 2003.

Interest credited to policyholder account balances increased by \$3.1 million from growth in policyholder account balances despite the reduction in annuity interest rates. Annuity interest crediting rates were reduced in reaction to the declining investment portfolio yields.

General, administrative, and other expenses increased \$104.7 million from the prior year, primarily the result of increased DAC amortization of \$97.1 million. The majority of the DAC amortization increase, \$69.7 million, was related to our annuity products. This reflects our lower estimates of future gross profits due to declines in asset values through September 30, 2002, decreased future asset returns and other refinements, resulting in greater than expected costs from minimum death benefit guarantees and lower expected fees under these contracts, as described further below. The remaining increase in DAC amortization is

associated with our life products and is primarily due to the growth of the in-force, less favorable market performance, and the reduction in prior year amortization due to claims from the September 11th terrorist attack on the United States. In addition, general, administrative, and other expenses increased by \$7.4 million as a result of the growth of the business.

Deferred acquisition costs related to annuity products are evaluated quarterly by comparing our actual profitability to our expectations. Expected profitability considers, among other assumptions, our best estimate of future asset returns to estimate the future fees we expect to earn, the costs associated with minimum death benefit guarantees we expect to incur and other profitability factors. If actual asset returns do not differ significantly from our expectations, they do not result in a change in the rate of amortization of deferred acquisition costs. Where actual asset returns differ more significantly from expectations, future asset return assumptions are evaluated using a reversion to mean approach. Under the reversion to mean approach we have considered a six-year period, consisting of two prior years and four future years, over which we expect the investments underlying the annuities to grow at a targeted return. For recent periods, the two-year historical period has been gradually increased. A calculated rate of return over the four future years, which we refer to as the look-forward period, is determined so that this calculated rate, together with the actual rate of return for the previous two years, produces the targeted return for the full six-year period. If the calculated rate of return is consistent with our range of expectations in light of market conditions, we will use it to project the asset growth for the next four years. If the calculated rate of return is not supported by our current expectations, we adjust our rate of return for purposes of these computations. For contract years after the look-forward period, we project asset growth using our long-term rate, currently an 8% annual blended rate of return which reflects an assumed rate of return of 8.85% for equity type assets. During the second and third quarters of 2002 we utilized a rate of return lower than the calculated return, which contributed to our charges for additional amortization of deferred acquisition costs. The equity rate of return used in the look-forward period varies by product, but is under 15% for all of our variable annuity products for our evaluation of deferred policy acquisition costs as of September 30, 2002. For the average remaining life of our variable annuity contracts in force as of September 30, 2002, our evaluation of deferred policy acquisition costs is based on a 10% annual blended rate of return which reflects an assumed rate of return of 11.5% for equity type assets. Continued deterioration in market conditions may result in further increases in the amortization of deferred policy acquisition costs, while a significant improvement in market conditions may result in a decrease in amortization.

For the three months ended September 30, 2002 versus 2001

Net income

Consolidated net loss for the three months ended September 30, 2002 increased by \$6.8 million compared to the prior year three-month period. The main drivers as discussed above are increased DAC amortization of \$62.6 million partially offset by higher premiums and policy charges, lower realized investment losses and a higher tax benefit.

Revenues

Consolidated revenues increased compared to the prior year quarter by \$40.9 million. Premiums increased by \$20.1 million from the prior year as a result of increased sales of term insurance and extended term premiums. Realized investment losses decreased by \$13.8 million as impairment writedowns declined from \$31.7 million in third quarter 2001 to \$15.1 million in the current year quarter. Policy charges and fee income increased \$5.9 million as a result of higher mortality and loading charges from growth in the life in-force business of \$11.1 million. The increase was partially offset by a decrease in individual annuity fees of \$5.2 million due to declining fund values as a result of the securities market.

Benefits and Expenses

Policyholder benefits decreased by \$4.2 million from decreased death benefits offset by increases in reserve provisions for life insurance reserves. Death and surrender benefits declined by \$16.1 million primarily as a result of lower life insurance policyholder benefits of \$23.1 million due to lower death claims offset by higher guaranteed minimum death benefits for annuity products of \$7.0 million. Life insurance death claims were lower when compared to the prior year as the prior year quarter included death claims related to the September 11th terrorist attacks of \$18 million. Reserves increased \$11.9 million primarily as a result of an increase in term insurance reserves due to sales and renewals of the Term Essential and Term Elite products of \$6.0 million and higher extended term insurance. The increase in extended term premium reserves is a reflection of higher policy lapse activity resulting from less favorable market performance during the prior quarter.

Interest credited to policyholder account balances increased by \$4.5 million due to growth in policyholder account balances despite the decrease in annuity crediting rates. Annuity interest crediting rates were decreased in reaction to

the declining investment portfolio yields.

General, administrative, and other expenses increased \$74.2 million from the prior year. The primary reason for the increase is an increase in DAC amortization of \$62.6 million. Annuity DAC amortization is \$41.2 million higher than the prior year quarter due to lower estimated future gross profits as a result of the market decline and other refinements, as described above. DAC amortization for life insurance products is \$21.4 million higher primarily due to the market decline and related policy lapses associated with declines in variable life insurance account values prior to the third quarter of 2002, the growth of the in-force, and the reduction in prior year amortization due to claims from the September 11th terrorist attack on the United States. In addition, general and administrative expenses increased by \$11.6 million when compared to the prior year quarter primarily reflecting the growth of our insurance products.

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 \$20.2 billion of assets at September 30, 2002 compared to \$22.1 billion at December 31, 2001, of which \$12.1 billion and \$14.9 billion were held in Separate Accounts at September 30, 2002 and December 31, 2001, respectively, under variable life insurance policies and variable annuity contracts. The remaining assets consisted primarily of investments and deferred policy acquisition costs.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Risk Management, Market Risk and Derivative Instruments

Market risk is the risk of change in the value of financial instruments as a result of absolute or relative changes in interest rates, foreign currency exchange rates or equity or commodity prices. To varying degrees, the investment activities supporting all of our products and services generate market risks. There have been no material changes in our market risk exposures from December 31, 2001, a description of which may be found in our December 31, 2001, Annual Report on Form 10-K, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," filed with the SEC.

Item 4. Controls and Procedures

Controls and Procedures

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective. No significant changes were made in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

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PART II

Item 2. Changes in Securities and Use of Proceeds.

(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 three distinct variable annuity products, Discovery Preferred Variable Annuity, Discovery Select Variable Annuity and Strategic Partners 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 1933. The Strategic Partners Select prospectus was added under Rule 424 of the Securities Act of 1933. The registration statement continues to be effective through annual amendments, the most recent filed April 12, 2002 and declared effective May 1, 2002.
- (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:

<TABLE>
<CAPTION>

<S>	Amount registered*:	<C> \$ 500,000,000
	Aggregate price of the offering amount registered:	\$ 500,000,000
	Amount sold*:	\$ 390,004,808
	Aggregate offering price of amount sold to date:	\$ 390,004,808

</TABLE>

* 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:

<TABLE>
<CAPTION>

<S>	Underwriting discounts and commissions**	<C> \$ 11,590,506
	Other expenses**	\$ 23,443,687
	Total	\$ 35,034,193

</TABLE>

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

<TABLE>
<CAPTION>

<S>	(vi) Net offering proceeds:	<C> \$ 354,970,615
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</TABLE>

(vii) Not applicable.

(viii) Not applicable.

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-3, Registration No. 33-61143, as filed April 12, 2002.
- (b) Reports on Form 8K
Form 8-K, Commission file number 33-37587, was filed on August 16, 2002.

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)

<TABLE>
<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
 /s/ Andrew J. Mako ----- Andrew J. Mako	 Executive Vice President (Authorized Signatory)	 November 14, 2002
 /s/ William J. Eckert, IV ----- William J. Eckert, IV	 Vice President and Chief Accounting Officer (Principal Accounting Officer)	 November 14, 2002

</TABLE>

CERTIFICATIONS

I, Vivian Banta certify that:

- I have reviewed this quarterly report on Form 10-Q of Pruco Life Insurance Company;
- Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the

registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Vivian Banta

Vivian Banta
Chief Executive Officer

I, William J. Eckert, IV, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pruco Life Insurance Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries,

is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002.

/s/ William J. Eckert, IV

William J. Eckert, IV
Chief Accounting Officer