



Aviva Annuity UK Limited

Registered office: 2 Rougier Street, York, YO90 1UU

**Annual FSA Insurance Returns for the year ended
31 December 2009**



Returns under the Accounts and Statements Rules

Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)

Name of insurer **Aviva Annuity UK Limited**

Global Business

Financial year ended **31st December 2009**

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Statement of solvency - long-term insurance business
Form 2

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R2	3253948	GL	31	12	2009	£000
				As at end of this financial year		As at end of the previous year	
				1		2	

Capital resources

Capital resources arising within the long-term insurance fund	11	700219	997056
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	667257	141046
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	1367476	1138102

Guarantee fund

Guarantee fund requirement	21	254277	236239
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	1113199	901863

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	762829	708717
Resilience capital requirement	32	76700	66500
Base capital resources requirement	33	3128	2518
Individual minimum capital requirement	34	839530	775217
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	839530	775217
Excess (deficiency) of available capital resources to cover 50% of MCR	37	849206	750493
Excess (deficiency) of available capital resources to cover 75% of MCR	38	737829	556689

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	839530	775217

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	839530	775217
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	527946	362885

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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Returns under the Accounts and Statements Rules

Covering page to Form 2

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2009**

..... **M S HODGES**
Chief Executive

..... **T E STRAUSS**
Director

..... **J R LISTER**
Director

24 March 2010

Components of capital resources
**Form 3
(Sheet 1)**

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	3253948	GL	31	12	2009	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4			

Core tier one capital

Permanent share capital	11		50000	50000	50000
Profit and loss account and other reserves	12		1240631	1240631	1154998
Share premium account	13		750	750	750
Positive valuation differences	14				18837
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		1291381	1291381	1224585

Tier one waivers

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit items	22				
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24				

Other tier one capital

Perpetual non-cumulative preference shares as restricted	25				
Perpetual non-cumulative preference shares in related undertakings	26				
Innovative tier one capital as restricted	27				
Innovative tier one capital in related undertakings	28				

Total tier one capital before deductions (19+24+25+26+27+28)	31		1291381	1291381	1224585
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35		22410	22410	
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		22410	22410	
Total tier one capital after deductions (31-37)	39		1268971	1268971	1224585

Components of capital resources
**Form 3
(Sheet 2)**

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	3253948	GL	31	12	2009	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	4			

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and securities	46		200000	200000	
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49		200000	200000	

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

Total tier two capital before restrictions (49+59)	61		200000	200000	
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69		200000	200000	

Components of capital resources
**Form 3
(Sheet 3)**

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	3253948	GL	31	12	2009	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	4			

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		1468971	1468971	1224585
Inadmissible assets other than intangibles and own shares	73		101494	101494	86483
Assets in excess of market risk and counterparty limits	74				
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		1367477	1367477	1138102

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		1367477	1367477	1138102
Available capital resources for 50% MCR requirement	82		1268971	1268971	1138102
Available capital resources for 75% MCR requirement	83		1367477	1367477	1138102

Financial engineering adjustments

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

Analysis of admissible assets
**Form 13
(Sheet 1)**

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Total other than Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253948	GL	31	12	2009	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings			11					

Investments in group undertakings and participating interests

UK insurance dependants	shares	21		
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non-insurance dependants	shares	25		
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28		
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	95109	105694
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	24568
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		

Analysis of admissible assets
**Form 13
(Sheet 2)**

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Total other than Long-term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	3253948	GL	31	12	2009	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	
Deposits with ceding undertakings						57		
Assets held to match linked liabilities	Index linked					58		
	Property linked					59		

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	(1784)	1402
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	561679	24273
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	405	309
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	679977	146229
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Total other than Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253948	GL	31	12	2009	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	679977	146229
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101	(396)	(1500)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	679581	144729
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets
**Form 13
(Sheet 1)**

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Total Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253948	GL	31	12	2009	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings				11		3836		3934

Investments in group undertakings and participating interests

UK insurance dependants	shares	21					
	debts and loans	22					
Other insurance dependants	shares	23					
	debts and loans	24					
Non-insurance dependants	shares	25			250		250
	debts and loans	26					
Other group undertakings	shares	27					
	debts and loans	28			189101		161455
Participating interests	shares	29					
	debts and loans	30					

Other financial investments

Equity shares	41					
Other shares and other variable yield participations	42					
Holdings in collective investment schemes	43					
Rights under derivative contracts	44				10888	31400
Fixed interest securities	Approved	45			955865	945458
	Other	46			5682063	3994433
Variable interest securities	Approved	47			26	
	Other	48			324942	322191
Participation in investment pools	49					
Loans secured by mortgages	50				10501232	11166693
Loans to public or local authorities and nationalised industries or undertakings	51					
Loans secured by policies of insurance issued by the company	52					
Other loans	53					
Bank and approved credit & financial institution deposits	One month or less withdrawal	54			5000	
	More than one month withdrawal	55				
Other financial investments	56					

Analysis of admissible assets
**Form 13
(Sheet 2)**

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Total Long-term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	3253948	GL	31	12	2009	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Deposits with ceding undertakings			57					
Assets held to match linked liabilities	Index linked		58		1880700		1527040	
	Property linked		59					

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		14299
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	111210	102547
	due in more than 12 months	79	191829	174248

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	141839	344941
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	228336	252213
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		250

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	20227117	19041352
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Total Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253948	GL	31	12	2009	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	20227117	19041352
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	12565	
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99	88929	86483
Reinsurers' share of technical provisions excluded from line 89	100	354065	371399
Other asset adjustments (may be negative)	101	(13823)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	20668853	19499234
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	34739	11255

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Aviva Annuity UK Ltd**

Global business

Financial year ended **31st December 2009**

Fund **Total Long-term insurance business**

Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	19070743	17717929
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	457165	391000
Long term insurance business fund carried forward (11 to 13)	14	19527908	18108929
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	226
	Other risks and charges	22	263
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	86922
	Reinsurance accepted	32	
	Reinsurance ceded	33	21020
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	18612
	Other	38	329375
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	456155	326367
Excess of the value of net admissible assets	51	243056	606056
Total liabilities and margins	59	20227119	19041352
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	63156	11036
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	19526898	18044296
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	354065	371399
Other adjustments to liabilities (may be negative)	74	(36258)	19276
Capital and reserves and fund for future appropriations	75	824149	1064263
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	20668854	19499234

Liabilities (other than long-term insurance business)
Form 15

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/UK/CM	day	month	year	units	
	R15	3253948	GL	31	12	2009	£000
					As at the end of this financial year	As at the end of the previous year	
					1	2	

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21			
	Other risks and charges	22			
Deposits received from reinsurers		31			
Creditors	Direct insurance business	41			
	Reinsurance accepted	42			
	Reinsurance ceded	43			
Debenture loans	Secured	44			
	Unsecured	45			
Amounts owed to credit institutions		46			
Creditors	Taxation	47			2096
	Foreseeable dividend	48			
	Other	49		12720	3087
Accruals and deferred income		51			
Total (19 to 51)		59		12720	5183
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63		200000	
Total (59 to 63)		69		212720	5183

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71				
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Amounts deducted from technical provisions for discounting	82				
Other adjustments (may be negative)	83		(396)		(1940)
Capital and reserves	84		467257		141486
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85		679581		144729

Profit and loss account (non-technical account)

Form 16

Name of insurer **Aviva Annuity UK Ltd**

Global business

Financial year ended **31st December 2009**

		Company registration number	GL/UK/CM	day	month	year	units
		R16	3253948	GL	31	12	2009
				This financial year		Previous year	
				1		2	
Transfer (to) / from the general insurance business technical account	From Form 20	11					
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13		327000			
Investment income	Income	14		7112		8369	
	Value re-adjustments on investments	15					
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17		7448		1501	
	Value re-adjustments on investments	18		1049		14952	
	Loss on the realisation of investments	19					
Allocated investment return transferred to the general insurance business technical account		20					
Other income and charges (particulars to be specified by way of supplementary note)		21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29		325615		(8084)	
Tax on profit or loss on ordinary activities		31		(597)		1072	
Profit or loss on ordinary activities after tax (29-31)		39		326212		(9156)	
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41					
Tax on extraordinary profit or loss		42					
Other taxes not shown under the preceding items		43					
Profit or loss for the financial year (39+41-(42+43))		49		326212		(9156)	
Dividends (paid or foreseeable)		51					
Profit or loss retained for the financial year (49-51)		59		326212		(9156)	

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Annuity UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Total Long-term insurance business assets**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253948	GL	31	12	2009	£000	10
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	67032	19416	861184	410000			
	Inflation	13		40561	75000				
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	12123	972			55580		
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	79155	60949	936184	465580			
Adjustment for variation margin		52	(68267)	(60651)					
Total (51 + 52)		53	10888	298					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE. Please see instructions 11 and 12 to this Form for the meaning of these figures

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Annuity UK Ltd**

Name and number of fund/Summary **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

	Financial year 1	Previous year 2
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Income

Earned premiums	11	1611924	2454253
Investment income receivable before deduction of tax	12	1185379	1106588
Increase (decrease) in the value of non-linked assets brought into account	13	303899	(426740)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	3101202	3134101

Expenditure

Claims incurred	21	1238922	1199695
Expenses payable	22	85615	85630
Interest payable before deduction of tax	23	4511	11603
Taxation	24	26176	19991
Other expenditure	25		
Transfer to (from) non technical account	26	327000	
Total expenditure	29	1682224	1316919

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1418978	1817182
Fund brought forward	49	18108930	16291748
Fund carried forward (39+49)	59	19527908	18108930

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Annuity UK Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 Units **£000**

	UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
	1	2	3	4	5

Gross

Regular premiums	11				
Single premiums	12	34853	1706359	23006	1764218
					2521393

Reinsurance - external

Regular premiums	13				
Single premiums	14	(64)	152358		152294
					67140

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17				
Single premiums	18	34917	1554001	23006	1611924
					2454253

Total

Gross	19	34853	1706359	23006	1764218	2521393
Reinsurance	20	(64)	152358		152294	67140
Net	21	34917	1554001	23006	1611924	2454253

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Annuity UK Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 Units **£000**

	UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
	1	2	3	4	5

Gross

Death or disability lump sums	11	213		213	60
Disability periodic payments	12				
Surrender or partial surrender	13	483	2059	2542	1591
Annuity payments	14	25868	1361469	28187	1415524
Lump sums on maturity	15				
Total	16	26351	1363741	28187	1418279

Reinsurance - external

Death or disability lump sums	21				
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24	3951	158797	162748	78535
Lump sums on maturity	25				
Total	26	3951	158797	162748	78535

Reinsurance - intra-group

Death or disability lump sums	31				
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34		16609	16609	16940
Lump sums on maturity	35				
Total	36		16609	16609	16940

Net of reinsurance

Death or disability lump sums	41	213		213	60
Disability periodic payments	42				
Surrender or partial surrender	43	483	2059	2542	1591
Annuity payments	44	21917	1186063	28187	1236167
Lump sums on maturity	45				
Total	46	22400	1188335	28187	1238922

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Aviva Annuity UK Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 Units **£000**

	UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
	1	2	3	4	5

Gross

Commission - acquisition	11	774	20797	59	21630	19263
Commission - other	12					
Management - acquisition	13	97	32525		32622	34758
Management - maintenance	14	167	27469	2	27638	24058
Management - other	15	536	3176	13	3725	7551
Total	16	1574	83967	74	85615	85630

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41	774	20797	59	21630	19263
Commission - other	42					
Management - acquisition	43	97	32525		32622	34758
Management - maintenance	44	167	27469	2	27638	24058
Management - other	45	536	3176	13	3725	7551
Total	46	1574	83967	74	85615	85630

Long-term insurance business: Summary of new business

Form 46

Name of insurer **Aviva Annuity UK Ltd**

Total business

Financial year ended **31st December 2009**

Units **£000**

	UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
--	---------------------	------------------------	----------------------	----------------------------------	---------------------------------

Number of new policyholders / scheme members for direct insurance business

Regular premium business	11				
Single premium business	12	548	48220	296	49064
Total	13	548	48220	296	49064

Amount of new regular premiums

Direct insurance business	21				
External reinsurance	22				
Intra-group reinsurance	23				
Total	24				

Amount of new single premiums

Direct insurance business	25	34853	1696325	14187	1745365	2515123
External reinsurance	26					
Intra-group reinsurance	27			8819	8819	6270
Total	28	34853	1696325	23006	1754184	2521393

Long-term insurance business: Analysis of new business**Form 47
(Sheet 1)**Name of insurer **Aviva Annuity UK Ltd**

Total business

Financial year ended **31st December 2009**Units **£000**

UK Life / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)			548	34853

Long-term insurance business: Analysis of new business**Form 47
(Sheet 2)**Name of insurer **Aviva Annuity UK Ltd**

Total business

Financial year ended **31st December 2009**Units **£000**

UK Pension / Direct insurance business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
390	Deferred annuity non-profit			424	29200
400	Annuity non-profit (CPA)			46439	1546491
401	Annuity non-profit (bulk transfer)			320	20188
905	Index linked annuity			480	45391
906	Index linked annuity (bulk transfer)			504	51754
907	Index linked deferred annuity			53	3301

Long-term insurance business: Analysis of new business**Form 47
(Sheet 3)**Name of insurer **Aviva Annuity UK Ltd**

Total business

Financial year ended **31st December 2009**Units **£000**

Overseas / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)			294	13004
905	Index linked annuity			2	1183

Long-term insurance business: Analysis of new business

**Form 47
(Sheet 4)**

Name of insurer **Aviva Annuity UK Ltd**

Total business

Financial year ended **31st December 2009**

Units **£000**

Overseas / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)				8799
905	Index linked annuity				20

Long-term insurance business: Assets not held to match linked liabilities

Form 48

Name of insurer **Aviva Annuity UK Ltd**
 Financial year ended **31st December 2009**
 Category of assets **Total Long-term insurance business assets**
 Units **£000**

	Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
	1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11	3836	3836	306	7.97	
Approved fixed interest securities	12	984748	984748	29676	4.74	
Other fixed interest securities	13	5786314	5786314	363262	6.35	
Variable interest securities	14	327791	327791	13988	3.63	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	11243728	11243728	865384	6.61	
Total	19	18346417	18346417	1272616	6.37	

Assets backing with-profits liabilities and with-profits capital requirements

Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					

Overall return on with-profits assets

Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Long-term insurance business: Fixed and variable interest assets

Form 49

Name of insurer **Aviva Annuity UK Ltd**
 Financial year ended **31st December 2009**
 Category of assets **Total Long-term insurance business assets**
 Units **£000**

		Value of assets	Mean term	Yield before adjustment	Yield after adjustment
		1	2	3	4
UK government approved fixed interest securities	11	164983	13.60	4.45	4.33
Other approved fixed interest securities	21	819765	14.83	4.79	4.68
Other fixed interest securities					
AAA/Aaa	31	477884	10.55	5.34	5.25
AA/Aa	32	1236249	11.16	5.79	5.50
A/A	33	2525859	9.40	6.09	5.77
BBB/Baa	34	1322894	6.75	6.45	5.62
BB/Ba	35	193126	7.03	11.32	8.21
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	30302	5.76	32.33	4.37
Total other fixed interest securities	39	5786314	9.17	6.36	5.71
Approved variable interest securities	41				
Other variable interest securities	51	327791	6.93	3.63	3.34
Total (11+21+39+41+51)	61	7098853	9.82	6.01	5.45

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Annuity UK Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 Units **£000**

	UK Life 1	UK Pension 2	Overseas 3	Total Financial Year 4	Total Previous Year 5
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Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12	205158	16903748	420834	17529740
Form 52	13				
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17	9146	1894004	5721	1908871
Total	18	214304	18797752	426555	19438611

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	8578	95309	1753	105640
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27	4440	23731		28171
Total	28	13018	119040	1753	133811

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32		234057		234057
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38		234057		234057

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	196580	16574382	419081	17190043
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47	4706	1870273	5721	1880700
Total	48	201286	18444655	424802	19070743

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 1)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
395	Annuity non-profit (PLA)	5721	21414		n/a	n/a	n/a	195270
400	Annuity non-profit (CPA)	3223	1193		n/a	n/a	n/a	9594
440	Additional reserves non-profit OB				n/a	n/a	n/a	294

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 2)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
395	Annuity non-profit (PLA)		1768		n/a	n/a	n/a	8577
400	Annuity non-profit (CPA)				n/a	n/a	n/a	1

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 3)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
390	Deferred annuity non-profit	676	576		n/a	n/a	n/a	11585
400	Annuity non-profit (CPA)	629235	1356204		n/a	n/a	n/a	16255579
440	Additional reserves non-profit OB				n/a	n/a	n/a	636584

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 4)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
400	Annuity non-profit (CPA)		19553		n/a	n/a	n/a	95309

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 5)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
400	Annuity non-profit (CPA)		20855		n/a	n/a	n/a	234057

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 6)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
390	Deferred annuity non-profit	1	2		n/a	n/a	n/a	10
395	Annuity non-profit (PLA)	3418	14388		n/a	n/a	n/a	196841
400	Annuity non-profit (CPA)	6158	17168		n/a	n/a	n/a	223355
440	Additional reserves non-profit OB				n/a	n/a	n/a	628

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)

**Form 51
(Sheet 7)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
395	Annuity non-profit (PLA)		121		n/a	n/a	n/a	1529
400	Annuity non-profit (CPA)		16		n/a	n/a	n/a	224

Long-term insurance business: Valuation summary of index linked contracts

**Form 54
(Sheet 1)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity	83	1704				9139	9139
915	Additional reserves index linked						7	7

Long-term insurance business: Valuation summary of index linked contracts

**Form 54
(Sheet 2)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity		859				4440	4440

Long-term insurance business: Valuation summary of index linked contracts

**Form 54
(Sheet 3)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity	24758	96550				1794922	1794922
907	Index linked deferred annuity	1102	5046				96281	96281
915	Additional reserves index linked						2801	2801

Long-term insurance business: Valuation summary of index linked contracts

**Form 54
(Sheet 4)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity		1707				23731	23731

Long-term insurance business: Valuation summary of index linked contracts

**Form 54
(Sheet 5)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity	145	290				5712	5712
915	Additional reserves index linked						9	9

Long-term insurance business: index linked business

Form 56

Name of insurer **Aviva Annuity UK Ltd**

Total business

Financial year ended **31st December 2009**

Units **£000**

		Value of assets	Mean term
		1	2
Analysis of assets			
Approved variable interest securities	11	342782	13.30
Other variable interest securities	12	545828	11.20
Approved fixed interest securities	13	42725	14.67
Other fixed interest securities	14	260825	9.17
Cash and deposits	15		
Equity index derivatives	16		
Inflation swaps	17	1044	
Other assets	18	674789	
Variation margin	19	12707	
Total (11 to 19)	20	1880700	
Credit rating of other fixed interest and other variable interest securities			
AAA/Aaa	31	168997	10.29
AA/Aa	32	99828	11.09
A/A	33	417284	11.32
BBB/Baa	34	83044	7.61
BB/Ba	35	25482	7.96
B/B	36		
CCC/Caa	37		
Other (including unrated)	38	12017	8.73
Total other fixed interest and other variable interest securities	39	806652	10.55

Long-term insurance business - analysis of valuation interest rate

**Form 57
(Sheet 1)**

Name of insurer **Aviva Annuity UK Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA NP Form 51	196286	5.68	5.68	5.91
UK Pens NP Form 51	15937798		5.68	5.91
OS L&GA NP Form 51	418453	5.68	5.68	5.91
UK L&GA NP Form 54	4699	1.81	1.81	2.01
UK Pens NP Form 54	1867472		1.81	2.01
OS L&GA NP Form 54	5712	1.81	1.81	2.01
Miscellaneous	640323			
TOTAL	19070743	n/a	n/a	n/a

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Aviva Annuity UK Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	19527908	18108929
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	327000	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	19854908	18108929
Mathematical reserves	21	19070743	17717929
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	784165	391000

Composition of surplus

Balance brought forward	31	391000	
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	393165	391000
Total	39	784165	391000

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47	327000	
Total distributed surplus (46+47)	48	327000	
Surplus carried forward	49	457165	391000
Total (48+49)	59	784165	391000

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance capital requirement

Form 60

Name of insurer **Aviva Annuity UK Ltd**

Global business

Financial year ended **31st December 2009**

Units **£000**

	LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
	1	2	3	4	5	6

Insurance death risk capital component

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%				
Classes I (other), II and IX	13	0.15%				
Classes I (other), II and IX	14	0.3%				
Classes III, VII and VIII	15	0.3%				
Total	16					

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					
-------------------------------------------------------------------------	----	--	--	--	--	--

Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	17529740	17190043	0.98	171900
Classes III, VII and VIII (investment risk)	33	1%	1908872	1880700	0.99	18807
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%				
Class IV (other)	36	1%				
Class V	37	1%				
Class VI	38	1%				
Total	39					190707

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	17529740	17190043	0.98	515701
Classes III, VII and VIII (investment risk)	43	3%	1908872	1880700	0.99	56421
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%				
Class IV (other)	46	3%				
Class V	47	0%				
Class VI	48	3%				
Total	49		19438612	19070743		572122

Long term insurance capital requirement	51					762830
						708717

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2009****Code****0204 Section 148 Waivers****Rate of interest 648787**

The Financial Services Authority, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in September 2006. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and INSPRU 3.1.39R so that a more appropriate rate of interest will be used for assets taken in combination. This modification applies solely to fixed interest securities or assets linked to an index of retail prices which are considered by the actuarial function holder to be backing the non-profit (non-linked or index-linked) annuity business of the firm.

0301 Reconciliation of net admissible assets to total capital resources after deductions

	£'000
i) Net admissible assets	
Form 13 Line 89 (Long term business)	20,227,117
Form 13 Line 89 (Other than long term business)	679,977
Form 14 Lines 11, 12 and 49	(19,526,898)
Form 15 Line 69	<u>(212,720)</u>
	1,167,476
ii) Components of Capital resources that are treated as a liability	200,000
Total i) to ii) above	1,367,476
Form 3, line 79	1,367,476

0310 Calculation of valuation differences as required by instruction 9 to Form 3

	£'000
a) Positive valuation differences in respect of assets where valuation in GENPRU and INSPRU exceeds the valuation that the firm uses for external financial reporting purposes	-
b) Positive valuation differences in respect of liabilities where valuation in GENPRU and INSPRU is lower than the valuation that the firm uses for external financial reporting purposes	
- Deferred tax provision	142,723
c) Negative valuation differences in respect of assets where valuation in GENPRU and INSPRU is lower than the valuation that the firm uses for external financial reporting purposes	-
d) Negative valuation differences in respect of liabilities where valuation in GENPRU and INSPRU exceeds the valuation that the firm uses for external financial reporting purposes	
- Mathematical reserves	(165,133)
Net negative valuation difference included in line 35	(22,410)

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2009****Code****0313 Reconciliation of profit and loss account and other reserves**

	£'000
Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	1,154,998
Loss retained for the financial year	(1,229)
Profit arising in the long-term insurance fund that has not been transferred to the shareholder fund	86,862
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	1,240,631

1301 Aggregate values of assets**1308**

The aggregate values of assets in Form 13 as specified below are:-

	Category 1 £m	Category 10 £m
Unlisted investments on line 46 and 48	-	1,663
Listed investments on lines 41, 46 and 48 which are not readily realisable	-	-
Units in collective investment schemes that are not schemes falling within the UCITS Directive or are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act	95	-
Reversionary interests or remainders in property other than land or buildings	-	-

1304 Amounts set off**1310**

Amounts have been set off to the extent permitted by generally accepted accounting principles.

1305 Counterparty limits**1319**

The investment guidelines operated by the Company specify exposure to counterparties by asset type as follows:-

Deposits

The maximum permitted exposure to counterparties is set out in the Investment Management Agreement with Aviva Investors Global Services Limited and approved by the Norwich Union Life Investment Committee. Each fund cannot hold more than 2% of funds under management (but subject to minimum of £20m and a maximum of £100m) with individual 'Tier 1' counterparties, 1.5% of funds under management (but subject to a minimum of £15m and a maximum of £75m) with individual 'Tier 2' counterparties and 0.5% of funds under management (but subject to a minimum of £10m and a maximum of £50m) with individual 'Tier 3' counterparties. Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better.

Fixed income securities

Exposure to non-government bonds is limited to holdings, which are deemed to be of a suitable investment grade determined by senior investment management. The maximum extent to which, in accordance with investment guidelines operated by the company, it was permitted to be exposed to any one counterparty and connected companies rated AA- or higher during the financial year was 5% and 3% for any one counterparty and connected companies rated BBB- to A+. The maximum extent to which fully secured mortgage debt was permitted to be exposed to any one counterparty and connected companies was 10%. Over the financial year there were no breaches of the above limits.

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2009****Code****1306 Counterparty exposure**
1312

Exposure to any one counterparty at the end of the financial year did not exceed 5% of the sum of the insurer's base capital resources requirement and its long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

1302 Hybrid securities

The aggregate value of hybrid securities is £328m

1318 Other asset adjustments

Amounts included in Form 13 line 101 are analysed as follows.

	Category 1 £'000	Category 10 £'000
Gross up of premium debtors post inadmissible premium debtor adjustment	-	(1,141)
Gross up of tax debtor	(374)	-
Adjustment to intercompany position	(22)	-
Adjustment in respect of intercompany recharges	-	26
Gross up of derivative balances		(12,707)
Total	396	13,822

1401 Reasonably foreseeable adverse variations
1501

No valuation adjustments or reserves arise under GENPRU 1.3.30R to 1.3.33R since no assets are held which would give rise to a future liability, which would not be covered by appropriate assets.

1402 Contingent liabilities
1502

Deferred tax arising from potential tax on capital gains is nil.

There are no contingent liabilities applicable to long term insurance business.

There are no charges over any assets of the Company.

There are no guarantees, indemnities or any other contractual commitments in respect of related companies.

There are no other fundamental uncertainties.

1404 Implicit provision required by INSPRU 3.2.17R(3)

The amount of implicit provision required by INSPRU 3.2.17R(3) included in line 38 is £60,949k.

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2009****Code****1405 Other adjustments to liabilities**

Amounts included in Form 14 line 74 are analysed as follows.

	Total £'000
Adjustment to mathematical reserves	(165,133)
Adjustment to deferred tax provision	142,723
Gross up of premium debtors post inadmissible premium debtor adjustment	(1,141)
Gross up of derivatives	(12,707)
Total	(36,258)

1507 Other adjustments to liabilities

Amounts included in Form 15 line 83 are analysed as follows.

	Total £'000
Gross up of tax debtor	(374)
Adjustment to intercompany position	(22)
Total	(396)

**1601 Rates of exchange
4005**

The Company conducts all its business in the UK and Offshore Islands. Currency swaps are in place in respect of all investments denominated in currencies other than Sterling.

1700 Form omitted

No Category 1 Form 17 has been prepared on the basis that there are no derivative contracts for this category of assets.

1701 Variation margin

The aggregate amount of any excess variation margin which has been received by the Company is £7,615k.

The variation margin is allocated as follows:

	£'000
Form 13 line 44	(68,267)
Form 14 line 38	60,651

No amounts included on Forms 13 reflect the liability to repay any excess.

4008 Management services

Management services have been provided throughout the financial year to the Company by Aviva Life Services UK Limited.

Investment management services have been provided by Aviva Investors Global Services Limited.

Supplementary notes

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2009**

Code

4009 Related party transactions

There were no related party transactions during the year which exceeded 5% of the long-term insurance liabilities.

4702 UK and overseas annuities

UK Life and Overseas new immediate annuities are all assumed to be 395 Annuity non-profit (PLA) contracts and not to arise as a result of any funds held within a pension arrangement.

4703 Apportionment between product codes

Where a policyholder holds a plan with both non-linked and index-linked benefits the policyholder count is assigned to column 5 for the index-linked product code. Where a policyholder holds more than one plan, the policyholder count is assigned to column 5 for each plan.

4802 Expected interest

Expected interest from four debentures currently in default is not included in column 3 of Form 48. The total expected interest is £2,578k. The yield on these assets is not required to support the valuation basis rates of interest in Forms 51 and 57.

4803 Redemption of securities

Where securities may be redeemed over a period at the option of the guarantor or the issuer, it has been assumed within the yield calculation that they will be redeemed at the earliest callable date. The value of the assets that contain this option is £664.9m.

4804 Yield for assets line 18

The yield shown in column 4 for the following assets is significantly different from the weighted average of the yields for each asset of that type determined in accordance with INSPRU 3.1.34R(2) before any allowance for tax required by INSPRU 3.1.29R.

	Yield
Deposits not subject to time restriction (Form 13 Line 81)	1.25%
Shares in non-insurance dependants (Form 13 Line 25)	Nil
Other debtors (Form 13 line 78)	Nil

4901 Credit rating
5601

The credit rating analysis on Forms 49 and 56 have been prepared using the second highest published rating of those provided by Standard & Poor's, Fitch, and Moody's.

Internally assigned ratings have been used for securities that are not rated by external agencies.

5102 Number of policyholders
5402

Where a policyholder holds a plan with both non-linked and index-linked benefits the policyholder count is assigned to column 3 for the index-linked product code. Where a policyholder holds more than one plan, the policyholder count is assigned to column 3 for each plan.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009****1. Introduction**

- (1) The **valuation date** is 31 December 2009.
- (2) The previous valuation was completed with an effective date of 31 December 2008.
- (3) No interim valuations have been carried out.

2. Product Range

There have been no significant changes to the product range during 2009.

3. Discretionary charges and benefits

- (1) There is no accumulating with-profits business.
- (2) Not applicable.
- (3) There are no deposit administration benefits.
- (4) The guaranteed annuity benefit is calculated incorporating an allowance for service charges.
- (5) Not applicable.
- (6) There is no accumulating with profit business.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) Not applicable.

4. Valuation basis

- (1) The conventional immediate and deferred annuity business is valued by discounting future benefit payments and maintenance expenses

The mathematical reserve for RPI-linked annuities is determined with an explicit allowance of 3% for future increases in annuity payments, which is consistent with the treatment of the matching assets. The treatment of RPI-linked annuities which are subject to maximum and minimum percentage annual increases is described in 5 (4) below.

- (2) The following table gives the valuation interest rates at the end of 2009 compared with those at the end of 2008. Non-linked and index-linked liabilities are backed by different assets and hence have different valuation interest rates. Index linked yields are real yields.

Product Group	Valuation interest rates	
	2009 %	2008 %
Non-linked pensions annuities	5.684	5.521
Non-linked life and general annuities	5.684	5.521
Index linked pensions annuities	1.812	2.332
Index linked life and general annuities	1.812	2.332
Bulk Purchase Annuities – Non-linked	5.684	5.521
Bulk Purchase Annuities – Index linked	1.812	2.332

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009**

- (3) In accordance with INSPRU 3.1.41R, a prudent adjustment, excluding that part of the yield estimated to represent compensation for the risk that the income from the asset might not be maintained or that capital repayments might not be received as they fall due, was made to the yield on assets.

This adjustment took account of:

- (a) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available
- (b) The reasonableness of the net of adjustment yields over the yields of risk-free investments of a similar term in the same currency, taking account of the points above
- (c) The future outlook for bad debt experience.
- (d) The historic experience of bad debts for each of the major fixed interest asset classes
- (e) The need to take a prudent view of the above.

The deductions for bad debts were:

	31/12/2009	31/12/2008
Commercial mortgages	0.50%	0.50%
Healthcare mortgages (GPFC)	0.10%	0.10%
Non-linked equity release mortgages funded pre 2006	1.35%	0.90%
Non-linked equity release mortgages 2006 funded	1.35%	0.72%
Non-linked equity release mortgages funded 2007 onwards	1.35%	0.90%
RPI linked equity release mortgages pre 2007	2.25%	2.25%
RPI linked equity release mortgages 2007 onwards	3.60%	3.60%
Index linked property	0.69%	0.69%
Corporate Bonds – AAA	0.09%	0.09%
Corporate Bonds – AA	0.28%	0.28%
Corporate Bonds – A	0.32%	0.32%
Corporate Bonds – BBB	0.67%	0.67%
Corporate Bonds – BB	1.68%	1.68%
Corporate Bonds – B	3.10%	3.10%
Corporate Bonds – C	4.95%	4.95%
Corporate Bonds – unrated	0.67%	0.67%
Private placements	<i>See Note</i>	<i>See Note</i>
Swaps	0.00%	0.00%

Note: Rating-specific deductions were applied to private placements in line with the corporate bond deductions in the above table.

In addition, specific additional reserves are held in the respect of the extra default risk in corporate bond and commercial mortgage markets. These are detailed in Section 8.

The valuation rate of interest used is net of a deduction of 0.08% which provides a prudent margin for cash flow reinvestment and disinvestment risk.

- (4) Except for Bulk Purchase Annuities, mortality is based on UK standard published tables with prudent allowance for current experience, and adjustments for improving longevity. For Bulk Purchase Annuities, mortality for pensions in payment is based upon “Model C” mortality with prudent allowance for current experience, and adjustments for improving longevity. The policyholders predominantly reside in the country of operation, except for business written in the Minor Sterling category.

The 2009 mortality basis is unchanged from the 2008 mortality basis for all of Aviva Annuity UK Limited business.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009**

The following tables summarise the standard Aviva Annuity UK Limited individual annuity mortality basis and improvement rates.

	Base table	31 December 2009		31 December 2008	
		Male %	Female %	Male %	Female %
Pensions Annuity (business up to 31/12/2000)	PCMA00/PCFA00	88.5	83.0	88.5	83.0
Pension Annuity (business post 31/12/2000)	PCMA00/PCFA00	78.0	73.5	78.0	73.5
General Annuity	IML00/IFL00	69.0	72.0	69.0	72.0
Improvement rates applied to both Pension and General Annuities	Medium cohort applicable from 2005	100.0	75.0	100.0	75.0
	Minimum rate p.a.	2.0	1.5	2.0	1.5

The mortality basis for long term care immediate annuities is based on the same base tables as general annuities with individual loadings as advised by the underwriters at the point of sale and an additional margin for prudence.

The mortality basis for the non-profit pension immediate annuity business that had been written in Provident Mutual and was transferred into Aviva Annuity UK Limited is unchanged. The 2009 and 2008 mortality bases and improvement rates for this Provident Mutual originated business are as follows.

	31 December 2009			31 December 2008		
	Base table	Male %	Female %	Base table	Male %	Female %
Individual business	IML00/IFL00	90.0	90.0	IML00/IFL00	90.0	90.0
Group business	PCMA00/PCFA00	100.0	110.0	PCMA00/PCFA00	100.0	110.0
Improvement rates applied to both Individual and Group business	Medium cohort applicable from 2005	100.0	75.0	Medium cohort applicable from 2005	100.0	75.0
	Minimum rate p.a.	2.0	1.5	Minimum rate p.a.	2.0	1.5

Bulk Purchase Annuity Mortality in Deferment						
	31 December 2009			31 December 2008		
	Base table	Male %	Female %	Base table	Male %	Female %
Bulk Purchase Annuities	AM00 (ultimate) / AF00 (ultimate)	83.6	86.0	AM00 (ultimate) / AF00 (ultimate)	83.6	86.0
Improvement rates	Medium cohort applicable from 2005	100.0	75.0	Medium cohort applicable from 2005	100.0	75.0
	Minimum rate p.a.	2.0	1.5	Minimum rate p.a.	2.0	1.5

The base mortality table used for Bulk Purchase Annuity mortality in payment is a bespoke table and is denoted "Model C". The mortality basis for Bulk Purchase Annuity mortality in payment is shown in the table below.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009**

Bulk Purchase Annuity Mortality in Payment: Modified "Model C"						
	31 December 2009			31 December 2008		
	Base table	Male %	Female %	Base table	Male %	Female %
*Bulk Purchase Annuities	Model C	93.5-100.98	93.5-107.525	Model C	93.5-100.98	93.5-107.525
Improvement rates	Medium cohort applicable from 2005	100.0	75.0	Medium cohort applicable from 2005	100.0	75.0
	Minimum rate p.a.	2.0	1.5	Minimum rate p.a.	2.0	1.5

* Note - The Bulk Purchase Annuity mortality rates are scheme-dependent.

No allowance is made or reserve held in addition to the assumptions above, in respect of possible changes in the incidence of disease or developments in medical science.

The resulting life expectancies from the valuation date for annuities in payment are shown in the table below at sample ages. Bulk Purchase Annuities life expectancies are shown for the average pensioner.

Expectations of life (years)	31 December 2009			
	Male		Female	
	65	75	65	75
Standard Pensions Annuity (Business Up To 31/12/2000)	24.0	14.7	25.9	16.5
Standard Pensions Annuity (Business Post 31/12/2000)	25.3	15.8	27.1	17.5
General Annuity	26.6	16.7	28.0	17.8
Provident Mutual originated individual annuity	23.9	14.5	25.9	16.1
Provident Mutual originated group annuity	22.7	13.6	23.2	14.2
Bulk Purchase Annuities	24.1	14.9	26.1	16.7

Expectations of life (years)	31 December 2008			
	Male		Female	
	65	75	65	75
Standard Pensions Annuity (Business Up To 31/12/2000)	23.7	14.5	25.8	16.3
Standard Pensions Annuity (Business Post 31/12/2000)	25.1	15.6	27.0	17.4
General Annuity	26.3	16.5	27.8	17.7
Provident Mutual originated individual annuity	23.7	14.3	25.8	15.9
Provident Mutual originated group annuity	22.5	13.5	23.1	14.1
Bulk Purchase Annuities	23.8	14.7	25.9	16.6

The resulting life expectancies at age 65 for deferred annuities are shown in the table below at sample ages:

Expectations of life (years)	At Age 65			
	Male		Female	
	31/12/09	31/12/08	31/12/09	31/12/08
Bulk Purchase Annuities:				
Current Age 45	28.7	28.5	29.3	29.1
Current Age 55	26.3	26.1	27.6	27.5

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009**

The methodology for calculating expectations of life on BPA business has been simplified since the 2008 returns. The expectations of life for 2008 have been restated to be consistent with the 2009 figures.

- (5) Not applicable.
- (6) The value of future maintenance expenses is calculated from current maintenance expense levels by broad category of business, increasing by future expense inflation over the lifetime of each contract. The following expense assumptions are based on the terms of the Management Services Agreement between Aviva Life Services UK Limited and Aviva Annuity UK Limited and increased by 10% in respect of project costs. Expense assumptions are shown for pension annuities only. The per policy expenses are shown gross and no tax relief is assumed.

	Per policy expense £ per annum	
	2009	2008
Annuity non-profit CPA (400)	16.79	16.48
Annuity non-profit (bulk transfer) (401)	28.01	27.50

An additional reserve of £7.3m has been established in respect of project cost overruns.

The assumed future inflation rate applying to maintenance expenses is 3.32% pa.

- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) The valuation interest rate was adjusted to allow for investment expenses based on actual investment charges incurred. There were no other material basis assumptions.
- (11) The company holds seven interest rate swaps in its policyholder fund.

A swap is held in respect of matching asset and liability cashflows for index linked business.

A swap provides fixed interest cash flows in exchange for variable interest cashflows from certain mortgage assets used to back long-term fixed interest liabilities

Two swaps are held in respect of matching asset and liability cashflows for fixed interest business and provide long-term fixed interest cash flows in exchange for short and medium term cashflows

Two swaps provide fixed interest cash flows in exchange for RPI linked cashflows from two corporate bond assets used to back long-term fixed interest liabilities.

A swap is held to provide fixed interest cashflows in exchange for LIBOR cashflows, and these are used to back long-term fixed interest liabilities.

The company holds currency swaps to hedge the risk of currency movements on corporate bonds denominated in US dollars backing liabilities denominated in Sterling.

Two inflation swaps are held to hedge the risk of inflation arising from RPI and LPI linked Bulk Purchase Annuity liabilities, backed by fixed interest corporate bonds.

The valuation interest rate used to determine the value of long-term index linked liabilities is derived from the rate of interest which equates the discounted value of aggregate cash flows, including cash flows arising from each of the swaps, with the total market value of the asset portfolio, including the market value of each of the swap.

Supplementary note 0204 gives details of the valuation interest rate approach.

- (12) There is no impact on mathematical reserves arising from changes in the INSPRU valuation rules effective from 31 December 2006.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4

Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009**

5. Options and Guarantees

- (1) Not applicable.
- (2) For the G Plus Bond deferred annuity a guaranteed cash option is available in lieu of an annuity and the reserve is held for this option.
- (3) A reserve of £5.1m is held in respect of the guaranteed insurability option that exists on two bulk purchase annuity schemes. This option allows new member pensions to be placed with Aviva Annuity UK Limited over the next five years on guaranteed mortality assumptions. The amount of business that can be placed with Aviva Annuity UK Limited is limited to £200m on one scheme and to £75m on the other.

The reserve held is 2.5% of the outstanding limit in respect of this guarantee. This outstanding limit was £137m on the first scheme and £66m on the second scheme at end December 2009, which resulted in the reserve of £5.1m.
- (4) Some RPI-linked annuities are subject to maximum and minimum percentage increases. For valuation purposes these are treated as being identical to normal RPI-linked annuities.

There are no other guarantees with any value.

6. Expense Reserves

- (1) Based on the non-linked business in force at 31 December 2009, the explicit allowance for maintenance expenses during 2010 is £11.5m and the implicit allowance for investment expenses, in the valuation rate of interest, during 2010 is £9.7m. All expenses have been treated as attributable.
- (2) The implicit allowance for investment expenses was estimated by applying the investment expense deductions by asset class assumed in the valuation interest rate calculation to the assets allocated to the valuation liabilities.
- (3) The maintenance expenses in line 14 of Form 43 are £27.6m. Of this figure, £10.9m are administration expenses which are comparable with the £11.5m from 6(1) above. A further £2.8m relate to development costs for specific projects which are not expected to recur. The remaining £13.9m are attributable to investment expenses. This is higher than the £9.7m from 6(1), largely due to a lower proportion of mortgage asset expenses having been allocated to new business acquisition during 2009. This reduced proportion is reflected in line 13 of Form 43.
- (4) The costs of acquiring new business assumed in the next twelve months would have little impact on the Company and would be charged to the new business written.
- (5) An assessment was made of the cost of closure of the Company to new business at the end of 2009 and a reserve for £18.5m, corresponding to the full cost, was established on Form 51.
- (6) There are no expenses which have been treated as non-attributable.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4

Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009**

7. Mismatching Reserves

- (1) Mathematical reserves for overseas business as reported in Forms 51 and 54 are all in respect of sterling liabilities. These are matched by sterling assets, except for £54.2m of US dollar bonds whose cashflows are converted into sterling using currency swaps.
- (2) There are no liabilities in non-sterling currencies.
- (3) No reserves are held for currency mismatching because there are no significant liabilities in currencies different from the matching assets.
- (4) Two tests were applied at December 2009, in line with INSPRU 3.1.16R
 - (a) a rise in risk free interest yields for all outstanding terms of 20% of the long term gilt yield accompanied by a fall in property values of 20%
 - (b) a fall in risk free interest yields for all outstanding terms of 20% of the long term gilt yield accompanied by a fall in property values of 20%

For those fixed interest securities that are not risk free, we assume the yield differential to risk free does not reduce in a resilience test.

The most onerous scenario as at 31 December 2009 was test (a).

- (5) The market value of assets invested outside the United Kingdom at 31 December 2009 is less than 0.5% of Aviva Annuity UK Limited's long-term insurance assets, excluding assets used to back index-linked liabilities. Therefore according to INSPRU 3.1.26R the market risk scenario assumed for these assets is that set out in INSPRU 3.1.16R rather than that set out in INSPRU 3.1.23R.
- (6) The assets and liabilities have been revalued on this interest basis.
 - (a) The calculations have led to a resilience capital requirement of £76.7m.
 - (b) The aggregate value of liabilities has decreased by £1,439.6m.
 - (c) The aggregate value of assets has decreased by £1,516.3m.
- (7) The valuation liabilities include an allowance of a 0.08% deduction from the valuation interest rate for duration mismatch as mentioned in section 4(3). No further reserve is required to satisfy INSPRU 1.1.34R.

8. Additional Special Reserves

An additional reserve to cover potential data quality issues is established at a level of 0.15% of the reserve for future annuity payments and expenses.

A reserve of £200m in respect of short-term corporate bond defaults has been established to protect against the significant widening of credit spreads in corporate bond markets.

A reserve of £350m in respect of short-term commercial mortgage defaults is in place to protect against the significant widening of credit spreads in commercial mortgage markets, as well as the higher expected losses caused by property market falls.

A reserve of £22m covers Aviva Annuity UK Limited's share of funding costs for the Aviva staff pension scheme deficit.

A reserve of £12m is in place to cover the increased costs of portfolio management in respect of commercial mortgages during the economic downturn.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009****9. Reinsurance**

- (1) The Company has no facultative reinsurance with a reinsurer who is not authorised to carry out business in the United Kingdom.
- (2) There were 8 reinsurance treaties with external reinsurers where the Company was the ceding insurer and under which business was in force at the valuation date.

Treaties 1 to 3	
Reinsurer	Munich Re (Treaty 1 and 2) and Hannover Re (Treaty 3)
Nature of cover	50% (Treaty 1) or 90% (Treaties 2 and 3) Quota share on UK Long Term Care (Immediate Care) business
Premiums payable in 2009	£NIL
Deposit back arrangements	Not applicable
Open/closed to new business	Treaty 1 was closed to new business in March 2001. New business is placed with either Munich Re under Treaty 2 or Hannover Re under Treaty 3.
Undischarged liabilities	None
Mathematical reserves ceded	Total reserves ceded under the 3 treaties are £13.144m
Retention limit for new policies	10% retained of each new annuity

Munich Re and Hannover Re are authorised to carry on insurance business in the UK and are not connected. The treaties are not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under any of the treaties. None of the treaties is a financing arrangement.

Treaty 4	
Reinsurer	Hannover Re
Nature of cover	75% Quota share on UK Impaired Life Annuity business
Premiums payable in 2009	£NIL
Deposit back arrangements	Not applicable
Open/closed to new business	Closed to new business
Undischarged liabilities	None
Mathematical reserves ceded	£45.605m
Retention limit for new policies	Not applicable

The treaty is not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

	Treaty 5	Treaty 6
Reinsurer	XL Re	Partner Re
Nature of cover	Quota share mortality swap where fixed premiums are payable in exchange for reinsurance claims linked to actual claims. The mortality risk is in respect of 7% of a defined block of in-force UK pension annuity business agreed at the treaty commencement date.	Quota share mortality swap where fixed premiums are payable in exchange for reinsurance claims linked to actual claims. The mortality risk is in respect of 3% of a defined block of in-force UK pension annuity business agreed at the treaty commencement date.
Premiums payable in 2009	£38.614m	£16.549m
Deposit back arrangements	Not applicable	Not applicable
Open/closed to new business	Closed to new business	Closed to new business
Undischarged liabilities	None	None
Mathematical reserves ceded	£18.485m	£7.922m
Retention limit for new policies	Not applicable	Not applicable

XL Re is authorised to carry on insurance business in the UK. Partner Re is not authorised to carry on insurance business in the UK. Neither reinsurer is connected. The treaties are not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under either treaty. Neither treaty is a financing arrangement.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009**

Treaty 7	
Reinsurer	RGA Reinsurance UK Limited RGA Reinsurance US Limited
Nature of cover	Quota share mortality swap where fixed premiums are payable in exchange for reinsurance claims linked to actual claims. The mortality risk is in respect of new enhanced pension annuities written from the treaty commencement date. The UK arm takes 10% of the total business reinsured whilst the US arm takes 90% of the total business reinsured.
Premiums payable in 2009	£1.257m £11.313m
Deposit back arrangements	Not applicable
Open/closed to new business	Open to new business
Undischarged liabilities	None
Mathematical reserves ceded	£2.018m £18.166m
Retention limit for new policies	If Purchase Price is below £20,000, 90% is retained if automatically underwritten and 80% is retained if manually underwritten. Otherwise, policies with a Purchase Price below £1m have 60% retained if automatically underwritten and 40% retained if manually underwritten. 100% is retained of any Purchase Price in excess of £1m.

RGA Reinsurance UK Limited is authorised to carry on insurance business in the UK. RGA Reinsurance US Limited is not authorised to carry on insurance business in the UK. RGA Reinsurance Limited is not connected. The treaty is not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

Treaty 8	
Reinsurer	RBS
Nature of cover	Aviva Annuity UK Limited transfers longevity risk to RBS via a longevity swap. The longevity risk is in respect of a defined block of in-force UK pension business agreed at the treaty commencement date. Aviva Annuity UK Limited receive monthly annuity payments based on actual experience on this business, subject to a cap and floor, and pay fixed monthly payments.
Premiums payable in 2009	£87.163m
Deposit back arrangements	Not applicable
Open/closed to new business	Closed to new business
Undischarged liabilities	None
Mathematical reserves ceded	£10.632m
Retention limit for new policies	Not applicable

RBS is authorised to carry on insurance business in the UK and is not connected. The treaty is not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

There was one reinsurance treaty with another Group company where the Company was the ceding insurer and under which business was in force at the valuation date.

Internal Reinsurance Treaty 34	
Reinsurer	Aviva Life & Pensions UK Limited (Non Profit Sub-Fund 2)
Nature of cover	100% reinsurance of non-profit immediate pension annuities which were originally written in Aviva Life & Pensions UK Limited and were transferred to Aviva Annuity UK Limited as at 1 January 2005. The effect of the treaty is to transfer all the liabilities to Aviva Life & Pensions UK Limited as if the business had been written therein.
Premiums payable in 2008	£NIL
Deposit back arrangements	Not applicable
Open/closed to new business	Closed to new business
Undischarged liabilities	None
Mathematical reserves ceded	£234.057m
Retention limit for new policies	Not applicable

Returns under the Accounts and Statements Rules

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4

Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2009**

Aviva Life & Pensions UK Limited is authorised to carry on insurance business in the UK and is a connected company. The treaties are not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under either treaty. Neither treaty is a financing arrangement.

(3) None of the above treaties are financing arrangements.

10. Reversionary bonus

Not relevant. The Company has no with profits business.

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2009**

The following summarises investment policy for the use of derivatives: -

- Derivatives will only be used in accordance with FSA Guidelines for the purpose of efficient portfolio management or reduction in investment risk.
- Derivatives must not be used for speculative purposes.
- Derivatives must be fully covered by the assets of the fund and must not be used to 'gear up' a fund.
- Counterparty risk – for exchange traded contracts, the exchange must be classed as "regulated" by an investment committee. Over the counter contracts, transactions must only be transacted with approved counterparties. Counterparty limits are consistent, and monitored in line with the fund's aggregate exposure guidelines.
- Controls and Monitoring – delegated authorities exist for each member of staff using derivatives. Derivatives transactions are priced, settled and profit and losses reconciled in an area independent of the fund managers involved.

The speculative use of derivative contracts is prohibited.

There are no specific guidelines for the use of contracts that were not reasonably likely to be exercised at the start of the contract.

No significant provisions have been required under INSPRU 3.2.17R for any derivative contracts held at any time during the financial year. All contracts held fall under the definition of approved, admissible contracts as detailed in INSPRU 3.2.5R.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2009**

100% of the issued share capital of the Company is held by Aviva Life & Pensions UK Limited.

100% of the issued share capital of Aviva Life & Pensions UK Limited is held by Aviva Life & Pensions UK Limited.

100% of the issued share capital of Aviva Life & Pensions UK Limited is held by Aviva Group Holdings Limited.

100% of the issued share capital of Aviva Group Holdings Limited is held by the Ultimate Parent Undertaking, Aviva plc.

There have been no changes to the above position during the year.

All shares are voting shares.

Certificate by the directors required by IPRU (INS) 9.34(1) and IPRU (INS) Appendix 9.6

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2009**

We certify that:

- 1 (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and
- (b) the directors are satisfied that:
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
- 2 (a) in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business; and
- (c) the directors have, in preparing the return, taken and paid due regard to advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.

..... **M S HODGES**
Chief Executive

..... **T E STRAUSS**
Director

..... **J R LISTER**
Director

24 March 2010

Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

Name of insurer **Aviva Annuity UK Limited**
Global Business
Financial year ended **31st December 2009**

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

- Forms 2, 3, 13 to 17, 40 to 43, 48, 49, 56, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 ("the statement"); and
- the report required by IPRU(INS) rule 9.31(a) ("the valuation report").

We are not required to examine and do not express an opinion on the following:

- a) Forms 46, 47, 50, 51, 54 and 57 (including the supplementary notes);
- b) the statement required by IPRU(INS) rule 9.30; and
- c) the certificate signed in accordance with IPRU(INS) rule 9.34(1).

This report is made solely to the insurer's directors, in accordance with rule IPRU(INS) 9.35. Our examination has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer for our examination, for this report, or for the opinions we have formed.

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) under the provisions of the Rules. The requirements of the Rules have been modified by the direction issued under section 148 of the Act on 30 September 2006 referred to in supplementary note 0204. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation report are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with IPRU(INS) rule 9.31(a) are required to reflect appropriately the requirements of INSPRU 1.2.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation report meet these requirements, and to report our opinion to you. We also report to you if, in our opinion, the insurer has not kept adequate accounting records or if we have not received all the information we require for our examination.

Basis of opinion

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom (revised)" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 25 March 2010. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and the valuation report.

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

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for

Insurers

Name of insurer **Aviva Annuity UK Limited**

Global Business

Financial year ended **31st December 2009**

Opinion

In our opinion:

- (a) the Forms, the statement and the valuation report fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report appropriately reflect the requirements of INSPRU 1.2.

Ernst & Young LLP
Registered Auditor
London
25 March 2010