



Aviva Life & Pensions 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, 9.4A and 9.6 of IPRU (INS)

Name of insurer **Aviva Life & Pensions UK Limited**

Global Business

Financial year ended **31st December 2009**

Contents

<i>Forms</i>		<i>Page</i>
IPRU (INS) Appendix 9.1		
2	Statement of solvency – long-term insurance business	1
3	Components of capital resources	3
11	Calculation of general insurance capital requirement - premiums amount and brought forward amount	6
12	General insurance business: Calculation of general insurance capital requirement - claims amount and result	7
13	Analysis of admissible assets	8
14	Long-term insurance business liabilities and margins	35
15	Liabilities (other than long term insurance business)	44
16	Profit and loss account (non-technical account)	45
17	Analysis of derivative contracts	46
18	With-profits insurance capital component for the fund	53
19	Realistic balance sheet	57
IPRU (INS) Appendix 9.3		
40	Revenue account	65
41	Analysis of premiums	74
42	Analysis of claims	83
43	Analysis of expenses	92
44	Linked funds balance sheet	99
45	Revenue account for internal linked funds	100
46	Summary of new business	101
47	Analysis of new business	102
48	Non-linked assets	105
49	Fixed and variable interest assets	113
50	Summary of mathematical reserves	120
51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	129
52	Valuation summary of accumulating with-profits contracts	162
53	Valuation summary of property linked contracts	178
54	Valuation summary of index linked contracts	190
57	Analysis of valuation interest rates	197
58	Distribution of surplus	204
59A	With-profits payouts on maturity (normal retirement)	212

Returns under the Accounts and Statements Rules

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

Name of insurer **Aviva Life & Pensions UK Limited**

Global Business

Financial year ended **31st December 2009**

59B With-profits payouts on surrender 216

60 Long-term insurance capital requirement 220

Supplementary notes 221

IPRU (INS) Appendix 9.4 and 9.4A

Valuation report 234

Abstract of valuation report for realistic valuation 305

IPRU (INS) 9.29, 9.30 and 9.36

Statement on derivatives required by IPRU (INS) 9.29 412

Statement on controllers required by IPRU (INS) 9.30 413

Statement of information on with-profits Actuary required by IPRU (INS) 9.36 414

Certificate by the directors and report of the auditors – IPRU (INS) Appendix 9.6

Certificate by the directors required by IPRU (INS) 9.34(1) 415

Independent auditor's report to the directors pursuant to IPRU (INS) 9.35 416

Statement of solvency - long-term insurance business
Form 2

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

Adjusted solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R2	3253947	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	6776739	3830638
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	2414417	1655919
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	9191156	5486557

Guarantee fund

Guarantee fund requirement	21	1676944	1292362
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	7514212	4194195

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	2427911	1454031
Resilience capital requirement	32		
Base capital resources requirement	33	3128	2518
Individual minimum capital requirement	34	2427911	1454031
Capital requirements of regulated related undertakings	35	948991	878635
Minimum capital requirement (34+35)	36	3376902	2332666
Excess (deficiency) of available capital resources to cover 50% of MCR	37	7502705	4320224
Excess (deficiency) of available capital resources to cover 75% of MCR	38	6658479	3737057

Enhanced capital requirement

With-profits insurance capital component	39	1619943	1328997
Enhanced capital requirement	40	4996845	3661663

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	4996845	3661663
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	4194311	1824894

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 Life & Pensions 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 Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	3253947	GL	31	12	2009	£000
	1	2	3	Total as at the end of this financial year		Total as at the end of the previous year	

Core tier one capital

Permanent share capital	11		100000	100000	100000
Profit and loss account and other reserves	12		3550479	3550479	2595772
Share premium account	13		877900	877900	877900
Positive valuation differences	14		4886309	4886309	2586923
Fund for future appropriations	15		1889878	1889878	1339090
Core tier one capital in related undertakings	16		(552915)	(552915)	(703410)
Core tier one capital (sum of 11 to 16)	19		10751651	10751651	6796275

Tier one waivers

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit items	22				119000
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24				119000

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		10751651	10751651	6915275
Investments in own shares	32				
Intangible assets	33				144885
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36		49098	49098	22637
Deductions from tier one (32 to 36)	37		49098	49098	167522
Total tier one capital after deductions (31-37)	39		10702553	10702553	6747753

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	3253947	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
Upper tier two capital in related undertakings	47		200000	200000		
Upper tier two capital (44 to 47)	49		200000	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		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		200000

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	3253947	GL	31	12	2009	£000
	1	2	3	Total as at the end of this financial year		Total as at the end of the previous year	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72		10902553	10902553		6947753
Inadmissible assets other than intangibles and own shares	73		1711397	1711397		1454689
Assets in excess of market risk and counterparty limits	74					6507
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		9191156	9191156		5486557

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		9191156	9191156		5486557
Available capital resources for 50% MCR requirement	82		9191156	9191156		5486557
Available capital resources for 75% MCR requirement	83		9191156	9191156		5486557

Financial engineering adjustments

Implicit items	91					119000
Financial reinsurance – ceded	92		568800	568800		583000
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		568800	568800		702000

Calculation of general insurance capital requirement - premiums amount and brought forward amount

Form 11

Name of insurer Aviva Life & Pensions UK Ltd

Global business

Financial year ended 31st December 2009

Long-term insurance business

	Company registration number	GL/UK/CM	day	month	year	units	
	R11	3253947	GL	31	12	2009	£000
			This financial year		Previous year		
			1		2		
Gross premiums written	11			76534		110282	
Premiums taxes and levies (included in line 11)	12						
Premiums written net of taxes and levies (11-12)	13			76534		110282	
Premiums for classes 11, 12 or 13 (included in line 13)	14						
Premiums for "actuarial health insurance" (included in line 13)	15						
Sub-total A (13 + 1/2 14 - 2/3 15)	16			76534		110282	
Gross premiums earned	21			76534		110282	
Premium taxes and levies (included in line 21)	22						
Premiums earned net of taxes and levies (21-22)	23			76534		110282	
Premiums for classes 11, 12 or 13 (included in line 23)	24						
Premiums for "actuarial health insurance" (included in line 23)	25						
Sub-total H (23 + 1/2 24 - 2/3 25)	26			76534		110282	
Sub-total I (higher of sub-total A and sub-total H)	30			76534		110282	
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure	31						
Division of gross adjusted premiums amount: sub-total I (or adjusted sub-total I if appropriate)	x 0.18	32		13776		19851	
	Excess (if any) over 57.5M EURO x 0.02	33		503		1370	
Sub-total J (32-33)	34			13273		18481	
Claims paid in period of 3 financial years	41			174229		144285	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42					
	For insurance business accounted for on an accident year basis	43		183273		167472	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44					
	For insurance business accounted for on an accident year basis	45		207838		214448	
Sub-total C (41+42+43-44-45)	46			149664		97309	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47			(272)		(6347)	
Sub-total D (46-47)	48			149936		103656	
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)	49			1.00		1.00	
Premiums amount (Sub-total J x reinsurance ratio)	50			13273		18481	
Provisions for claims outstanding (before discounting and net of reinsurance)	51			156540		142583	
Provisions for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero	52						
Brought forward amount (see instruction 4)	53			23943		23943	
Greater of lines 50 and 53	54			23943		23943	

Calculation of general insurance capital requirement - claims amount and result
Form 12

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

Long-term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R12	3253947	GL	31	12	2009	£000
				This financial year		Previous year		
				1		2		
Reference period (No. of months) See <i>INSPRU</i> 1.1.63R		11		36		36		
Claims paid in reference period		21		174229		144285		
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22						
	For insurance business accounted for on an accident year basis	23		183273		167472		
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24						
	For insurance business accounted for on an accident year basis	25		207838		214448		
Claims incurred in reference period (21+22+23-24-25)		26		149664		97309		
Claims incurred for classes 11, 12 or 13 (included in 26)		27						
Claims incurred for "actuarial health insurance" (included in 26)		28						
Sub-total E (26 + 1/2 27 - 2/3 28)		29		149664		97309		
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)		31		49888		32436		
Division of sub-total F (gross adjusted claims amount)	X 0.26	32		12971		8433		
	Excess (if any) over 40.3M EURO x 0.03	33		416		95		
Sub-total G (32 - 33)		39		12555		8338		
Claims amount Sub-total G x reinsurance ratio (11.49)		41		12555		8338		
Higher of premiums amount and brought forward amount (11.54)		42		23943		23943		
General insurance capital requirement (higher of lines 41 and 42)		43		23943		23943		

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

 Name of insurer **Aviva Life & Pensions 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	3253947	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	527946	141046
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non-insurance dependants	shares	25	206803	155967
	debts and loans	26	19098	18977
Other group undertakings	shares	27		
	debts and loans	28	324000	140000
Participating interests	shares	29		6186
	debts and loans	30		

Other financial investments

Equity shares	41		3381	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43			
Rights under derivative contracts	44			
Fixed interest securities	Approved	45	196200	6655
	Other	46		
Variable interest securities	Approved	47		
	Other	48	159	18666
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	2971	2971	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	656	10008
Other financial investments	56			

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

 Name of insurer **Aviva Life & Pensions 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	3253947	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	3721	1868
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	212209	310082
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	13	277
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	1030	

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	1494806	816084
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions 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	3253947	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	1494806	816084
Admissible assets in excess of market and counterparty limits	92		6507
Inadmissible assets directly held	93		191185
Capital resources requirement deduction of regulated related undertakings	94	948991	878635
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	545755	865523
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	157	(392)
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	2989709	2757542
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 Life & Pensions 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	3253947	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		2597260		1249246

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		22248
Non-insurance dependants	shares	25		214529
	debts and loans	26		153954
Other group undertakings	shares	27		
	debts and loans	28		492525
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares	41		6349130	4944784
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43		7347206	2759544
Rights under derivative contracts	44		465220	281051
Fixed interest securities	Approved	45	13870236	7562845
	Other	46	8756177	4053499
Variable interest securities	Approved	47	2000374	375325
	Other	48	935741	305491
Participation in investment pools	49			
Loans secured by mortgages	50		1413638	919544
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52		48560	38535
Other loans	53		2868096	3306003
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	22900	26194
	More than one month withdrawal	55	466947	193356
Other financial investments	56		36000	

Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions 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	3253947	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	86060194	56398069
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	11215	10122
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	1123526	990111
Reinsurers' share of technical provisions excluded from line 89	100	2672356	1766940
Other asset adjustments (may be negative)	101	870536	(137341)
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	90737827	59027901
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	112371	24703

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **With-Profits Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	11
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings				11		1011887		1240374

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			2104		
	debts and loans	26			36536		37479
Other group undertakings	shares	27					
	debts and loans	28			174380		182955
Participating interests	shares	29					
	debts and loans	30					

Other financial investments

Equity shares	41		3079096		4739448
Other shares and other variable yield participations	42				
Holdings in collective investment schemes	43		2581592		2635622
Rights under derivative contracts	44		271816		240571
Fixed interest securities	Approved	45	6485559		6719819
	Other	46	2440563		2535867
Variable interest securities	Approved	47	306718		249874
	Other	48	437963		282620
Participation in investment pools	49				
Loans secured by mortgages	50		559313		617762
Loans to public or local authorities and nationalised industries or undertakings	51				
Loans secured by policies of insurance issued by the company	52		31792		37972
Other loans	53		2307649		2410641
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	12404		
	More than one month withdrawal	55	389135		121294
Other financial investments	56				

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **With-Profits Sub-Fund**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	11
						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	31124	18307
	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	214431	332398
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	798308	603151
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	248415	190111
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	21420785	23196265
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **With-Profits Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	11
						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	21420785	23196265
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		34401
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	21420785	23230666
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	68565	24703

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Provident Mutual Sub-Fund**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	12
						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	201550	166143	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	52926	53357	
Rights under derivative contracts	44	13460	3411	
Fixed interest securities	Approved	45	491634	568631
	Other	46	853362	897433
Variable interest securities	Approved	47	66075	63174
	Other	48	334	406
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	485	563	
Other loans	53	305	20521	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	7017	
	More than one month withdrawal	55	26905	
Other financial investments	56			

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Provident Mutual Sub-Fund**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	12
						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	5835	15402
	Intermediaries	72	591	
Salvage and subrogation recoveries	73			
Reinsurance	Accepted	74		3323
	Ceded	75		8297
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	51543	22596
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	205518	251431
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	29752	32100
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	1973370	2140710
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Provident Mutual Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2009	£000	12
						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	1973370	2140710
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		4399
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	1846	111320
Other asset adjustments (may be negative)	101		(3424)
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	1975216	2253005
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	43806	

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Belgian Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	13
						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	13897	14300
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	510	
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	97992
	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 Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Belgian Sub-Fund**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	13
						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	1668	6425
	due in more than 12 months	77		
Other	due in 12 months or less	78	2485	2800
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1970	7900
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	2008	2100

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	120530	121825
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Belgian Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	13
						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	120530	121825
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	169	
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	120699	121825
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 Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Non-Profit Sub-Fund 1**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	14
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings				11		1536		3465

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			22248		
Non-insurance dependants	shares	25			58728		23572
	debts and loans	26					
Other group undertakings	shares	27					
	debts and loans	28			187284		2275
Participating interests	shares	29					
	debts and loans	30					

Other financial investments

Equity shares	41		31764		6155
Other shares and other variable yield participations	42				
Holdings in collective investment schemes	43		43236		37763
Rights under derivative contracts	44		183		5849
Fixed interest securities	Approved	45	480608		3605
	Other	46	354126		35135
Variable interest securities	Approved	47	5636		374
	Other	48	13253		20063
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		7008		
Other loans	53		15018		130526
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	765		2103
	More than one month withdrawal	55	49161		45157
Other financial investments	56				

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Non-Profit Sub-Fund 1**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	14
						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			9683080		9395074

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		5947	7431
	Intermediaries	72		2037	7988
Salvage and subrogation recoveries		73			
Reinsurance	Accepted	74		44635	94496
	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		36830	59900
	due in more than 12 months	79			

Other assets

Tangible assets	80				
Deposits not subject to time restriction on withdrawal with approved institutions	81			26541	25129
Cash in hand	82				
Other assets (particulars to be specified by way of supplementary note)	83				
Accrued interest and rent	84			14708	3211
Deferred acquisition costs (general business only)	85				
Other prepayments and accrued income	86				2

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			11084332	9909273
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Non-Profit Sub-Fund 1**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	14
						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	11084332	9909273
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	64	1470
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	564381	512360
Reinsurers' share of technical provisions excluded from line 89	100	897055	709900
Other asset adjustments (may be negative)	101	(281169)	(419851)
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	12264663	10713152
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 Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Non-Profit Sub-Fund 2**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	15
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings				11		572		5407

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	100	100
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28	70671	49426
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares	41	6024	18738	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	34148	32802	
Rights under derivative contracts	44		31220	
Fixed interest securities	Approved	45	60119	182490
	Other	46	270637	585064
Variable interest securities	Approved	47	59066	61903
	Other	48	1578	2402
Participation in investment pools	49			
Loans secured by mortgages	50	343561	301782	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	440		
Other loans	53		744315	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	8618	17074
	More than one month withdrawal	55	15461	
Other financial investments	56			

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Non-Profit Sub-Fund 2**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	15
						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		21836405		18021936	

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	57986	25172
	Intermediaries	72	3916	2865
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	12688	45002
	Ceded	75		
Dependants	due in 12 months or less	76	582	3913
	due in more than 12 months	77		
Other	due in 12 months or less	78	235953	40378
	due in more than 12 months	79		184245

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	677579	546047
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	27814	24137
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	45777	103578

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	23769695	21029996
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Non-Profit Sub-Fund 2**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	15
						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	23769695	21029996
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	167	4253
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	528802	477751
Reinsurers' share of technical provisions excluded from line 89	100	1689361	945720
Other asset adjustments (may be negative)	101	1151536	251533
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	27139561	22709253
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 Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **New With-Profits Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	16
						As at end of this financial year		As at end of the previous year
						1		2
Land and buildings				11		1383258		

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		134200
	debts and loans	26		100263
Other group undertakings	shares	27		
	debts and loans	28		51443
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares	41		2635827	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43		4056577	
Rights under derivative contracts	44		157254	
Fixed interest securities	Approved	45	5504333	
	Other	46	4158149	
Variable interest securities	Approved	47	1372322	
	Other	48	422755	
Participation in investment pools	49			
Loans secured by mortgages	50		450749	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52		7436	
Other loans	53		532921	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	1098	
	More than one month withdrawal	55	12422	
Other financial investments	56		31489	

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **New With-Profits Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	16
						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			477		
	Property linked		59			76458		

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	151611
	Intermediaries	72	9966
Salvage and subrogation recoveries	73		
Reinsurance	Accepted	74	2190
	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	340488
	due in more than 12 months	79	

Other assets

Tangible assets	80	
Deposits not subject to time restriction on withdrawal with approved institutions	81	2546453
Cash in hand	82	
Other assets (particulars to be specified by way of supplementary note)	83	
Accrued interest and rent	84	166006
Deferred acquisition costs (general business only)	85	
Other prepayments and accrued income	86	17

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	24306162
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **New With-Profits Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	16
						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	24306162	
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	9536	
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	26778	
Reinsurers' share of technical provisions excluded from line 89	100	74529	
Other asset adjustments (may be negative)	101		
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	24417005	
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 Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Old With-Profits Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	17
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings				11		200007		

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		19397	
	debts and loans	26		17155	
Other group undertakings	shares	27			
	debts and loans	28		8747	
Participating interests	shares	29			
	debts and loans	30			

Other financial investments

Equity shares	41	380972	
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	578217	
Rights under derivative contracts	44	22507	
Fixed interest securities	Approved	45	749991
	Other	46	679340
Variable interest securities	Approved	47	190557
	Other	48	59858
Participation in investment pools	49		
Loans secured by mortgages	50	60015	
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52	1399	
Other loans	53	12203	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	15
	More than one month withdrawal	55	768
Other financial investments	56	4511	

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Old With-Profits Sub-Fund**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets
	R13	3253947	GL	31	12	2009	£000
							17
						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		110		
	Property linked		59		10135		

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	9309
	Intermediaries	72	1335
Salvage and subrogation recoveries	73		
Reinsurance	Accepted	74	313
	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	38892
	due in more than 12 months	79	

Other assets

Tangible assets	80	
Deposits not subject to time restriction on withdrawal with approved institutions	81	313100
Cash in hand	82	
Other assets (particulars to be specified by way of supplementary note)	83	
Accrued interest and rent	84	26462
Deferred acquisition costs (general business only)	85	
Other prepayments and accrued income	86	5

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	3385320
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Old With-Profits Sub-Fund**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2009	£000	17
						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	3385320	
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	1448	
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	3565	
Reinsurers' share of technical provisions excluded from line 89	100	9565	
Other asset adjustments (may be negative)	101		
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	3399898	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Aviva Life & Pensions 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	74596106	48089347
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	72011	
Long term insurance business fund carried forward (11 to 13)	14	74668117	48089347
Claims outstanding	Gross	319676	168533
	Reinsurers' share		
	Net (15-16)	319676	168533
Provisions	Taxation		
	Other risks and charges		
Deposits received from reinsurers	23		
Creditors	Direct insurance business	428690	170080
	Reinsurance accepted	265	9157
	Reinsurance ceded	17295	34590
Debenture loans	Secured		
	Unsecured		
Amounts owed to credit institutions	36	31457	2710
Creditors	Taxation	153183	170929
	Other	3694107	4016790
Accruals and deferred income	39	45804	24296
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	4690477	4597085
Excess of the value of net admissible assets	51	6701600	3711637
Total liabilities and margins	59	86060194	56398069
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	(1398)	67046
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	31606030	27417131
Total liabilities (11+12+49)	71	79286583	52686432
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	2672356	1766940
Other adjustments to liabilities (may be negative)	74	5323566	2180510
Capital and reserves and fund for future appropriations	75	3455322	239401
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	90737827	56873283

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Fund **With-Profits Sub-Fund**

 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	16361267	17438359
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus / (valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14	16361267	17438359
Claims outstanding	Gross	15	150362	110514
	Reinsurers' share	16		
	Net (15-16)	17	150362	110514
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	26126	40160
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36	20430	
Creditors	Taxation	37	120660	158334
	Other	38	1894761	2634834
Accruals and deferred income		39	21010	24174
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	2233349	2968016
Excess of the value of net admissible assets		51	2826169	2789890
Total liabilities and margins		59	21420785	23196265
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	32	1105
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62		
Total liabilities (11+12+49)		71	18594616	20406375
Increase to liabilities – DAC related		72		
Reinsurers' share of technical provisions		73		
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
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		

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Fund **Provident Mutual Sub-Fund**

 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	1626143	1835843
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus / (valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14	1626143	1835843
Claims outstanding	Gross	15	47154	27671
	Reinsurers' share	16		
	Net (15-16)	17	47154	27671
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	25614	22538
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36	7837	
Creditors	Taxation	37	14518	12595
	Other	38	42345	80984
Accruals and deferred income		39		
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	137468	143788
Excess of the value of net admissible assets		51	209759	161079
Total liabilities and margins		59	1973370	2140710
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61		2990
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62		
Total liabilities (11+12+49)		71	1763611	1979631
Increase to liabilities – DAC related		72		
Reinsurers' share of technical provisions		73		
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
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		

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Fund **Belgian Sub-Fund**

 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	
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus / (valuation deficit)		13	
Long term insurance business fund carried forward (11 to 13)		14	
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	
Creditors	Taxation	37	
	Other	38	111422
Accruals and deferred income		39	
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	111422
Excess of the value of net admissible assets		51	9108
Total liabilities and margins		59	120530

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	111422	112400
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
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		

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Fund **New With-Profits Sub-Fund**

 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	20672596	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	20672596	
Claims outstanding	Gross	56071	
	Reinsurers' share		
	Net (15-16)	56071	
Provisions	Taxation		
	Other risks and charges		
Deposits received from reinsurers	23		
Creditors	Direct insurance business	201416	
	Reinsurance accepted	217	
	Reinsurance ceded		
Debenture loans	Secured		
	Unsecured		
Amounts owed to credit institutions	36	2647	
Creditors	Taxation	80661	
	Other	979410	
Accruals and deferred income	39	18674	
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	1339096	
Excess of the value of net admissible assets	51	1585361	
Total liabilities and margins	59	23597053	
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	76458	
Total liabilities (11+12+49)	71	22011692	
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
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		

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Fund **Old With-Profits Sub-Fund**

 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	2703901
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus / (valuation deficit)		13	
Long term insurance business fund carried forward (11 to 13)		14	2703901
Claims outstanding	Gross	15	8528
	Reinsurers' share	16	
	Net (15-16)	17	8528
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	34257
	Reinsurance accepted	32	47
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	543
Creditors	Taxation	37	10818
	Other	38	74423
Accruals and deferred income		39	2675
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	131291
Excess of the value of net admissible assets		51	460240
Total liabilities and margins		59	3295432
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	10135
Total liabilities (11+12+49)		71	2835192
Increase to liabilities – DAC related		72	
Reinsurers' share of technical provisions		73	
Other adjustments to liabilities (may be negative)		74	
Capital and reserves and fund for future appropriations		75	
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	

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Fund **Stakeholder With-Profits Sub-Fund**

 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	798997
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus / (valuation deficit)		13	
Long term insurance business fund carried forward (11 to 13)		14	798997
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	
Creditors	Taxation	37	
	Other	38	
Accruals and deferred income		39	
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	
Excess of the value of net admissible assets		51	
Total liabilities and margins		59	798997
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	
Total liabilities (11+12+49)		71	798997
Increase to liabilities – DAC related		72	
Reinsurers' share of technical provisions		73	
Other adjustments to liabilities (may be negative)		74	
Capital and reserves and fund for future appropriations		75	
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	

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Fund **Non-Profit Sub-Fund 1**

 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	9464781	9083304
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	9464781	9083304
Claims outstanding	Gross	17351	16105
	Reinsurers' share		
	Net (15-16)	17351	16105
Provisions	Taxation		
	Other risks and charges		
Deposits received from reinsurers	23		
Creditors	Direct insurance business	74160	67857
	Reinsurance accepted	1	5089
	Reinsurance ceded	15886	15075
Debenture loans	Secured		
	Unsecured		
Amounts owed to credit institutions	36		2710
Creditors	Taxation	(94890)	
	Other	188074	297548
Accruals and deferred income	39	955	122
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	201537	404506
Excess of the value of net admissible assets	51	1418014	421463
Total liabilities and margins	59	11084332	9909273
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	(1674)	34230
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	9683032	9395193
Total liabilities (11+12+49)	71	9666318	9487810
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
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		

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Fund **Non-Profit Sub-Fund 2**

 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	22968421	19731841
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus / (valuation deficit)		13	72011	
Long term insurance business fund carried forward (11 to 13)		14	23040432	19731841
Claims outstanding	Gross	15	40210	14243
	Reinsurers' share	16		
	Net (15-16)	17	40210	14243
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	67117	39525
	Reinsurance accepted	32		4068
	Reinsurance ceded	33	1409	19515
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37	21416	
	Other	38	403672	891024
Accruals and deferred income		39	2490	
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	536314	968375
Excess of the value of net admissible assets		51	192949	329780
Total liabilities and margins		59	23769695	21029996

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	244	28721
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	21836405	18021938

Total liabilities (11+12+49)	71	23504735	20700216
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
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		

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

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R15	3253947	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		6123	7285
	Foreseeable dividend	48			
	Other	49		20129	31515
Accruals and deferred income		51			
Total (19 to 51)		59		26252	38800
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63			200000
Total (59 to 63)		69		26252	238800

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		(28)		
Capital and reserves	84		2963485		2518742
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		2989709		2757542

Profit and loss account (non-technical account)

Form 16

Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

Financial year ended **31st December 2009**

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R16	3253947	GL	31	12	2009	£000
				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			66904		238013	
Investment income	Income	14			19930		88352	
	Value re-adjustments on investments	15			167763		743	
	Gains on the realisation of investments	16					56	
Investment charges	Investment management charges, including interest	17			53300		10731	
	Value re-adjustments on investments	18			267		517406	
	Loss on the realisation of investments	19			4175			
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			196855		(200973)	
Tax on profit or loss on ordinary activities		31			(365)		(378)	
Profit or loss on ordinary activities after tax (29-31)		39			197220		(200595)	
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			197220		(200595)	
Dividends (paid or foreseeable)		51					40506	
Profit or loss retained for the financial year (49-51)		59			197220		(241101)	

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions 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	3253947	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	15412	34561	1542607	569101			
	Interest rates	12	210619	107372	1895921	1104301			
	Inflation	13							
	Credit index / basket	14	11592		475815				
	Credit single name	15		5875		71573			
	Equity index	16	24607	6140	1314098	214165			
	Equity stock	17		1247		86695			
	Land	18	207457	25879	86998	544488			
	Currencies	19	695	28197	281199	3131808			
	Mortality	20							
	Other	21	139897		133936				
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36	1023		325106				
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		166		136059			
Total (11 to 46)		51	611302	209437	6055680	5858190			
Adjustment for variation margin		52	(146082)	(29747)					
Total (51 + 52)		53	465220	179690					

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

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **With-Profits Sub-Fund**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253947	GL	31	12	2009	£000	11
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets		Liabilities		Bought / Long		Sold / Short	
		1		2		3		4	
Futures and contracts for differences	Fixed-interest securities	11	9674	1326		141361	342104		
	Interest rates	12	59602	89099		798619	943549		
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15		2629				30000	
	Equity index	16	9238	5539		439761	201987		
	Equity stock	17		1247				86695	
	Land	18	127617	12982		17800	307948		
	Currencies	19	67	11552		136769	1388764		
	Mortality	20							
	Other	21	65364			62600			
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36	303			97939			
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			47			38714	
Total (11 to 46)		51	271865	124421		1694849	3339761		
Adjustment for variation margin		52	(49)	(13814)					
Total (51 + 52)		53	271816	110607					

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

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Provident Mutual Sub-Fund**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253947	GL	31	12	2009	£000	12
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	147556			784155			
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	28		29	844		798	
	Equity stock	17							
	Land	18							
	Currencies	19							
	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	147584		29	784999		798	
Adjustment for variation margin		52	(134124)						
Total (51 + 52)		53	13460		29				

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

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Non-Profit Sub-Fund 1**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253947	GL	31	12	2009	£000	14
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							
	Inflation	13							
	Credit index / basket	14	672			30635			
	Credit single name	15			202			2990	
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	3		187		677	13327	
	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					648		
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	675		389		31960	16317	
Adjustment for variation margin		52	(492)		(164)				
Total (51 + 52)		53	183		225				

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

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Non-Profit Sub-Fund 2**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253947	GL	31	12	2009	£000	15
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	3461	18273	169104	160752			
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	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				5415			
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	3461	18273	174519	160752			
Adjustment for variation margin		52	(3461)	(1129)					
Total (51 + 52)		53		17144					

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

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **New With-Profits Sub-Fund**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253947	GL	31	12	2009	£000	16
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	5021	29141	1227971	198852			
	Interest rates	12			125995				
	Inflation	13							
	Credit index / basket	14	9387		383973				
	Credit single name	15		2615			33146		
	Equity index	16	13419	502	764021	9957			
	Equity stock	17							
	Land	18	69836	11281	60528	206902			
	Currencies	19	547	14375	124478	1511870			
	Mortality	20							
	Other	21	65262		62463				
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36	630		194418				
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		104			85188		
Total (11 to 46)		51	164102	58018	2943847	2045915			
Adjustment for variation margin		52	(6848)	(13013)					
Total (51 + 52)		53	157254	45005					

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

Analysis of derivative contracts
Form 17

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 Category of assets **Old With-Profits Sub-Fund**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253947	GL	31	12	2009	£000	17
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	717	4094			173275	28145	
	Interest rates	12					18048		
	Inflation	13							
	Credit index / basket	14	1533				61207		
	Credit single name	15		429				5437	
	Equity index	16	1922	70			109472	1423	
	Equity stock	17							
	Land	18	10004	1616			8670	29638	
	Currencies	19	78	2083			19275	217847	
	Mortality	20							
	Other	21	9271				8873		
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36	90				26686		
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			15			12157	
Total (11 to 46)		51	23615	8307			425506	294647	
Adjustment for variation margin		52	(1108)	(1627)					
Total (51 + 52)		53	22507	6680					

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

With-profits insurance capital component for the fund
Form 18

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 With-profits fund **With-Profits Sub-Fund**

 Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	21420785	23196265
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	693549	760420
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	27760	30433
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	20699476	22405412
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	15667718	16677939
	Regulatory current liabilities of the fund	22	2233350	2968016
	Total (21+22)	29	17901068	19645955
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	632094	675281
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	18533162	20321236
Regulatory excess capital (19-39)		49	2166314	2084176

Realistic excess capital

Realistic excess capital	51	1308503	531566
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	857811	1552610
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	105776	223613
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	66	752035	1328997

With-profits insurance capital component for the fund
Form 18

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 With-profits fund **Provident Mutual Sub-Fund**

 Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	1973370	2140710
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	172814	200924
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	55836	67938
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	1744720	1871848
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	1453329	1634919
	Regulatory current liabilities of the fund	22	137467	143788
	Total (21+22)	29	1590796	1778707
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	60549	68155
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	1651345	1846862
Regulatory excess capital (19-39)		49	93375	24986

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	93375	24986
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	34352	35997
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	66	59023	

With-profits insurance capital component for the fund
Form 18

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 With-profits fund **New With-Profits Sub-Fund**

 Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	24306162	
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	2433046	
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	131452	
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	21741664	
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	18944665	
	Regulatory current liabilities of the fund	22	1339096	
	Total (21+22)	29	20283761	
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	767572	
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	21051333	
Regulatory excess capital (19-39)		49	690331	

Realistic excess capital

Realistic excess capital	51	(478617)	
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	1168948	
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	491188	
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	66	677760	

With-profits insurance capital component for the fund
Form 18

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 With-profits fund **Old With-Profits Sub-Fund**

 Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	3385320	
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	335427	
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	18702	
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	3031191	
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	2462356	
	Regulatory current liabilities of the fund	22	131291	
	Total (21+22)	29	2593647	
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	100414	
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	2694061	
Regulatory excess capital (19-39)		49	337130	

Realistic excess capital

Realistic excess capital	51	125500	
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	211630	
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	80505	
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	66	131125	

Realistic balance sheet
**Form 19
(Sheet 1)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 With-profits fund **With-Profits Sub-Fund**

 Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Realistic value of assets available to the fund

Regulatory value of assets	11	20699476	22405412
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	149331	144055
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	20848807	22549467
Support arrangement assets	27		
Assets available to the fund (26+27)	29	20848807	22549467

Realistic value of liabilities of fund

With-profits benefits reserve	31	14331713	14838051	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	389868	483752
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	13193	14900
	Future costs of contractual guarantees (other than financial options)	41	1675671	2344836
	Future costs of non-contractual commitments	42	765676	813678
	Future costs of financial options	43	448862	605520
	Future costs of smoothing (possibly negative)	44	(194810)	(145238)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	436629	473168
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	2728967	3593312	
Realistic current liabilities of the fund	51	2226066	2950753	
Realistic value of liabilities of the fund (31+49+51)	59	19286746	21382116	

Realistic balance sheet

**Form 19
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

Financial year ended **31st December 2009**

With-profits fund **With-Profits Sub-Fund**

Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	62	19540304	22017901
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	19540304	22017901
Risk capital margin for fund (62-59)	65	253558	635785
Realistic excess capital for fund (26-(59+65))	66	1308503	531566
Realistic excess available capital for fund (29-(59+65))	67	1308503	531566
Working capital for for fund (29-59)	68	1562061	1167351
Working capital ratio for fund (68/29)	69	7.49	5.18

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet
**Form 19
(Sheet 1)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 With-profits fund **Provident Mutual Sub-Fund**

 Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Realistic value of assets available to the fund

Regulatory value of assets	11	1744720	1871848
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	83702	80743
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	1828422	1952592
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1828422	1952592

Realistic value of liabilities of fund

With-profits benefits reserve	31	1407357	1455281	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	13737	
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35		6308
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	8600	11100
	Future costs of contractual guarantees (other than financial options)	41	21540	40118
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	188440	260268
	Future costs of smoothing (possibly negative)	44	(19016)	(13000)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	87827	91057
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	283928	361035	
Realistic current liabilities of the fund	51	137137	136275	
Realistic value of liabilities of the fund (31+49+51)	59	1828422	1952591	

Realistic balance sheet**Form 19
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

Financial year ended **31st December 2009**With-profits fund **Provident Mutual Sub-Fund**Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	62	1828422	1952592
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	1828422	1952592
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

**Other assets potentially available if required to cover
the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet
**Form 19
(Sheet 1)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 With-profits fund **New With-Profits Sub-Fund**

 Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Realistic value of assets available to the fund

Regulatory value of assets	11	21741664	
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	697393	
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	22439057	
Support arrangement assets	27	1117031	
Assets available to the fund (26+27)	29	23556088	

Realistic value of liabilities of fund

With-profits benefits reserve	31	18786166	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	
	Past miscellaneous deficit attributed to with-profits benefits reserve	33	
	Planned enhancements to with-profits benefits reserve	34	516629
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	90180
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	11248
	Future costs of contractual guarantees (other than financial options)	41	2047599
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	119762
	Future costs of smoothing (possibly negative)	44	(91049)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	(121772)
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	2369741
Realistic current liabilities of the fund	51	1283150	
Realistic value of liabilities of the fund (31+49+51)	59	22439057	

Realistic balance sheet

**Form 19
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

Financial year ended **31st December 2009**

With-profits fund **New With-Profits Sub-Fund**

Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	62	22917674	
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	22917674	
Risk capital margin for fund (62-59)	65	478617	
Realistic excess capital for fund (26-(59+65))	66	(478617)	
Realistic excess available capital for fund (29-(59+65))	67	638414	
Working capital for for fund (29-59)	68	1117031	
Working capital ratio for fund (68/29)	69	4.74	

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet
**Form 19
(Sheet 1)**

 Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

 Financial year ended **31st December 2009**

 With-profits fund **Old With-Profits Sub-Fund**

 Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Realistic value of assets available to the fund

Regulatory value of assets	11	3031191	
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	95860	
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	3127051	
Support arrangement assets	27		
Assets available to the fund (26+27)	29	3127051	

Realistic value of liabilities of fund

With-profits benefits reserve	31	2462726	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	
	Past miscellaneous deficit attributed to with-profits benefits reserve	33	
	Planned enhancements to with-profits benefits reserve	34	67380
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	12007
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	1498
	Future costs of contractual guarantees (other than financial options)	41	291363
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	13491
	Future costs of smoothing (possibly negative)	44	(12123)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	(3539)
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	343067	
Realistic current liabilities of the fund	51	124148	
Realistic value of liabilities of the fund (31+49+51)	59	2929941	

Realistic balance sheet**Form 19
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Ltd**

Global business

Financial year ended **31st December 2009**With-profits fund **Old With-Profits Sub-Fund**Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	62	3001551	
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	3001551	
Risk capital margin for fund (62-59)	65	71610	
Realistic excess capital for fund (26-(59+65))	66	125500	
Realistic excess available capital for fund (29-(59+65))	67	125500	
Working capital for for fund (29-59)	68	197110	
Working capital ratio for fund (68/29)	69	6.30	

**Other assets potentially available if required to cover
the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Life & Pensions 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
--	----------------------------	---------------------------

Income

Earned premiums	11	3958886	5317609
Investment income receivable before deduction of tax	12	2341499	2920662
Increase (decrease) in the value of non-linked assets brought into account	13	242441	(414896)
Increase (decrease) in the value of linked assets	14	3274007	(6770462)
Other income	15	57847	
Total income	19	9874680	1052913

Expenditure

Claims incurred	21	6175758	7434730
Expenses payable	22	1118827	1021202
Interest payable before deduction of tax	23	70584	290919
Taxation	24	49178	139013
Other expenditure	25	57847	
Transfer to (from) non technical account	26	66904	238013
Total expenditure	29	7539098	9123877

Business transfers-in	31	24243188	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	26578770	(8070964)
Fund brought forward	49	48089347	56160311
Fund carried forward (39+49)	59	74668117	48089347

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Life & Pensions UK Ltd**
 Name and number of fund/Summary **With-Profits Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	353074	367605
Investment income receivable before deduction of tax	12	974444	1308085
Increase (decrease) in the value of non-linked assets brought into account	13	(155463)	(845146)
Increase (decrease) in the value of linked assets	14		
Other income	15		(72433)
Total income	19	1172055	758111

Expenditure

Claims incurred	21	2010630	2649437
Expenses payable	22	96894	87765
Interest payable before deduction of tax	23	48698	223417
Taxation	24	29340	110915
Other expenditure	25	57847	
Transfer to (from) non technical account	26	5738	41165
Total expenditure	29	2249147	3112699

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1077092)	(2354588)
Fund brought forward	49	17438359	19792947
Fund carried forward (39+49)	59	16361267	17438359

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Life & Pensions UK Ltd**
 Name and number of fund/Summary **Provident Mutual Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
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Income

Earned premiums	11	26006	4390
Investment income receivable before deduction of tax	12	98156	120225
Increase (decrease) in the value of non-linked assets brought into account	13	(46317)	104124
Increase (decrease) in the value of linked assets	14		
Other income	15	18579	26723
Total income	19	96424	255462

Expenditure

Claims incurred	21	250687	298206
Expenses payable	22	45815	46663
Interest payable before deduction of tax	23	3408	18847
Taxation	24	710	999
Other expenditure	25		
Transfer to (from) non technical account	26	5504	6848
Total expenditure	29	306124	371563

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(209700)	(116101)
Fund brought forward	49	1835843	1951944
Fund carried forward (39+49)	59	1626143	1835843

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Life & Pensions UK Ltd**
 Name and number of fund/Summary **Belgian Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
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Income

Earned premiums	11		
Investment income receivable before deduction of tax	12		194
Increase (decrease) in the value of non-linked assets brought into account	13	(2689)	(194)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	(2689)	

Expenditure

Claims incurred	21		
Expenses payable	22		
Interest payable before deduction of tax	23	(2689)	
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	(2689)	

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

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Life & Pensions UK Ltd**
 Name and number of fund/Summary **New With-Profits Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
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Income

Earned premiums	11	137521	
Investment income receivable before deduction of tax	12	109840	
Increase (decrease) in the value of non-linked assets brought into account	13	352239	
Increase (decrease) in the value of linked assets	14	(3976)	
Other income	15	10386	
Total income	19	606010	

Expenditure

Claims incurred	21	380979	
Expenses payable	22	35601	
Interest payable before deduction of tax	23	596	
Taxation	24	17618	
Other expenditure	25		
Transfer to (from) non technical account	26	33103	
Total expenditure	29	467897	

Business transfers-in	31	20534483	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	20672596	
Fund brought forward	49		
Fund carried forward (39+49)	59	20672596	

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Life & Pensions UK Ltd**
 Name and number of fund/Summary **Old With-Profits Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
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Income

Earned premiums	11	22063	
Investment income receivable before deduction of tax	12	18129	
Increase (decrease) in the value of non-linked assets brought into account	13	(104980)	
Increase (decrease) in the value of linked assets	14	(529)	
Other income	15	1383	
Total income	19	(63934)	

Expenditure

Claims incurred	21	59836	
Expenses payable	22	5112	
Interest payable before deduction of tax	23	(8)	
Taxation	24	1628	
Other expenditure	25		
Transfer to (from) non technical account	26	5483	
Total expenditure	29	72051	

Business transfers-in	31	2839886	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	2703901	
Fund brought forward	49		
Fund carried forward (39+49)	59	2703901	

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Life & Pensions UK Ltd**
 Name and number of fund/Summary **Stakeholder With-Profits Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
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Income

Earned premiums	11	10033	
Investment income receivable before deduction of tax	12	4002	
Increase (decrease) in the value of non-linked assets brought into account	13	8520	
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	22555	

Expenditure

Claims incurred	21	13736	
Expenses payable	22		
Interest payable before deduction of tax	23		
Taxation	24	106	
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	13842	

Business transfers-in	31	790284	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	798997	
Fund brought forward	49		
Fund carried forward (39+49)	59	798997	

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Life & Pensions UK Ltd**
 Name and number of fund/Summary **Non-Profit Sub-Fund 1**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
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Income

Earned premiums	11	938613	1206334
Investment income receivable before deduction of tax	12	379418	427576
Increase (decrease) in the value of non-linked assets brought into account	13	147396	428664
Increase (decrease) in the value of linked assets	14	648808	(1986645)
Other income	15	8566	10811
Total income	19	2122801	86740

Expenditure

Claims incurred	21	1152274	2010431
Expenses payable	22	601319	501504
Interest payable before deduction of tax	23	12142	47578
Taxation	24	(40321)	206965
Other expenditure	25		
Transfer to (from) non technical account	26	17076	
Total expenditure	29	1742490	2766478

Business transfers-in	31	1166	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	381477	(2679738)
Fund brought forward	49	9083304	11763042
Fund carried forward (39+49)	59	9464781	9083304

Long-term insurance business: Revenue account

Form 40

Name of insurer **Aviva Life & Pensions UK Ltd**
 Name and number of fund/Summary **Non-Profit Sub-Fund 2**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	2471576	3739280
Investment income receivable before deduction of tax	12	757510	1064582
Increase (decrease) in the value of non-linked assets brought into account	13	43735	(102344)
Increase (decrease) in the value of linked assets	14	2629704	(4783817)
Other income	15	18933	34899
Total income	19	5921458	(47400)

Expenditure

Claims incurred	21	2307616	2476656
Expenses payable	22	334086	385270
Interest payable before deduction of tax	23	8437	1077
Taxation	24	40097	(179866)
Other expenditure	25		
Transfer to (from) non technical account	26		190000
Total expenditure	29	2690236	2873137

Business transfers-in	31	77369	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	3308591	(2920537)
Fund brought forward	49	19731841	22652378
Fund carried forward (39+49)	59	23040432	19731841

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Life & Pensions 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	991087	1555958	19963	2567008	2623505
Single premiums	12	749557	1884224	6792	2640573	3172875

Reinsurance - external

Regular premiums	13	359279	132481	12	491772	339757
Single premiums	14	(1845)	711430		709585	68480

Reinsurance - intra-group

Regular premiums	15	44463	2833		47296	54334
Single premiums	16	77	(35)		42	16200

Net of reinsurance

Regular premiums	17	587345	1420644	19951	2027940	2229414
Single premiums	18	751325	1172829	6792	1930946	3088195

Total

Gross	19	1740644	3440182	26755	5207581	5796380
Reinsurance	20	401974	846709	12	1248695	478771
Net	21	1338670	2593473	26743	3958886	5317609

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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	149441	80409	14320	244170	306808
Single premiums	12	14272	84249	2316	100837	60797

Reinsurance - external

Regular premiums	13					
Single premiums	14	(8067)			(8067)	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	149441	80409	14320	244170	306808
Single premiums	18	22339	84249	2316	108904	60797

Total

Gross	19	163713	164658	16636	345007	367605
Reinsurance	20	(8067)			(8067)	
Net	21	171780	164658	16636	353074	367605

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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	9031	12675		21706	24226
Single premiums	12	2946	5192		8138	941

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15	3838			3838	5942
Single premiums	16					14835

Net of reinsurance

Regular premiums	17	5193	12675		17868	18284
Single premiums	18	2946	5192		8138	(13894)

Total

Gross	19	11977	17867		29844	25167
Reinsurance	20	3838			3838	20777
Net	21	8139	17867		26006	4390

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Belgian Sub-Fund**

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	39089		39089	39467
Single premiums	12				

Reinsurance - external

Regular premiums	13				
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15	39089		39089	39467
Single premiums	16				

Net of reinsurance

Regular premiums	17				
Single premiums	18				

Total

Gross	19	39089		39089	39467
Reinsurance	20	39089		39089	39467
Net	21				

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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	72633	7183	1362	81178	
Single premiums	12	55695	8786	471	64952	

Reinsurance - external

Regular premiums	13	8506	103		8609	
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	64127	7080	1362	72569	
Single premiums	18	55695	8786	471	64952	

Total

Gross	19	128328	15969	1833	146130	
Reinsurance	20	8506	103		8609	
Net	21	119822	15866	1833	137521	

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Old With-Profits Sub-Fund**
 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	9116	4574	295	13985	
Single premiums	12	7581	1506	112	9199	

Reinsurance - external

Regular premiums	13	842	279		1121	
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	8274	4295	295	12864	
Single premiums	18	7581	1506	112	9199	

Total

Gross	19	16697	6080	407	23184	
Reinsurance	20	842	279		1121	
Net	21	15855	5801	407	22063	

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Stakeholder With-Profits Sub-Fund**
 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	10551		10551	
Single premiums	12	(518)		(518)	

Reinsurance - external

Regular premiums	13				
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17	10551		10551	
Single premiums	18	(518)		(518)	

Total

Gross	19	10033		10033	
Reinsurance	20				
Net	21	10033		10033	

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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	606496		606496	678177
Single premiums	12	681724		681724	857740

Reinsurance - external

Regular premiums	13	342422		342422	319922
Single premiums	14	6222		6222	8432

Reinsurance - intra-group

Regular premiums	15	963		963	1229
Single premiums	16				

Net of reinsurance

Regular premiums	17	263111		263111	357026
Single premiums	18	675502		675502	849308

Total

Gross	19	1288220		1288220	1535917
Reinsurance	20	349607		349607	329583
Net	21	938613		938613	1206334

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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	105281	1440566	3986	1549833	1574827
Single premiums	12	(12661)	1785009	3893	1776241	2253397

Reinsurance - external

Regular premiums	13	7509	132099	12	139620	19835
Single premiums	14		711430		711430	60048

Reinsurance - intra-group

Regular premiums	15	573	2833		3406	7696
Single premiums	16	77	(35)		42	1365

Net of reinsurance

Regular premiums	17	97199	1305634	3974	1406807	1547296
Single premiums	18	(12738)	1073614	3893	1064769	2191984

Total

Gross	19	92620	3225575	7879	3326074	3828224
Reinsurance	20	8159	846327	12	854498	88944
Net	21	84461	2379248	7867	2471576	3739280

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Life & Pensions 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	610436	200343	3591	814370	717290
Disability periodic payments	12	54123	875		54998	41907
Surrender or partial surrender	13	1353283	2092520	46746	3492549	4849650
Annuity payments	14	6299	92438	526	99263	66513
Lump sums on maturity	15	936222	1080349	27514	2044085	2407272
Total	16	2960363	3466525	78377	6505265	8082632

Reinsurance - external

Death or disability lump sums	21	208246	21099		229345	232982
Disability periodic payments	22	10889	7		10896	4696
Surrender or partial surrender	23		(643)		(643)	322298
Annuity payments	24		300		300	
Lump sums on maturity	25					7320
Total	26	219135	20763		239898	567296

Reinsurance - intra-group

Death or disability lump sums	31	18177	834		19011	21143
Disability periodic payments	32					
Surrender or partial surrender	33	4141	28668		32809	22456
Annuity payments	34					
Lump sums on maturity	35	30511	7278		37789	37007
Total	36	52829	36780		89609	80606

Net of reinsurance

Death or disability lump sums	41	384013	178410	3591	566014	463165
Disability periodic payments	42	43234	868		44102	37211
Surrender or partial surrender	43	1349142	2064495	46746	3460383	4504896
Annuity payments	44	6299	92138	526	98963	66513
Lump sums on maturity	45	905711	1073071	27514	2006296	2362945
Total	46	2688399	3408982	78377	6175758	7434730

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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	78063	9415	906	88384	111720
Disability periodic payments	12	18	1		19	76
Surrender or partial surrender	13	265753	346406	15009	627168	914536
Annuity payments	14		13248	4	13252	13288
Lump sums on maturity	15	760004	503146	18657	1281807	1609817
Total	16	1103838	872216	34576	2010630	2649437

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	78063	9415	906	88384	111720
Disability periodic payments	42	18	1		19	76
Surrender or partial surrender	43	265753	346406	15009	627168	914536
Annuity payments	44		13248	4	13252	13288
Lump sums on maturity	45	760004	503146	18657	1281807	1609817
Total	46	1103838	872216	34576	2010630	2649437

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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	4562	3150	7712	7041
Disability periodic payments	12	2270	150	2420	1307
Surrender or partial surrender	13	10113	68663	78776	99458
Annuity payments	14	1057	33561	34618	32878
Lump sums on maturity	15	68692	92075	160767	194940
Total	16	86694	197599	284293	335624

Reinsurance - external

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

Reinsurance - intra-group

Death or disability lump sums	31	876		876	1284
Disability periodic payments	32				
Surrender or partial surrender	33	3731		3731	5568
Annuity payments	34				
Lump sums on maturity	35	28999		28999	30566
Total	36	33606		33606	37418

Net of reinsurance

Death or disability lump sums	41	3686	3150	6836	5757
Disability periodic payments	42	2270	150	2420	1307
Surrender or partial surrender	43	6382	68663	75045	93890
Annuity payments	44	1057	33561	34618	32878
Lump sums on maturity	45	39693	92075	131768	164374
Total	46	53088	197599	250687	298206

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Belgian Sub-Fund**

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	17295		17295	19012
Disability periodic payments	12				
Surrender or partial surrender	13				
Annuity payments	14				
Lump sums on maturity	15				
Total	16	17295		17295	19012

Reinsurance - external

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

Reinsurance - intra-group

Death or disability lump sums	31	17295		17295	19012
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34				
Lump sums on maturity	35				
Total	36	17295		17295	19012

Net of reinsurance

Death or disability lump sums	41				
Disability periodic payments	42				
Surrender or partial surrender	43				
Annuity payments	44				
Lump sums on maturity	45				
Total	46				

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **New With-Profits Sub-Fund**
 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	59797	2111	833	62741	
Disability periodic payments	12	2447	26		2473	
Surrender or partial surrender	13	149849	25896	12446	188191	
Annuity payments	14	1465	26815	461	28741	
Lump sums on maturity	15	72997	28236	3540	104773	
Total	16	286555	83084	17280	386919	

Reinsurance - external

Death or disability lump sums	21	5786	154		5940	
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	5786	154		5940	

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	54011	1957	833	56801	
Disability periodic payments	42	2447	26		2473	
Surrender or partial surrender	43	149849	25896	12446	188191	
Annuity payments	44	1465	26815	461	28741	
Lump sums on maturity	45	72997	28236	3540	104773	
Total	46	280769	82930	17280	380979	

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Old With-Profits Sub-Fund**
 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	15628	2382	154	18164
Disability periodic payments	12	8	323		331
Surrender or partial surrender	13	21270	2429	4011	27710
Annuity payments	14	198	3510	61	3769
Lump sums on maturity	15	6530	4172	179	10881
Total	16	43634	12816	4405	60855

Reinsurance - external

Death or disability lump sums	21	894	118		1012
Disability periodic payments	22		7		7
Surrender or partial surrender	23				
Annuity payments	24				
Lump sums on maturity	25				
Total	26	894	125		1019

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	14734	2264	154	17152
Disability periodic payments	42	8	316		324
Surrender or partial surrender	43	21270	2429	4011	27710
Annuity payments	44	198	3510	61	3769
Lump sums on maturity	45	6530	4172	179	10881
Total	46	42740	12691	4405	59836

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Stakeholder With-Profits Sub-Fund**
 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	338		338	
Disability periodic payments	12				
Surrender or partial surrender	13	8212		8212	
Annuity payments	14				
Lump sums on maturity	15	5186		5186	
Total	16	13736		13736	

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	338		338	
Disability periodic payments	42				
Surrender or partial surrender	43	8212		8212	
Annuity payments	44				
Lump sums on maturity	45	5186		5186	
Total	46	13736		13736	

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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	428198		428198	413443
Disability periodic payments	12	5177		5177	803
Surrender or partial surrender	13	893345		893345	1622539
Annuity payments	14	1825		1825	1180
Lump sums on maturity	15	24680		24680	188449
Total	16	1353225		1353225	2226414

Reinsurance - external

Death or disability lump sums	21	201137		201137	213560
Disability periodic payments	22				
Surrender or partial surrender	23				2423
Annuity payments	24				
Lump sums on maturity	25				
Total	26	201137		201137	215983

Reinsurance - intra-group

Death or disability lump sums	31				
Disability periodic payments	32				
Surrender or partial surrender	33	(186)		(186)	
Annuity payments	34				
Lump sums on maturity	35				
Total	36	(186)		(186)	

Net of reinsurance

Death or disability lump sums	41	227061		227061	199883
Disability periodic payments	42	5177		5177	803
Surrender or partial surrender	43	893531		893531	1620116
Annuity payments	44	1825		1825	1180
Lump sums on maturity	45	24680		24680	188449
Total	46	1152274		1152274	2010431

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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	6893	182947	1698	191538	166074
Disability periodic payments	12	44203	375		44578	39721
Surrender or partial surrender	13	12953	1640914	15280	1669147	2213117
Annuity payments	14	1754	15304		17058	19167
Lump sums on maturity	15	3319	447534	5138	455991	414066
Total	16	69122	2287074	22116	2378312	2852145

Reinsurance - external

Death or disability lump sums	21	429	20827		21256	19422
Disability periodic payments	22	10889			10889	4696
Surrender or partial surrender	23		(643)		(643)	319875
Annuity payments	24		300		300	
Lump sums on maturity	25					7320
Total	26	11318	20484		31802	351313

Reinsurance - intra-group

Death or disability lump sums	31	6	834		840	847
Disability periodic payments	32					
Surrender or partial surrender	33	596	28668		29264	16888
Annuity payments	34					
Lump sums on maturity	35	1512	7278		8790	6441
Total	36	2114	36780		38894	24176

Net of reinsurance

Death or disability lump sums	41	6458	161286	1698	169442	145805
Disability periodic payments	42	33314	375		33689	35025
Surrender or partial surrender	43	12357	1612889	15280	1640526	1876354
Annuity payments	44	1754	15004		16758	19167
Lump sums on maturity	45	1807	440256	5138	447201	400305
Total	46	55690	2229810	22116	2307616	2476656

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Aviva Life & Pensions 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	193299	77884	521	271704	377738
Commission - other	12	30899	10567	727	42193	83657
Management - acquisition	13	106716	73448		180164	208054
Management - maintenance	14	137677	181659	77	319413	263342
Management - other	15	258025	50126	3	308154	95093
Total	16	726616	393684	1328	1121628	1027884

Reinsurance - external

Commission - acquisition	21	1			1	
Commission - other	22	19			19	38
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	20			20	38

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32	33	1		34	49
Management - acquisition	33					
Management - maintenance	34	325	2422		2747	6595
Management - other	35					
Total	36	358	2423		2781	6644

Net of reinsurance

Commission - acquisition	41	193298	77884	521	271703	377738
Commission - other	42	30847	10566	727	42140	83570
Management - acquisition	43	106716	73448		180164	208054
Management - maintenance	44	137352	179237	77	316666	256747
Management - other	45	258025	50126	3	308154	95093
Total	46	726238	391261	1328	1118827	1021202

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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		1017	484	1501	2213
Commission - other	12	3479	320	154	3953	4583
Management - acquisition	13	43	215		258	1461
Management - maintenance	14	43584	28099	141	71824	77487
Management - other	15	12415	6940	3	19358	2021
Total	16	59521	36591	782	96894	87765

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		1017	484	1501	2213
Commission - other	42	3479	320	154	3953	4583
Management - acquisition	43	43	215		258	1461
Management - maintenance	44	43584	28099	141	71824	77487
Management - other	45	12415	6940	3	19358	2021
Total	46	59521	36591	782	96894	87765

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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	261	301	562	791
Commission - other	12	316	1962	2278	2503
Management - acquisition	13	2	3174	3176	2048
Management - maintenance	14	4449	33176	37625	44606
Management - other	15	430	4525	4955	3359
Total	16	5458	43138	48596	53307

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	33	1	34	49
Management - acquisition	33				
Management - maintenance	34	325	2422	2747	6595
Management - other	35				
Total	36	358	2423	2781	6644

Net of reinsurance

Commission - acquisition	41	261	301	562	791
Commission - other	42	283	1961	2244	2454
Management - acquisition	43	2	3174	3176	2048
Management - maintenance	44	4124	30754	34878	38011
Management - other	45	430	4525	4955	3359
Total	46	5100	40715	45815	46663

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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	5130	(612)	32	4550	
Commission - other	12	1240	229	504	1973	
Management - acquisition	13	3680	414		4094	
Management - maintenance	14	15884	4562	(41)	20405	
Management - other	15	4294	285		4579	
Total	16	30228	4878	495	35601	

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	5130	(612)	32	4550	
Commission - other	42	1240	229	504	1973	
Management - acquisition	43	3680	414		4094	
Management - maintenance	44	15884	4562	(41)	20405	
Management - other	45	4294	285		4579	
Total	46	30228	4878	495	35601	

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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	589	(79)	5	515
Commission - other	12	204	33	69	306
Management - acquisition	13	490	59		549
Management - maintenance	14	1671	1250	(23)	2898
Management - other	15	817	27		844
Total	16	3771	1290	51	5112

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	589	(79)	5	515
Commission - other	42	204	33	69	306
Management - acquisition	43	490	59		549
Management - maintenance	44	1671	1250	(23)	2898
Management - other	45	817	27		844
Total	46	3771	1290	51	5112

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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	189245		189245	258523
Commission - other	12	24571		24571	55114
Management - acquisition	13	83135		83135	101998
Management - maintenance	14	65932		65932	54738
Management - other	15	238454		238454	31156
Total	16	601337		601337	501529

Reinsurance - external

Commission - acquisition	21	1		1	
Commission - other	22	17		17	25
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26	18		18	25

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	189244		189244	258523
Commission - other	42	24554		24554	55089
Management - acquisition	43	83135		83135	101998
Management - maintenance	44	65932		65932	54738
Management - other	45	238454		238454	31156
Total	46	601319		601319	501504

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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	(1926)	77257		75331	116211
Commission - other	12	1089	8023		9112	21457
Management - acquisition	13	19366	69586		88952	102547
Management - maintenance	14	6157	114572		120729	86511
Management - other	15	1615	38349		39964	58557
Total	16	26301	307787		334088	385283

Reinsurance - external

Commission - acquisition	21					
Commission - other	22	2			2	13
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	2			2	13

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	(1926)	77257		75331	116211
Commission - other	42	1087	8023		9110	21444
Management - acquisition	43	19366	69586		88952	102547
Management - maintenance	44	6157	114572		120729	86511
Management - other	45	1615	38349		39964	58557
Total	46	26299	307787		334086	385270

Long-term insurance business: Linked funds balance sheet

Form 44

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business

Financial year ended **31st December 2009**

Units **£000**

	Financial year 1	Previous year 2
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Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	23723076	22467812
Directly held assets in collective investment schemes of connected companies	12	5453582	3971009
Directly held assets in other collective investment schemes	13	3132180	1913253
Total assets (excluding cross investment) (11+12+13)	14	32308838	28352074
Provision for tax on unrealised capital gains	15	71050	1379
Secured and unsecured loans	16		
Other liabilities	17	586967	820199
Total net assets (14-15-16-17)	18	31650821	27530496

Directly held linked assets

Value of directly held linked assets	21	8052	6679
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Total

Value of directly held linked assets and units held (18+21)	31	31658873	27537175
Surplus units	32	23291	108076
Deficit units	33		
Net unit liability (31-32+33)	34	31635582	27429099

Long-term insurance business: revenue account for internal linked funds

Form 45

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business

Financial year ended **31st December 2009**

Units **£000**

	Financial year 1	Previous year 2
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Income

Value of total creation of units	11	2380582	2734621
Investment income attributable to the funds before deduction of tax	12	1025159	1313897
Increase (decrease) in the value of investments in the financial year	13	3223792	(6819527)
Other income	14	200056	51722
Total income	19	6829589	(2719287)

Expenditure

Value of total cancellation of units	21	2328123	2725637
Charges for management	22	95774	110991
Charges in respect of tax on investment income	23	67390	99024
Taxation on realised capital gains	24	(92527)	(90298)
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	261651	(252396)
Other expenditure	26	48854	49840
Total expenditure	29	2709265	2642798

Increase (decrease) in funds in financial year (19-29)	39	4120324	(5362085)
Internal linked fund brought forward	49	27530496	32892581
Internal linked funds carried forward (39+49)	59	31650820	27530496

Long-term insurance business: Summary of new business

Form 46

Name of insurer **Aviva Life & Pensions 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
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Number of new policyholders / scheme members for direct insurance business

Regular premium business	11	222614	66672	5709	294995	226971
Single premium business	12	54615	38168	365	93148	2196
Total	13	277229	104840	6074	388143	229167

Amount of new regular premiums

Direct insurance business	21	80282	386932	3428	470642	174421
External reinsurance	22					
Intra-group reinsurance	23					443381
Total	24	80282	386932	3428	470642	617802

Amount of new single premiums

Direct insurance business	25	1685940	2000272	3052	3689264	403653
External reinsurance	26					
Intra-group reinsurance	27					2681268
Total	28	1685940	2000272	3052	3689264	3084921

Long-term insurance business: Analysis of new business

**Form 47
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business

Financial year ended **31st December 2009**

Units **£000**

UK Life / 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
195	Annuity with-profits (PLA)				2883
300	Regular premium non-profit WL/EA OB	17334	3980	481	1104
325	Level term assurance	116866	36357		
330	Decreasing term assurance	57653	11616		
340	Accelerated critical illness (guaranteed premiums)	5691	12661		
345	Accelerated critical illness (reviewable premiums)	15243	7833		
350	Stand-alone critical illness (guaranteed premiums)	60	31		
365	Income protection non-profit (reviewable premiums)	9767	4367		
395	Annuity non-profit (PLA)			2	
400	Annuity non-profit (CPA)			19	377
415	Collective Life		3346		5397
420	Group income protection				3378
500	Life UWP single premium			26723	815214
505	Life UWP whole life regular premium		6		
700	Life property linked single premium			27390	857587
710	Life property linked whole life regular premium		85		

Long-term insurance business: Analysis of new business

**Form 47
(Sheet 2)**

Name of insurer **Aviva Life & Pensions 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
155	Conventional pensions endowment with-profits	95	1197	4	538
200	Annuity with-profits (CPA)			155	14066
400	Annuity non-profit (CPA)			295	10326
410	Group Life	697	26640		117
525	Individual pensions UWP	24	88	13	301
530	Individual pensions UWP - increments		2422		7483
535	Group money purchase pensions UWP	792	4131	171	12339
540	Group money purchase pensions UWP - increments		4700		4545
565	DWP National Insurance rebates UWP				79633
571	Trustee investment plan UWP				271
575	Miscellaneous UWP		4		20
725	Individual pensions property linked	17785	61359	13885	390456
730	Individual pensions property linked - increments		75063		524210
735	Group money purchase pensions property linked	47279	51312	23157	154498
740	Group money purchase pensions property linked - increments		160016		336130
745	DWP National Insurance rebates property linked				401595
750	Income drawdown property linked				4391
755	Trustee investment plan			488	59353

Long-term insurance business: Analysis of new business

**Form 47
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business

Financial year ended **31st December 2009**

Units **£000**

Overseas / 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
120	Conventional endowment with-profits OB savings	3161	1300		
325	Level term assurance	826	390		
330	Decreasing term assurance	1155	229		
340	Accelerated critical illness (guaranteed premiums)	77	182		
345	Accelerated critical illness (reviewable premiums)	92	52		
411	Group death in service dependants' annuities	21	469		34
525	Individual pensions UWP			12	
535	Group money purchase pensions UWP			18	2899
725	Individual pensions property linked	377	691	335	100
730	Individual pensions property linked - increments		115		19

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

Form 48

Name of insurer **Aviva Life & Pensions UK Limited**
 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	2108	2108	62	2.93	
Approved fixed interest securities	12	3248690	3247953	133670	3.35	
Other fixed interest securities	13	1397376	1416236	103236	6.21	
Variable interest securities	14	79943	79936	1688	0.35	
UK listed equity shares	15	13596	13736	517	3.76	
Non-UK listed equity shares	16	9539	9539	325	3.41	
Unlisted equity shares	17	53539	53539	1		
Other assets	18	1953071	1934815	17173	0.21	
Total	19	6757862	6757862	256672	2.99	

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

Land and buildings	21	2595152	5850184	357565	6.11	2.94
Approved fixed interest securities	22	10747687	11984254	487979	3.45	(1.04)
Other fixed interest securities	23	7597716	10808587	605266	5.73	5.29
Variable interest securities	24	2870416	2635534	50514	0.92	0.23
UK listed equity shares	25	4028539	5415993	199269	3.68	17.01
Non-UK listed equity shares	26	2248813	3660303	72437	1.98	16.56
Unlisted equity shares	27	55006	1022739	640	0.07	13.36
Other assets	28	17552339	6318074	23908	0.38	5.09
Total	29	47695668	47695668	1797578	3.59	5.47

Overall return on with-profits assets

Post investment costs but pre-tax	31					5.53
Return allocated to non taxable 'asset shares'	32					4.14
Return allocated to taxable 'asset shares'	33					3.63

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

Form 48

Name of insurer **Aviva Life & Pensions UK Limited**

Financial year ended **31st December 2009**

Category of assets **With-Profits Sub-Fund**

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					
Approved fixed interest securities	12	706883	706883	32568	3.79	
Other fixed interest securities	13	14426	14426	838	5.91	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	721309	721309	33406	3.83	

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

Land and buildings	21	1011887	2632927	145057	5.51	(4.02)
Approved fixed interest securities	22	5849610	5761884	265463	3.79	0.05
Other fixed interest securities	23	2483691	3936285	228631	5.91	11.90
Variable interest securities	24	745331	591447	9007	1.50	
UK listed equity shares	25	1927013	2418183	85391	3.53	33.74
Non-UK listed equity shares	26	1139044	1316620	28711	2.18	36.43
Unlisted equity shares	27	13039	425712	550	0.13	
Other assets	28	7529861	3616418	8307	0.23	1.36
Total	29	20699476	20699476	771117	3.52	8.26

Overall return on with-profits assets

Post investment costs but pre-tax	31					8.13
Return allocated to non taxable 'asset shares'	32					8.58
Return allocated to taxable 'asset shares'	33					7.59

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

Form 48

Name of insurer **Aviva Life & Pensions UK Limited**
 Financial year ended **31st December 2009**
 Category of assets **Provident Mutual Sub-Fund**
 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					
Approved fixed interest securities	12	195271	195271	9829	4.00	
Other fixed interest securities	13	33379	33379	1794	6.25	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	228650	228650	11623	4.33	

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

Land and buildings	21		47681	2898	6.08	2.66
Approved fixed interest securities	22	303741	303741	15289	4.00	3.23
Other fixed interest securities	23	841626	989182	53158	6.25	11.46
Variable interest securities	24	67003	67010	1364	1.02	9.19
UK listed equity shares	25	173859	173733	6097	3.51	
Non-UK listed equity shares	26	27664	32373	971	3.00	
Unlisted equity shares	27	27	325	4	1.31	
Other assets	28	330800	130675	837	0.64	
Total	29	1744720	1744720	80618	4.90	7.49

Overall return on with-profits assets

Post investment costs but pre-tax	31					7.36
Return allocated to non taxable 'asset shares'	32					11.27
Return allocated to taxable 'asset shares'	33					9.13

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

Form 48

Name of insurer **Aviva Life & Pensions UK Limited**
 Financial year ended **31st December 2009**
 Category of assets **Belgian Sub-Fund**
 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					
Approved fixed interest securities	12	75075	75075	3088	3.79	
Other fixed interest securities	13	21936	21936	1011	3.94	
Variable interest securities	14					
UK listed equity shares	15	4359	4359	144	3.31	
Non-UK listed equity shares	16	9539	9539	325	3.41	
Unlisted equity shares	17					
Other assets	18	9621	9621			
Total	19	120530	120530	4568	3.47	

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: Assets not held to match linked liabilities

Form 48

Name of insurer **Aviva Life & Pensions UK Limited**
 Financial year ended **31st December 2009**
 Category of assets **Non-Profit Sub-Fund 1**
 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	1536	1536	55	3.57	
Approved fixed interest securities	12	60770	60033	3857	2.70	
Other fixed interest securities	13	362813	363499	23392	6.05	
Variable interest securities	14	18822	18815	337	1.28	
UK listed equity shares	15	3213	3353	130	3.87	
Non-UK listed equity shares	16					
Unlisted equity shares	17	53439	53439			
Other assets	18	422041	421958	1552	0.73	
Total	19	922634	922633	29323	2.94	

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

Land and buildings	21					
Approved fixed interest securities	22	425474	426210	18448	2.55	
Other fixed interest securities	23					
Variable interest securities	24	119	125	6	2.36	
UK listed equity shares	25	140				
Non-UK listed equity shares	26					
Unlisted equity shares	27	33699	33699			
Other assets	28	19185	18583			
Total	29	478617	478617	18454	2.27	

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: Assets not held to match linked liabilities

Form 48

Name of insurer **Aviva Life & Pensions UK Limited**

Financial year ended **31st December 2009**

Category of assets **Non-Profit Sub-Fund 2**

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	572	572	7	1.20	
Approved fixed interest securities	12	61233	61233	10450	4.26	
Other fixed interest securities	13	282829	301003	38712	8.11	
Variable interest securities	14	61121	61121	1351	0.06	
UK listed equity shares	15	6024	6024	243	4.03	
Non-UK listed equity shares	16					
Unlisted equity shares	17	100	100			
Other assets	18	1521410	1503236	15621	0.06	
Total	19	1933289	1933289	66384	1.85	

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: Assets not held to match linked liabilities

Form 48

Name of insurer **Aviva Life & Pensions UK Limited**
 Financial year ended **31st December 2009**
 Category of assets **New With-Profits Sub-Fund**
 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					
Approved fixed interest securities	12	1887560	1887560	64913	3.12	
Other fixed interest securities	13	600005	600005	32926	5.52	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	2487565	2487565	97839	3.70	

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

Land and buildings	21	1383258	2765881	183457	6.63	8.73
Approved fixed interest securities	22	3673200	4832266	166181	3.12	(2.49)
Other fixed interest securities	23	3658599	5066598	278036	5.52	(0.17)
Variable interest securities	24	1805867	1735534	35236	0.74	
UK listed equity shares	25	1686011	2469980	94275	3.82	3.74
Non-UK listed equity shares	26	943585	2020716	37338	1.85	5.47
Unlisted equity shares	27	7342	492785	75	0.02	
Other assets	28	8583802	2357905	13091	0.56	10.68
Total	29	21741664	21741664	807689	3.55	2.61

Overall return on with-profits assets

Post investment costs but pre-tax	31					3.32
Return allocated to non taxable 'asset shares'	32					3.45
Return allocated to taxable 'asset shares'	33					3.06

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

Form 48

Name of insurer **Aviva Life & Pensions UK Limited**
 Financial year ended **31st December 2009**
 Category of assets **Old With-Profits Sub-Fund**
 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					
Approved fixed interest securities	12	261898	261898	8965	3.19	
Other fixed interest securities	13	81988	81988	4563	5.58	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	343886	343886	13528	3.76	

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

Land and buildings	21	200007	403695	26153	6.48	8.73
Approved fixed interest securities	22	495662	660153	22598	3.19	(2.49)
Other fixed interest securities	23	613800	816522	45441	5.58	(0.17)
Variable interest securities	24	252096	241418	4901	0.73	
UK listed equity shares	25	241516	354097	13506	3.81	3.74
Non-UK listed equity shares	26	138520	290594	5417	1.86	5.47
Unlisted equity shares	27	899	70218	11	0.02	
Other assets	28	1088691	194493	1673	0.86	10.68
Total	29	3031191	3031191	119700	3.80	3.45

Overall return on with-profits assets

Post investment costs but pre-tax	31					3.32
Return allocated to non taxable 'asset shares'	32					3.45
Return allocated to taxable 'asset shares'	33					3.06

Long-term insurance business: Fixed and variable interest assets
Form 49

Name of insurer **Aviva Life & Pensions 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	12155363	8.30	3.31	3.31
Other approved fixed interest securities	21	3001769	8.54	3.89	3.89
Other fixed interest securities					
AAA/Aaa	31	1142865	6.86	3.95	3.86
AA/Aa	32	2038397	4.45	4.09	3.81
A/A	33	4256502	5.82	5.08	4.76
BBB/Baa	34	3388805	5.27	6.47	5.80
BB/Ba	35	591173	5.17	12.24	10.56
B/B	36	105806	3.41	14.21	11.10
CCC/Caa	37	7085	4.31	16.13	11.18
Other (including unrated)	38	672254	14.97	8.00	7.33
Total other fixed interest securities	39	12202887	5.99	5.79	5.29
Approved variable interest securities	41	2048404	8.76	0.63	0.63
Other variable interest securities	51	666682	4.35	1.69	1.38
Total (11+21+39+41+51)	61	30075105	7.33	4.16	3.95

Long-term insurance business: Fixed and variable interest assets

Form 49

Name of insurer **Aviva Life & Pensions UK Ltd**
 Financial year ended **31st December 2009**
 Category of assets **With-Profits Sub-Fund**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	5046891	10.84	3.73	3.73
Other approved fixed interest securities	21	1421876	9.24	4.02	4.02
Other fixed interest securities					
AAA/Aaa	31	425080	6.91	3.65	3.56
AA/Aa	32	528225	4.01	3.60	3.32
A/A	33	1054455	5.81	4.76	4.44
BBB/Baa	34	1480117	5.27	6.50	5.83
BB/Ba	35	245882	4.99	12.18	10.50
B/B	36	64282	3.09	13.53	10.43
CCC/Caa	37	4154	4.25	15.92	10.97
Other (including unrated)	38	148516	12.96	8.91	8.24
Total other fixed interest securities	39	3950711	5.66	5.91	5.34
Approved variable interest securities	41	329670	26.50	0.91	0.91
Other variable interest securities	51	261777	4.41	2.23	1.88
Total (11+21+39+41+51)	61	11010925	9.09	4.43	4.22

Long-term insurance business: Fixed and variable interest assets

Form 49

Name of insurer **Aviva Life & Pensions UK Ltd**
 Financial year ended **31st December 2009**
 Category of assets **Provident Mutual Sub-Fund**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	188732	10.34	4.27	4.27
Other approved fixed interest securities	21	310280	7.66	3.83	3.83
Other fixed interest securities					
AAA/Aaa	31	132434	9.40	5.05	4.96
AA/Aa	32	205501	6.66	5.24	4.96
A/A	33	382277	6.11	6.05	5.73
BBB/Baa	34	89790	2.80	6.64	5.97
BB/Ba	35	58505	5.34	13.66	11.98
B/B	36	3493	6.24	12.79	9.69
CCC/Caa	37				
Other (including unrated)	38	150561	31.68	5.97	5.30
Total other fixed interest securities	39	1022561	10.08	6.26	5.80
Approved variable interest securities	41	66974	12.40	1.02	1.02
Other variable interest securities	51	36	9.22	14.45	12.77
Total (11+21+39+41+51)	61	1588583	9.74	5.33	5.03

Long-term insurance business: Fixed and variable interest assets

Form 49

Name of insurer **Aviva Life & Pensions UK Ltd**
 Financial year ended **31st December 2009**
 Category of assets **Non-Profit Sub-Fund 1**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	465908	3.02	2.44	2.44
Other approved fixed interest securities	21	20336	5.65	4.14	4.14
Other fixed interest securities					
AAA/Aaa	31	29359	4.67	4.66	4.57
AA/Aa	32	80237	3.54	4.54	4.26
A/A	33	152346	4.40	5.65	5.33
BBB/Baa	34	75455	4.35	6.78	6.11
BB/Ba	35	21198	5.74	10.17	8.49
B/B	36	2418	6.51	12.35	9.25
CCC/Caa	37	155	6.99	12.61	7.66
Other (including unrated)	38	2330	5.67	33.20	32.50
Total other fixed interest securities	39	363498	4.32	6.05	5.58
Approved variable interest securities	41	5688	0.22	0.75	0.75
Other variable interest securities	51	13056	1.59	0.49	0.49
Total (11+21+39+41+51)	61	868486	3.59	3.95	3.75

Long-term insurance business: Fixed and variable interest assets

Form 49

Name of insurer **Aviva Life & Pensions UK Ltd**
 Financial year ended **31st December 2009**
 Category of assets **Non-Profit Sub-Fund 2**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	61233	12.13	4.26	4.26
Other approved fixed interest securities	21				
Other fixed interest securities					
AAA/Aaa	31	11984	3.34	3.89	3.80
AA/Aa	32	49211	5.25	5.26	4.98
A/A	33	137678	10.01	9.42	9.10
BBB/Baa	34	52864	4.80	7.26	6.59
BB/Ba	35	25815	5.06	11.83	10.15
B/B	36	2812	4.68	10.93	7.68
CCC/Caa	37				
Other (including unrated)	38	20640	9.29	5.66	4.99
Total other fixed interest securities	39	301004	7.53	8.10	7.57
Approved variable interest securities	41	59978	4.31	0.03	0.03
Other variable interest securities	51	955	35.47	2.06	2.06
Total (11+21+39+41+51)	61	423170	7.80	6.39	6.01

Long-term insurance business: Fixed and variable interest assets

Form 49

Name of insurer **Aviva Life & Pensions UK Ltd**
 Financial year ended **31st December 2009**
 Category of assets **New With-Profits Sub-Fund**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	5640409	6.56	3.00	3.00
Other approved fixed interest securities	21	1079416	7.98	3.74	3.74
Other fixed interest securities					
AAA/Aaa	31	469519	6.40	3.87	3.78
AA/Aa	32	1011274	4.30	4.03	3.75
A/A	33	2180929	5.64	4.79	4.47
BBB/Baa	34	1463814	5.45	6.40	5.73
BB/Ba	35	205523	5.27	12.17	10.49
B/B	36	28179	3.40	16.05	12.95
CCC/Caa	37	2390	4.25	16.60	11.65
Other (including unrated)	38	304975	9.06	8.43	7.76
Total other fixed interest securities	39	5666603	5.57	5.52	5.05
Approved variable interest securities	41	1393270	5.12	0.58	0.58
Other variable interest securities	51	342264	4.33	1.37	1.07
Total (11+21+39+41+51)	61	14121962	6.08	3.79	3.59

Long-term insurance business: Fixed and variable interest assets

Form 49

Name of insurer **Aviva Life & Pensions UK Ltd**
 Financial year ended **31st December 2009**
 Category of assets **Old With-Profits Sub-Fund**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	752190	6.77	3.05	3.05
Other approved fixed interest securities	21	169861	8.13	3.80	3.80
Other fixed interest securities					
AAA/Aaa	31	74489	6.39	3.94	3.85
AA/Aa	32	163949	4.26	4.07	3.79
A/A	33	348817	5.59	4.86	4.54
BBB/Baa	34	226765	5.43	6.44	5.77
BB/Ba	35	34250	5.27	12.29	10.61
B/B	36	4622	3.36	16.41	13.31
CCC/Caa	37	386	4.25	16.85	11.90
Other (including unrated)	38	45232	8.84	8.62	7.95
Total other fixed interest securities	39	898510	5.51	5.58	5.11
Approved variable interest securities	41	192824	5.12	0.57	0.57
Other variable interest securities	51	48594	4.32	1.36	1.06
Total (11+21+39+41+51)	61	2061979	6.12	3.94	3.73

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions 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	8268393	4436463	274140	12978996	10102105
Form 51 - non-profit	12	2194193	3945077	225407	6364677	3875521
Form 52	13	13868683	10296507	680097	24845287	8250198
Form 53 - linked	14	9651771	22466920	412930	32531621	28063918
Form 53 - non-linked	15	62391	302653	5575	370619	63301
Form 54 - linked	16		540		540	120
Form 54 - non-linked	17	58892	84	2879	61855	60993
Total	18	34104323	41448244	1601028	77153595	50416156

Reinsurance - external

Form 51 - with-profits	21			86397	86397	89865
Form 51 - non-profit	22	1530721	612999	61296	2205016	1501777
Form 52	23	97			97	97
Form 53 – linked	24		945600		945600	646908
Form 53 - non-linked	25	146	1		147	146
Form 54 – linked	26					
Form 54 - non-linked	27					
Total	28	1530964	1558600	147693	3237257	2238793

Reinsurance - intra-group

Form 51 - with-profits	31					167362
Form 51 - non-profit	32	6086		126707	132793	136993
Form 52	33					
Form 53 – linked	34					
Form 53 - non-linked	35					22782
Form 54 – linked	36					
Form 54 - non-linked	37	474		2879	3353	3180
Total	38	6560		129586	136146	330317

Net of reinsurance

Form 51 - with-profits	41	8268393	4436463	187743	12892599	9844878
Form 51 - non-profit	42	657386	3332078	37404	4026868	2236751
Form 52	43	13868586	10296507	680097	24845190	8250101
Form 53 – linked	44	9651771	21521320	412930	31586021	27417010
Form 53 - non-linked	45	62245	302652	5575	370472	40373
Form 54 – linked	46		540		540	120
Form 54 - non-linked	47	58418	84		58502	57813
Total	48	32566799	39889644	1323749	73780192	47847046

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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	4621285	3545914	164553	8331752	9256858
Form 51 - non-profit	12	3	675192	18354	693549	760419
Form 52	13	1416400	5474273	254883	7145556	7191346
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	6037688	9695379	437790	16170857	17208623

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	4621285	3545914	164553	8331752	9256858
Form 51 - non-profit	42	3	675192	18354	693549	760419
Form 52	43	1416400	5474273	254883	7145556	7191346
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	6037688	9695379	437790	16170857	17208623

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Provident Mutual Sub-Fund**
 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	138141	389096		527237	755382
Form 51 - non-profit	12	20434	154225		174659	202889
Form 52	13	15	912920		912935	1034333
Form 53 - linked	14					
Form 53 - non-linked	15					22666
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	158590	1456241		1614831	2015270

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	1826	20		1846	1964
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	1826	20		1846	1964

Reinsurance - intra-group

Form 51 - with-profits	31					167362
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					22666
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					190028

Net of reinsurance

Form 51 - with-profits	41	138141	389096		527237	588020
Form 51 - non-profit	42	18608	154205		172813	200925
Form 52	43	15	912920		912935	1034333
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	156764	1456221		1612985	1823278

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Belgian Sub-Fund**

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		86397	86397	89865
Form 51 - non-profit	12		46294	46294	51645
Form 52	13				
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		132691	132691	141510

Reinsurance - external

Form 51 - with-profits	21		86397	86397	89865
Form 51 - non-profit	22		46294	46294	51645
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28		132691	132691	141510

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48				

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **New With-Profits Sub-Fund**
 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	3018376	421879	19966	3460221
Form 51 - non-profit	12	437016	1817909	14316	2269241
Form 52	13	11276291	2641266	349640	14267197
Form 53 - linked	14	472	15059	60927	76458
Form 53 - non-linked	15	92088	66399	2920	161407
Form 54 - linked	16		477		477
Form 54 - non-linked	17		74		74
Total	18	14824243	4963063	447769	20235075

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	71583	1875	858	74316
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	71583	1875	858	74316

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	3018376	421879	19966	3460221
Form 51 - non-profit	42	365433	1816034	13458	2194925
Form 52	43	11276291	2641266	349640	14267197
Form 53 - linked	44	472	15059	60927	76458
Form 53 - non-linked	45	92088	66399	2920	161407
Form 54 - linked	46		477		477
Form 54 - non-linked	47		74		74
Total	48	14752660	4961188	446911	20160759

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Old With-Profits Sub-Fund**
 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	490591	79574	3224	573389
Form 51 - non-profit	12	65425	245893	1938	313256
Form 52	13	1174112	468847	74914	1717873
Form 53 - linked	14	63	2005	8112	10180
Form 53 - non-linked	15	12260	8841	389	21490
Form 54 - linked	16		63		63
Form 54 - non-linked	17		10		10
Total	18	1742451	805233	88577	2636261

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	9163	249	121	9533
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	9163	249	121	9533

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	490591	79574	3224	573389
Form 51 - non-profit	42	56262	245644	1817	303723
Form 52	43	1174112	468847	74914	1717873
Form 53 - linked	44	63	2005	8112	10180
Form 53 - non-linked	45	12260	8841	389	21490
Form 54 - linked	46		63		63
Form 54 - non-linked	47		10		10
Total	48	1733288	804984	88456	2626728

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Stakeholder With-Profits Sub-Fund**
 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				
Form 52	13		775661	775661	
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		775661	775661	

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28				

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43		775661	775661	
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48		775661	775661	

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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	1260964		(35)	1260929
Form 52	13	1865			1865
Form 53 - linked	14	9651236			9651236
Form 53 - non-linked	15	(41957)	238		(41719)
Form 54 - linked	16				
Form 54 - non-linked	17	9925			9925
Total	18	10882033	238	(35)	10882236

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	1410477		175	1410652
Form 52	23	97			97
Form 53 - linked	24				
Form 53 - non-linked	25	146			146
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	1410720		175	1410895

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	6086			6086
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				116
Form 54 - linked	36				
Form 54 - non-linked	37	474			474
Total	38	6560			6560

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	(155599)		(210)	(155809)
Form 52	43	1768			1768
Form 53 - linked	44	9651236			9651236
Form 53 - non-linked	45	(42103)	238		(41865)
Form 54 - linked	46				
Form 54 - non-linked	47	9451			9451
Total	48	9464753	238	(210)	9464781

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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	410351	1051858	144540	1606749
Form 52	13		23540	660	24200
Form 53 - linked	14		22449856	343891	22793747
Form 53 - non-linked	15		227175	2266	229441
Form 54 - linked	16				
Form 54 - non-linked	17	48967		2879	51846
Total	18	459318	23752429	494236	24705983

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	37672	610855	13848	662375
Form 52	23				
Form 53 - linked	24		945600		945600
Form 53 - non-linked	25		1		1
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	37672	1556456	13848	1607976

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32			126707	126707
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37			2879	2676
Total	38			129586	130549

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	372679	441003	3985	817667
Form 52	43		23540	660	24200
Form 53 - linked	44		21504256	343891	21848147
Form 53 - non-linked	45		227174	2266	229440
Form 54 - linked	46				
Form 54 - non-linked	47	48967			48386
Total	48	421646	22195973	350802	22968421

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

**Form 51
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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
100	Conventional whole life with-profits OB	23296	919043	11686	n/a	n/a	n/a	479302
120	Conventional endowment with-profits OB savings	38794	400971	11366	n/a	n/a	n/a	266062
125	Conventional endowment with-profits OB target cash	268329	3862426	110039	n/a	n/a	n/a	3012739
165	Conventional deferred annuity with-profits	4	1		n/a	n/a	n/a	11
210	Additional reserves with-profits OB				n/a	n/a	n/a	863171
390	Deferred annuity non-profit				n/a	n/a	n/a	3

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

**Form 51
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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
155	Conventional pensions endowment with-profits	91458	2962556	8674	n/a	n/a	n/a	3104121
165	Conventional deferred annuity with-profits	7585	25695	885	n/a	n/a	n/a	287082
175	Group conventional deferred annuity with-profits	498	1814		n/a	n/a	n/a	26260
185	Group conventional pensions endowment with-profits	135	7590	191	n/a	n/a	n/a	2587
200	Annuity with-profits (CPA)	3210	12769	8	n/a	n/a	n/a	105474
210	Additional reserves with-profits OB				n/a	n/a	n/a	20390
305	Single premium non-profit WL/EA OB	2744	142379		n/a	n/a	n/a	139184
390	Deferred annuity non-profit	8104	31416		n/a	n/a	n/a	486225
400	Annuity non-profit (CPA)		15363		n/a	n/a	n/a	49783

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

**Form 51
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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
100	Conventional whole life with-profits OB	125	14438	137	n/a	n/a	n/a	7059
120	Conventional endowment with-profits OB savings	614	9441	264	n/a	n/a	n/a	7261
125	Conventional endowment with-profits OB target cash	1622	35526	1074	n/a	n/a	n/a	26575
155	Conventional pensions endowment with-profits	3316	99646	1644	n/a	n/a	n/a	82578
165	Conventional deferred annuity with-profits	498	3424	418	n/a	n/a	n/a	34209
185	Group conventional pensions endowment with-profits	974	126968	4835	n/a	n/a	n/a	6871
305	Single premium non-profit WL/EA OB	13	327		n/a	n/a	n/a	314
390	Deferred annuity non-profit	280	1927		n/a	n/a	n/a	16734
395	Annuity non-profit (PLA)		404		n/a	n/a	n/a	1306

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

**Form 51
(Sheet 4)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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
100	Conventional whole life with-profits OB	2286	7565	64	n/a	n/a	n/a	4835
120	Conventional endowment with-profits OB savings	5117	12034	214	n/a	n/a	n/a	10118
125	Conventional endowment with-profits OB target cash	17134	119045	3217	n/a	n/a	n/a	103765
165	Conventional deferred annuity with-profits	333	76		n/a	n/a	n/a	909
195	Annuity with-profits (PLA)	180	626		n/a	n/a	n/a	6406
205	Miscellaneous conventional with-profits	30572	74441	1546	n/a	n/a	n/a	5187
210	Additional reserves with-profits OB				n/a	n/a	n/a	6921
300	Regular premium non-profit WL/EA OB	2385	5308	64	n/a	n/a	n/a	3267
365	Income protection non-profit (reviewable premiums)	1279	9117	186	n/a	n/a	n/a	611
385	Income protection claims in payment	54	455		n/a	n/a	n/a	3036
390	Deferred annuity non-profit	586	120		n/a	n/a	n/a	1257
395	Annuity non-profit (PLA)	799	571		n/a	n/a	n/a	5618
410	Group Life	592	666	19	n/a	n/a	n/a	211
420	Group income protection	467	3457	52	n/a	n/a	n/a	206
425	Group income protection claims in payment	90	723		n/a	n/a	n/a	4268
435	Miscellaneous non-profit	2646	215009	715	n/a	n/a	n/a	1960

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

**Form 51
(Sheet 5)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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
410	Group Life		40	1	n/a	n/a	n/a	1
420	Group income protection		436	6	n/a	n/a	n/a	55
425	Group income protection claims in payment		326		n/a	n/a	n/a	1770

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

**Form 51
(Sheet 6)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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
100	Conventional whole life with-profits OB	217	353		n/a	n/a	n/a	269
165	Conventional deferred annuity with-profits	639	543	2	n/a	n/a	n/a	6335
200	Annuity with-profits (CPA)	9269	52463		n/a	n/a	n/a	382492
390	Deferred annuity non-profit	89241	20641		n/a	n/a	n/a	151436
410	Group Life	746	90881	254	n/a	n/a	n/a	1459
435	Miscellaneous non-profit	1941	81474	261	n/a	n/a	n/a	1270
440	Additional reserves non-profit OB				n/a	n/a	n/a	60

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

**Form 51
(Sheet 7)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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
410	Group Life		16958	32	n/a	n/a	n/a	20

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

**Form 51
(Sheet 8)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Belgian Sub-Fund**

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
100	Conventional whole life with-profits OB	78028	304380	19169	n/a	n/a	n/a	68419
120	Conventional endowment with-profits OB savings	2153	14271	141	n/a	n/a	n/a	8835
175	Group conventional deferred annuity with-profits	181	9024	357	n/a	n/a	n/a	3675
195	Annuity with-profits (PLA)	15	24		n/a	n/a	n/a	292
210	Additional reserves with-profits OB				n/a	n/a	n/a	5176
300	Regular premium non-profit WL/EA OB		320618	670	n/a	n/a	n/a	301
325	Level term assurance	101586	5366018	13350	n/a	n/a	n/a	45993
435	Miscellaneous non-profit			1183	n/a	n/a	n/a	

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

**Form 51
(Sheet 9)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Belgian Sub-Fund**

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
100	Conventional whole life with-profits OB		304380	19169	n/a	n/a	n/a	68419
120	Conventional endowment with-profits OB savings		14271	141	n/a	n/a	n/a	8835
175	Group conventional deferred annuity with-profits		9024	357	n/a	n/a	n/a	3675
195	Annuity with-profits (PLA)		24		n/a	n/a	n/a	292
210	Additional reserves with-profits OB				n/a	n/a	n/a	5176
300	Regular premium non-profit WL/EA OB		320618	670	n/a	n/a	n/a	301
325	Level term assurance		5366018	13350	n/a	n/a	n/a	45993
435	Miscellaneous non-profit			1183	n/a	n/a	n/a	

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

**Form 51
(Sheet 10)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
100	Conventional whole life with-profits OB	32400	815041	20137	n/a	n/a	n/a	312037
120	Conventional endowment with-profits OB savings	17328	253659	7286	n/a	n/a	n/a	173486
125	Conventional endowment with-profits OB target cash	201453	3302111	117571	n/a	n/a	n/a	2038700
175	Group conventional deferred annuity with-profits	14	26	26	n/a	n/a	n/a	252
205	Miscellaneous conventional with-profits	104	6854	66	n/a	n/a	n/a	8297
210	Additional reserves with-profits OB			200	n/a	n/a	n/a	485604
300	Regular premium non-profit WL/EA OB	33050	140510	1625	n/a	n/a	n/a	97560
305	Single premium non-profit WL/EA OB	464	1176		n/a	n/a	n/a	1358
325	Level term assurance	67515	5479762	16776	n/a	n/a	n/a	33006
330	Decreasing term assurance	47114	4599346	24807	n/a	n/a	n/a	52841
340	Accelerated critical illness (guaranteed premiums)	53034	2253085	10190	n/a	n/a	n/a	68455
360	Income protection non-profit (guaranteed premiums)	4578	121195	629	n/a	n/a	n/a	18
390	Deferred annuity non-profit	11343	817	30	n/a	n/a	n/a	10618
395	Annuity non-profit (PLA)	1363	1401		n/a	n/a	n/a	11199
400	Annuity non-profit (CPA)	6342	9295		n/a	n/a	n/a	113827
410	Group Life	110	214		n/a	n/a	n/a	18
415	Collective Life	941	32717	114	n/a	n/a	n/a	114
435	Miscellaneous non-profit	3226	516214	1616	n/a	n/a	n/a	39529
440	Additional reserves non-profit OB			383	n/a	n/a	n/a	8473

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

**Form 51
(Sheet 11)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
325	Level term assurance		3648841	10600	n/a	n/a	n/a	18622
330	Decreasing term assurance		1112617	9531	n/a	n/a	n/a	21963
340	Accelerated critical illness (guaranteed premiums)		1030909	5069	n/a	n/a	n/a	30035
395	Annuity non-profit (PLA)		1		n/a	n/a	n/a	
400	Annuity non-profit (CPA)		5		n/a	n/a	n/a	21
435	Miscellaneous non-profit		102363	738	n/a	n/a	n/a	882
440	Additional reserves non-profit OB			60	n/a	n/a	n/a	60

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

**Form 51
(Sheet 12)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
100	Conventional pensions endowment with-profits	8516	316332	1166	n/a	n/a	n/a	288969
175	Group conventional deferred annuity with-profits	1507	4574	106	n/a	n/a	n/a	61409
185	Group conventional pensions endowment with-profits	562	34599	246	n/a	n/a	n/a	36805
200	Annuity with-profits (CPA)	693	2660		n/a	n/a	n/a	18525
205	Miscellaneous conventional with-profits	1582	25779	48	n/a	n/a	n/a	6090
210	Additional reserves with-profits OB				n/a	n/a	n/a	10081
300	Regular premium non-profit WL/EA OB	3391	8523	2	n/a	n/a	n/a	14824
325	Level term assurance	6570	451287	1618	n/a	n/a	n/a	3198
330	Decreasing term assurance	740	4040	10	n/a	n/a	n/a	48
390	Deferred annuity non-profit	28859	35582	4	n/a	n/a	n/a	448449
400	Annuity non-profit (CPA)	76469	126156		n/a	n/a	n/a	1338988
410	Group Life	490	183156	913	n/a	n/a	n/a	805
435	Miscellaneous non-profit	8200	128401	525	n/a	n/a	n/a	11592
440	Additional reserves non-profit OB			5	n/a	n/a	n/a	5

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

**Form 51
(Sheet 13)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
325	Level term assurance		300564	1140	n/a	n/a	n/a	1838
400	Annuity non-profit (CPA)		6		n/a	n/a	n/a	19
435	Miscellaneous non-profit		3824	1	n/a	n/a	n/a	10
440	Additional reserves non-profit OB			8	n/a	n/a	n/a	8

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

Form 51
(Sheet 14)

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
100	Conventional whole life with-profits OB	105	3167	134	n/a	n/a	n/a	851
120	Conventional endowment with-profits OB savings	118	2529	100	n/a	n/a	n/a	1681
125	Conventional endowment with-profits OB target cash	616	20370	751	n/a	n/a	n/a	11908
175	Group conventional deferred annuity with-profits	63	511	87	n/a	n/a	n/a	5398
205	Miscellaneous conventional with-profits	12	25	1	n/a	n/a	n/a	112
210	Additional reserves with-profits OB			16	n/a	n/a	n/a	16
300	Regular premium non-profit WL/EA OB	35	152	1	n/a	n/a	n/a	90
325	Level term assurance	649	95211	325	n/a	n/a	n/a	484
330	Decreasing term assurance	777	71183	267	n/a	n/a	n/a	138
340	Accelerated critical illness (guaranteed premiums)	687	44902	223	n/a	n/a	n/a	779
360	Income protection non-profit (guaranteed premiums)	19	350	2	n/a	n/a	n/a	
390	Deferred annuity non-profit	1	1		n/a	n/a	n/a	15
400	Annuity non-profit (CPA)	223	1141		n/a	n/a	n/a	12605
410	Group Life	8	151	1	n/a	n/a	n/a	1
435	Miscellaneous non-profit	48	5131	13	n/a	n/a	n/a	195
440	Additional reserves non-profit OB			9	n/a	n/a	n/a	9

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

**Form 51
(Sheet 15)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
325	Level term assurance		62181	164	n/a	n/a	n/a	316
330	Decreasing term assurance		21787	83	n/a	n/a	n/a	37
340	Accelerated critical illness (guaranteed premiums)		20497	91	n/a	n/a	n/a	483
435	Miscellaneous non-profit		2083	20	n/a	n/a	n/a	21
440	Additional reserves non-profit OB			1	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 16)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
100	Conventional whole life with-profits OB	4693	120178	2748	n/a	n/a	n/a	38650
120	Conventional endowment with-profits OB savings	3014	44411	1457	n/a	n/a	n/a	26093
125	Conventional endowment with-profits OB target cash	37063	598687	21919	n/a	n/a	n/a	317065
175	Group conventional deferred annuity with-profits	16	12	4	n/a	n/a	n/a	135
205	Miscellaneous conventional with-profits	32	1099	8	n/a	n/a	n/a	1359
210	Additional reserves with-profits OB			29	n/a	n/a	n/a	107289
300	Regular premium non-profit WL/EA OB	4400	18708	216	n/a	n/a	n/a	12990
305	Single premium non-profit WL/EA OB	62	157		n/a	n/a	n/a	181
325	Level term assurance	9237	737060	2242	n/a	n/a	n/a	4419
330	Decreasing term assurance	6278	810522	3697	n/a	n/a	n/a	7688
340	Accelerated critical illness (guaranteed premiums)	9200	439195	1697	n/a	n/a	n/a	15580
360	Income protection non-profit (guaranteed premiums)	619	16161	84	n/a	n/a	n/a	2
390	Deferred annuity non-profit	1514	115	4	n/a	n/a	n/a	1482
395	Annuity non-profit (PLA)	181	187		n/a	n/a	n/a	1491
400	Annuity non-profit (CPA)	844	1238		n/a	n/a	n/a	15155
410	Group Life	107	1139		n/a	n/a	n/a	25
415	Collective Life	125	4356	15	n/a	n/a	n/a	15
435	Miscellaneous non-profit	429	67793	206	n/a	n/a	n/a	5266
440	Additional reserves non-profit OB			54	n/a	n/a	n/a	1131

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

**Form 51
(Sheet 17)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
325	Level term assurance		485964	1412	n/a	n/a	n/a	2481
330	Decreasing term assurance		161206	1150	n/a	n/a	n/a	2555
340	Accelerated critical illness (guaranteed premiums)		137260	675	n/a	n/a	n/a	3999
400	Annuity non-profit (CPA)		1		n/a	n/a	n/a	3
435	Miscellaneous non-profit		13629	98	n/a	n/a	n/a	117
440	Additional reserves non-profit OB			8	n/a	n/a	n/a	8

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

**Form 51
(Sheet 18)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
155	Conventional pensions endowment with-profits	2069	53678	220	n/a	n/a	n/a	46706
175	Group conventional deferred annuity with-profits	1423	1608	2	n/a	n/a	n/a	10776
185	Group conventional pensions endowment with-profits	593	19295	95	n/a	n/a	n/a	18935
200	Annuity with-profits (CPA)	45	125		n/a	n/a	n/a	843
205	Miscellaneous conventional with-profits	313	4276	9	n/a	n/a	n/a	936
210	Additional reserves with-profits OB				n/a	n/a	n/a	1378
300	Regular premium non-profit WL/EA OB	452	1135		n/a	n/a	n/a	1974
325	Level term assurance	875	60086	215	n/a	n/a	n/a	426
330	Decreasing term assurance	99	538	1	n/a	n/a	n/a	6
390	Deferred annuity non-profit	5145	5080	1	n/a	n/a	n/a	63530
400	Annuity non-profit (CPA)	10181	16797		n/a	n/a	n/a	178279
410	Group Life	145	25262	125	n/a	n/a	n/a	112
435	Miscellaneous non-profit	1095	22784	95	n/a	n/a	n/a	1565
440	Additional reserves non-profit OB			1	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 19)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
325	Level term assurance		40018	152	n/a	n/a	n/a	245
400	Annuity non-profit (CPA)		1		n/a	n/a	n/a	2
435	Miscellaneous non-profit		509		n/a	n/a	n/a	1
440	Additional reserves non-profit OB			1	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 20)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
100	Conventional whole life with-profits OB	21	181	7	n/a	n/a	n/a	57
120	Conventional endowment with-profits OB savings	32	655	29	n/a	n/a	n/a	264
125	Conventional endowment with-profits OB target cash	127	3626	129	n/a	n/a	n/a	1902
175	Group conventional deferred annuity with-profits	20	92	6	n/a	n/a	n/a	985
205	Miscellaneous conventional with-profits	2	3		n/a	n/a	n/a	15
210	Additional reserves with-profits OB			1	n/a	n/a	n/a	1
300	Regular premium non-profit WL/EA OB	5	20		n/a	n/a	n/a	12
325	Level term assurance	86	12677	43	n/a	n/a	n/a	64
330	Decreasing term assurance	105	10099	39	n/a	n/a	n/a	34
340	Accelerated critical illness (guaranteed premiums)	92	6602	32	n/a	n/a	n/a	121
360	Income protection non-profit (guaranteed premiums)	2	47		n/a	n/a	n/a	
390	Deferred annuity non-profit				n/a	n/a	n/a	2
400	Annuity non-profit (CPA)	30	152		n/a	n/a	n/a	1678
410	Group Life	10	78		n/a	n/a	n/a	1
435	Miscellaneous non-profit	6	545	1	n/a	n/a	n/a	25
440	Additional reserves non-profit OB			1	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 21)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
325	Level term assurance		8279	22	n/a	n/a	n/a	42
330	Decreasing term assurance		2882	12	n/a	n/a	n/a	12
340	Accelerated critical illness (guaranteed premiums)		2729	12	n/a	n/a	n/a	64
435	Miscellaneous non-profit		277	3	n/a	n/a	n/a	3

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

**Form 51
(Sheet 22)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
300	Regular premium non-profit WL/EA OB	47364	312268	9760	n/a	n/a	n/a	92041
305	Single premium non-profit WL/EA OB	1377	53		n/a	n/a	n/a	53
325	Level term assurance	762261	111548911	261402	n/a	n/a	n/a	635649
330	Decreasing term assurance	323732	33955688	85862	n/a	n/a	n/a	22882
340	Accelerated critical illness (guaranteed premiums)	408293	33484193	182692	n/a	n/a	n/a	194413
345	Accelerated critical illness (reviewable premiums)	70645	7978607	42648	n/a	n/a	n/a	(17190)
350	Stand-alone critical illness (guaranteed premiums)	6041	152618	322	n/a	n/a	n/a	1414
355	Stand-alone critical illness (reviewable premiums)	729	3979	31	n/a	n/a	n/a	186
360	Income protection non-profit (guaranteed premiums)	1738	131053	438	n/a	n/a	n/a	85
390	Deferred annuity non-profit	777	1204	580	n/a	n/a	n/a	15098
395	Annuity non-profit (PLA)	3339	2146	1	n/a	n/a	n/a	36306
410	Group Life	46256	7397467	8576	n/a	n/a	n/a	3293
415	Collective Life		9547774	2	n/a	n/a	n/a	57836
435	Miscellaneous non-profit	278	356460	(977)	n/a	n/a	n/a	17655
440	Additional reserves non-profit OB		4120277	272	n/a	n/a	n/a	201243

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

**Form 51
(Sheet 23)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
300	Regular premium non-profit WL/EA OB		136248	545	n/a	n/a	n/a	92041
305	Single premium non-profit WL/EA OB				n/a	n/a	n/a	27
325	Level term assurance		101439106	163061	n/a	n/a	n/a	646962
330	Decreasing term assurance		29510363	52713	n/a	n/a	n/a	70915
340	Accelerated critical illness (guaranteed premiums)		26729797	105841	n/a	n/a	n/a	258550
345	Accelerated critical illness (reviewable premiums)		5892813	15633	n/a	n/a	n/a	12219
350	Stand-alone critical illness (guaranteed premiums)		152618	322	n/a	n/a	n/a	1414
355	Stand-alone critical illness (reviewable premiums)		3979	31	n/a	n/a	n/a	186
360	Income protection non-profit (guaranteed premiums)				n/a	n/a	n/a	85
390	Deferred annuity non-profit				n/a	n/a	n/a	15098
395	Annuity non-profit (PLA)				n/a	n/a	n/a	30221
410	Group Life				n/a	n/a	n/a	3293
415	Collective Life		498799		n/a	n/a	n/a	60541
435	Miscellaneous non-profit		1112	1	n/a	n/a	n/a	17682
440	Additional reserves non-profit OB			251	n/a	n/a	n/a	201243

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

**Form 51
(Sheet 24)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2009**

Units **£000**

UK Life / 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
395	Annuity non-profit (PLA)		764		n/a	n/a	n/a	6086

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

**Form 51
(Sheet 25)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
325	Level term assurance	70	21215	42	n/a	n/a	n/a	47
330	Decreasing term assurance	69	16402	30	n/a	n/a	n/a	(28)
340	Accelerated critical illness (guaranteed premiums)	52	7957	44	n/a	n/a	n/a	(49)
345	Accelerated critical illness (reviewable premiums)	6	854	3	n/a	n/a	n/a	(5)

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

**Form 51
(Sheet 26)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
325	Level term assurance		21194	13	n/a	n/a	n/a	115
330	Decreasing term assurance		16382	10	n/a	n/a	n/a	37
340	Accelerated critical illness (guaranteed premiums)		7120	21	n/a	n/a	n/a	22
345	Accelerated critical illness (reviewable premiums)		660	1	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 27)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
350	Stand-alone critical illness (guaranteed premiums)	11500	848942	4345	n/a	n/a	n/a	20991
355	Stand-alone critical illness (reviewable premiums)	1807	145435	801	n/a	n/a	n/a	509
360	Income protection non-profit (guaranteed premiums)	23976	249400	6966	n/a	n/a	n/a	12319
365	Income protection non-profit (reviewable premiums)	88878	1079767	31600	n/a	n/a	n/a	(28125)
370	Long-term care policy	7800	44096	5502	n/a	n/a	n/a	88528
385	Income protection claims in payment				n/a	n/a	n/a	53041
415	Collective Life	105533	3074108		n/a	n/a	n/a	55620
420	Group income protection	119097	4037349	38766	n/a	n/a	n/a	77855
425	Group income protection claims in payment				n/a	n/a	n/a	68098
435	Miscellaneous non-profit	9089	5016	691	n/a	n/a	n/a	700
440	Additional reserves non-profit OB			42	n/a	n/a	n/a	60815

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

**Form 51
(Sheet 28)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
350	Stand-alone critical illness (guaranteed premiums)		512381	2360	n/a	n/a	n/a	11980
355	Stand-alone critical illness (reviewable premiums)		106350	348	n/a	n/a	n/a	858
360	Income protection non-profit (guaranteed premiums)		(1223)	(38)	n/a	n/a	n/a	121
365	Income protection non-profit (reviewable premiums)		48073	1235	n/a	n/a	n/a	628
385	Income protection claims in payment				n/a	n/a	n/a	10819
420	Group income protection		26646	485	n/a	n/a	n/a	239
425	Group income protection claims in payment				n/a	n/a	n/a	11383
435	Miscellaneous non-profit		(51)	(2)	n/a	n/a	n/a	5
440	Additional reserves non-profit OB				n/a	n/a	n/a	1639

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

**Form 51
(Sheet 29)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
300	Regular premium non-profit WL/EA OB	39	71		n/a	n/a	n/a	60
320	Group deposit administration non-profit	3	29		n/a	n/a	n/a	54
325	Level term assurance	34304	4950131	12556	n/a	n/a	n/a	19071
330	Decreasing term assurance	918	140513	307	n/a	n/a	n/a	(335)
390	Deferred annuity non-profit	25868	66322	47	n/a	n/a	n/a	635526
400	Annuity non-profit (CPA)	6947	20983		n/a	n/a	n/a	236571
410	Group Life	284	120077205	126287	n/a	n/a	n/a	55337
411	Group death in service dependants' annuities		1235362	29807	n/a	n/a	n/a	13210
435	Miscellaneous non-profit	7245	7431	23	n/a	n/a	n/a	12693
440	Additional reserves non-profit OB			22	n/a	n/a	n/a	79671

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

**Form 51
(Sheet 30)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
325	Level term assurance		4195854	5535	n/a	n/a	n/a	21214
330	Decreasing term assurance		125367	78	n/a	n/a	n/a	61
390	Deferred annuity non-profit		36412		n/a	n/a	n/a	565607
400	Annuity non-profit (CPA)		252		n/a	n/a	n/a	23296
410	Group Life		1957949	1355	n/a	n/a	n/a	282
435	Miscellaneous non-profit				n/a	n/a	n/a	216
440	Additional reserves non-profit OB			22	n/a	n/a	n/a	179

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

**Form 51
(Sheet 31)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
300	Regular premium non-profit WL/EA OB	30	157	2	n/a	n/a	n/a	103
325	Level term assurance	7443	1684986	4263	n/a	n/a	n/a	9321
330	Decreasing term assurance	8229	1186393	2868	n/a	n/a	n/a	(198)
340	Accelerated critical illness (guaranteed premiums)	7382	794849	4380	n/a	n/a	n/a	3507
345	Accelerated critical illness (reviewable premiums)	534	82633	429	n/a	n/a	n/a	(147)
390	Deferred annuity non-profit	51	270		n/a	n/a	n/a	2896
395	Annuity non-profit (PLA)	3497	9814		n/a	n/a	n/a	126707
410	Group Life	4752	1991944	2520	n/a	n/a	n/a	1066
411	Group death in service dependants' annuities		27468	771	n/a	n/a	n/a	263
435	Miscellaneous non-profit	8	52126	(98)	n/a	n/a	n/a	959
440	Additional reserves non-profit OB			14	n/a	n/a	n/a	63

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

**Form 51
(Sheet 32)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
325	Level term assurance		1505014	2611	n/a	n/a	n/a	8711
330	Decreasing term assurance		1040299	1770	n/a	n/a	n/a	1212
340	Accelerated critical illness (guaranteed premiums)		635338	2717	n/a	n/a	n/a	3867
345	Accelerated critical illness (reviewable premiums)		61724	197	n/a	n/a	n/a	42
440	Additional reserves non-profit OB			16	n/a	n/a	n/a	16

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

**Form 51
(Sheet 33)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2009**

Units **£000**

Overseas / 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
395	Annuity non-profit (PLA)		9814		n/a	n/a	n/a	126707

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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
500	Life UWP single premium	39625	1218772		1209435	1168220		1168220
505	Life UWP whole life regular premium	11708	32799	6346	32799	32951		32951
510	Life UWP endowment regular premium - savings	2453	27845	1662	27845	27798		27798
515	Life UWP endowment regular premium - target cash	15821	187716	13101	187716	187396		187396
575	Miscellaneous UWP		35		35	35		35

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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
525	Individual pensions UWP	253535	4089887	44235	4089559	4166614		4166614
535	Group money purchase pensions UWP	114760	1252832	31733	1252064	1283866		1283866
570	Income drawdown UWP	13	2677		2677	2620		2620
575	Miscellaneous UWP		3443		3443	3443	17730	21173

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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
525	Individual pensions UWP	8827	175133	4414	174562	175292		175292
535	Group money purchase pensions UWP	3428	80861	4811	80844	79591		79591

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 4)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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
575	Miscellaneous UWP		15		15	15		15

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 5)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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
555	Group deposit administration with-profits		105446	5333	105446	105446	43230	148677
575	Miscellaneous UWP	33914	485434	4433	669386	533978	230052	764243

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 6)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
500	Life UWP single premium	302680	10891551		10603608	10361173	3146	10374658
505	Life UWP whole life regular premium	2583	9168	1984	9168	9068		9068
510	Life UWP endowment regular premium - savings	1	1664	139	1649	1647		1647
515	Life UWP endowment regular premium - target cash	4772	54526	5394	54526	51374		51374
575	Miscellaneous UWP		923217		914076	837403		839544

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 7)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
525	Individual pensions UWP	53946	1559515	28746	1550588	1510872	32005	1546598
535	Group money purchase pensions UWP	22546	562452	28529	568271	548625		548625
571	Trustee investment plan UWP	499	61255		61011	57533		57533
575	Miscellaneous UWP	9698	177358	2429	481155	481155	(2581)	478574
605	Miscellaneous protection rider		300	32			1	1
610	Additional reserves UWP						9935	9935

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 8)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
500	Life UWP single premium	3919	220900		219229	214453		214453
505	Life UWP whole life regular premium	74	1119	74	1107	1083		1083
510	Life UWP endowment regular premium - savings	273	5423	244	4782	4705		4705
525	Individual pensions UWP	2329	124910	3562	124106	120976	347	121323
571	Trustee investment plan UWP	21	1774		1774	1724		1724
575	Miscellaneous UWP	65	3125	109	6515	6515	(162)	6352

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 9)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
500	Life UWP single premium	36973	1085117		1059699	1037171	416	1038866
505	Life UWP whole life regular premium	615	2426	508	2426	2394		2394
510	Life UWP endowment regular premium - savings		225	20	223	223		223
515	Life UWP endowment regular premium - target cash	1760	19157	1825	19157	18095		18095
575	Miscellaneous UWP	1037	125451		124208	114125		114534

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 10)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
525	Individual pensions UWP	18224	302919	5393	301245	296276	2081	299101
535	Group money purchase pensions UWP	5547	105396	4715	106003	103903		103903
571	Trustee investment plan UWP	130	14497		14497	13618		13618
575	Miscellaneous UWP	2556	20146	170	50358	50393	510	50902
605	Miscellaneous protection rider		57	6				
610	Additional reserves UWP						1323	1323

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 11)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
500	Life UWP single premium	835	43665		43350	42522		42522
505	Life UWP whole life regular premium	19	282	19	280	273		273
510	Life UWP endowment regular premium - savings	74	1676	79	1470	1458		1458
525	Individual pensions UWP	828	31484	880	30874	30205	140	30346
571	Trustee investment plan UWP	1	31		31	29		29
575	Miscellaneous UWP	8	81	1	292	292	(7)	286

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 12)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Stakeholder With-Profits Sub-Fund**

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
525	Individual pensions UWP	60934	635984	34053	635984	617079		634995
535	Group money purchase pensions UWP	11347	142141	13040	142141	140666		140666

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 13)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
500	Life UWP single premium		27807				1084	1084
505	Life UWP whole life regular premium		1235835	334			472	472
510	Life UWP endowment regular premium -savings		1784	175				
515	Life UWP endowment regular premium – target cash		569114	690			304	304
605	Miscellaneous protection rider		8877	114			5	5

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 14)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
505	Life UWP whole life regular premium		132111	615			1	1
515	Life UWP endowment regular premium – target cash		87420	220			96	96

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 15)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
525	Individual pensions UWP		45315	1787			6494	6494
535	Group money purchase pensions UWP		36654	964			17031	17031
570	Income drawdown UWP		105				5	5
605	Miscellaneous protection rider		6234	243			10	10

Long-term insurance business: Valuation summary of accumulating with-profits contracts

**Form 52
(Sheet 16)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
525	Individual pensions UWP		6179	232			157	157
535	Group money purchase pensions UWP		1028	22			502	502
605	Miscellaneous protection rider		746	17			1	1

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

**Form 53
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
700	Life property linked single premium	77567	797468				5293	5293
710	Life property linked whole life regular premium	2669	57122	338			40	40
715	Life property linked endowment regular premium - savings	703	3406	2	472	472	1	472
720	Life property linked endowment regular premium - target cash	3677	75201	169			25	25
795	Miscellaneous property linked		85077	213			9	9
800	Additional reserves property linked						86720	86720

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

**Form 53
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
725	Individual pensions property linked	197892	103500	1766			53898	53898
735	Group money purchase pensions property linked	99574	16687	397	15059	15059	12195	27253
755	Trustee investment plan	157					304	304
790	Miscellaneous protection rider		445				2	2
795	Miscellaneous property linked		282	1				

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

**Form 53
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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
700	Life property linked single premium	1764	61011		60375	60375	50	60426
710	Life property linked whole life regular premium	75	557	38	552	552		552
715	Life property linked endowment regular premium - savings	196	9	7			2271	2271
725	Individual pensions property linked	2144	133	105			599	599

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

**Form 53
(Sheet 4)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
700	Life property linked single premium	4437	97467				705	705
710	Life property linked whole life regular premium	393	7605	45			5	5
715	Life property linked endowment regular premium - savings	105	453		63	63		63
720	Life property linked endowment regular premium - target cash	586	10013	22			3	3
795	Miscellaneous property linked		11328	28			1	1
800	Additional reserves property linked						11546	11546

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

**Form 53
(Sheet 5)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
725	Individual pensions property linked	36475	13780	235			7176	7176
735	Group money purchase pensions property linked	15740	2222	53	2005	2005	1624	3629
755	Trustee investment plan	27					41	41
790	Miscellaneous protection rider		59					
795	Miscellaneous property linked		37					

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

**Form 53
(Sheet 6)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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
700	Life property linked single premium	246	8123		8039	8039	7	8045
710	Life property linked whole life regular premium	10	74	5	73	73		73
715	Life property linked endowment regular premium - savings	9	1	1			302	302
725	Individual pensions property linked	540	18	14			80	80

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

**Form 53
(Sheet 7)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
700	Life property linked single premium	264137	9181611		9096401	9096401	(129106)	8967295
710	Life property linked whole life regular premium	31034	2136666	15163	138966	138153	883	139035
715	Life property linked endowment regular premium -savings	13236	580380	7610	113254	113215	373	113587
720	Life property linked endowment regular premium – target cash	20851	767274	17659	294800	292687	624	293311
775	Accelerated critical illness rider			576				
780	Stand-alone critical illness rider	2342	185530	851	2314	2314		2314
790	Miscellaneous protection rider		20367	112			10	10
795	Miscellaneous property linked	5084	35017	266	5816	8466	78471	86937
800	Additional reserves property linked						6788	6788

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

**Form 53
(Sheet 8)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
710	Life property linked whole life regular premium		509089	2099			60	60
720	Life property linked endowment regular premium – target cash		170635	669			83	83
775	Accelerated critical illness rider			319				
780	Stand-alone critical illness rider		117822	216				
790	Miscellaneous protection rider		7781	71			3	3

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

**Form 53
(Sheet 9)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
725	Individual pensions property linked	3486					238	238

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

**Form 53
(Sheet 10)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
725	Individual pensions property linked	755725	14547808	521723	14569678	14556559	93677	14650236
735	Group money purchase pensions property linked	511506	7225634	561426	7543345	7542094	101634	7643728
745	DWP National Insurance rebates property linked	5076	50513		50513	50513	70	50583
750	Income drawdown property linked	61	6064		6064	6064	9	6073
755	Trustee investment plan	2682	288330		294626	294626	14554	309180
790	Miscellaneous protection rider		22796	957			43	43
800	Additional reserves property linked						17188	17188

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

**Form 53
(Sheet 11)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
725	Individual pensions property linked		16971		19862	19862		19862
735	Group money purchase pensions property linked		925738		925738	925738		925738
790	Miscellaneous protection rider		2098	27			1	1

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

**Form 53
(Sheet 12)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
700	Life property linked single premium	478	10374		10374	10374		10374
715	Life property linked endowment regular premium -savings	451	8413	356	6425	6425	487	6912
725	Individual pensions property linked	16907	323566	29111	322071	322071	1771	323841
735	Group money purchase pensions property linked	61	3311	208	3311	3311	7	3319
755	Trustee investment plan	36	1710		1710	1710		1711
790	Miscellaneous protection rider		1606	33			1	1

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

**Form 54
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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	341	69		477	477	37	513
910	Miscellaneous index linked						37	37

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

**Form 54
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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	45	9		63	63	5	68
910	Miscellaneous index linked						5	5

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

**Form 54
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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	21	466				9925	9925

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

**Form 54
(Sheet 4)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2009**

Units **£000**

UK Life / 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
905	Index linked annuity		101				474	474

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

**Form 54
(Sheet 5)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
901	Index linked income protection claims in payment						32152	32152
902	Group index linked income protection claims in payment						16815	16815

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

**Form 54
(Sheet 6)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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	107	139				2879	2879

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

**Form 54
(Sheet 7)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2009**

Units **£000**

Overseas / 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
905	Index linked annuity		139				2879	2879

Long-term insurance business: Unit prices for internal linked funds

Form 55

Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2009**

Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit mgmt charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Aviva Pensions Balanced Managed - M008YA	12 - individual pension - balanced managed fund	10382533	Aviva Pensions Balanced Managed Accumulation S2 - F641YP	1.00	4.7758	5.9165	23.89
Aviva Pensions UK Equity - M003YA	15 - individual pension - UK equity	1439290	Aviva Pensions UK Equity Accumulation S2 - F658YP	1.00	4.7889	6.4000	33.64
Aviva Life Balanced Managed - L006YA	02 - life - balanced managed fund	1528545	Aviva Life Balanced Managed Accumulation S4 - F019YL	0.88	2.6138	3.0834	17.97
Aviva Life Property - E500YA	07 - life - property	1063076	Aviva Life Property Accumulation S4 - F380YL	0.88	2.7976	2.5989	(7.10)
Aviva Pensions Property - E501YA	17 - individual pension - property	1040976	Aviva Pensions Property Accumulation S2 - F681YP	0.88	5.0669	4.9296	(2.71)
Aviva Life Balanced Distribution - L142YA	02 - life - balanced managed fund	924668	Aviva Life Balanced Distribution Accumulation S4 - F007YL		1.0407	1.1446	9.98
Aviva Pensions Defensive Managed - M030YA	13 - individual pension - defensive managed fund	871400	Aviva Pensions Defensive Managed Accumulation S2 - F644YP	1.00	2.5119	2.6961	7.33
Aviva Pensions European Equity - M024YA	16 - individual pension - overseas equity	699907	Aviva Pensions European Equity Accumulation S2 - F720YP	1.00	8.7661	10.7698	22.86
Aviva Pensions Global Equity - M004YA	16 - individual pension - overseas equity	440674	Aviva Pensions Global Equity Accumulation S2 - F672YP	1.00	4.1670	5.1502	23.59
Aviva Life Defensive Managed - L138YA	03 - life - defensive managed fund	412066	Aviva Life Defensive Managed Accumulation S4 - F052YL	0.88	2.2414	2.3972	6.95
Aviva Life Cautious Managed - L011YA	04 - life - other managed fund	361681	Aviva Life Cautious Managed Accumulation S4 - F031YL		2.3656	2.6088	10.28
Aviva Pensions Sustainable Future Managed - M049YA	14 - individual pension - other managed fund	225974	Aviva Pensions Sustainable Future Managed Accumulation S2 - F778YP	1.00	1.0814	1.2739	17.80
Aviva Pensions Pacific Equity (inc Japan) - M035YA	16 - individual pension - overseas equity	209621	Aviva Pensions Pacific Equity (inc Japan) Accumulation S2 - F727YP	1.00	2.5862	3.6649	41.71
Aviva Life UK Equity - L003YA	05 - life - UK equity	176732	Aviva Life UK Equity Accumulation S4 - F482YL	0.88	2.5526	3.2674	28.00
Aviva Pensions US Equity - M022YA	16 - individual pension - overseas equity	173587	Aviva Pensions US Equity Accumulation S2 - F713YP	1.00	3.6150	4.2367	17.20
Aviva Pensions UK Ethical - M034YA	16 - individual pension - overseas equity	138415	Aviva Pensions UK Ethical Accumulation S2 - F657YP	1.00	1.1818	1.4583	23.40
Aviva Life European Equity - L027YA	06 - life - overseas equity	108304	Aviva Life European Equity Accumulation S1 - F169YL	0.75	4.5882	5.3429	16.45

Long-term insurance business - analysis of valuation interest rate

**Form 57
(Sheet 1)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **With-Profits Sub-Fund**

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 Life WP Form 51	4628124	3.65	4.33	4.69
UK Pens WP Form 51 With Profit Annuity	104238		4.15	4.69
UK Pens WP Form 51 Other Pensions	3389925		4.40	4.69
UK Pens NP Form 51	657500		3.70	3.86
OS WP Form 51	123260		4.40	4.69
OS NP Form 51	17812		3.70	3.86
Misc Form 51	114837			3.94
UK Life WP Form 52 Norwich WP Bond (valued at 0%)	609747			0.19
UK Pens WP Form 52 Personal Pensions GPPP (valued at 0%)	320038			0.19
OS WP Form 52 Personal Pensions GPPP (valued at 0%)	9622			0.19
UK Life WP Form 52 Other	830528	3.00	3.57	3.84
UK Pens WP Form 52 Other	5303820		3.60	3.84
OS WP Form 52 Other	251816		3.60	3.84
TOTAL	16361267	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate

**Form 57
(Sheet 2)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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 Life WP Form 51 Assurances	131521	4.30	5.04	5.20
UK Life NP Form 51 Assurances	5437	3.65	4.06	4.26
UK Life WP Form 51 Annuities	6609		4.65	4.84
UK Life NP Form 51 Annuities	5618		4.65	4.84
UK Pens WP Form 51 With Profit Annuity	394803		4.65	4.84
UK Pens NP Form 51 Deferred Annuity	155403		4.05	4.26
UK Pens WP Form 51 Deferred Annuity	7244		4.80	5.20
UK Pens WP Form 52 Compact	31187		3.25	3.86
UK Pens WP Form 52	881965		4.80	5.20
Misc	6355			4.26
TOTAL	1626142	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate

**Form 57
(Sheet 3)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **New With-Profits Sub-Fund**

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 Life WP Form 51	3150703	3.80	4.55	4.76
OS Life WP Form 51	15388	3.80	4.55	4.76
UK Life NP Form 51	229808	2.90	3.63	3.80
OS Life NP Form 51	837		4.80	4.98
UK Life NP Form 51 Immediate Annuities	125005		4.80	4.98
OS Life NP Form 51 Immediate Annuities	12605		4.80	4.98
UK Pens WP Form 51	415958		4.60	4.76
OS Pens WP Form 51	5579		4.60	4.76
UK Pens WP Form 51 Immediate Annuities	20975		4.00	4.76
UK Pens NP Form 51	487684		3.65	3.80
OS Pens NP Form 51	15		3.65	3.80
UK Pens NP Form 51 Immediate Annuities	1338970		4.80	4.98
UK Life WP Form 52 Pre-Oct98 Bonds (valued at 0%)	1603719			0.01
UK Life WP Form 52 Other	9075576	2.60	3.14	3.24
UK Life WP Form 52 Aviva International	877904		3.15	3.24
UK Pens WP Form 52	2221258		3.15	3.24
UK Pens WP Form 52 SEDA	493761		4.60	4.76
OS Pens WP Form 52 SEDA	6570		4.60	4.76
OS WP Form 52	351866		3.15	3.24
UK Life NP Form 53	94411	3.30	4.13	4.35
UK Pens NP Form 53	66998		4.10	4.35
Misc	73			4.35
TOTAL	20595663	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate

**Form 57
(Sheet 4)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Old With-Profits Sub-Fund**

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 Life WP Form 51	512172	3.80	4.54	4.82
OS Life WP Form 51	2372	3.80	4.54	4.82
UK Life NP Form 51	38136	2.90	3.63	3.87
OS Life NP Form 51	138	2.90	3.63	3.87
UK Life NP Form 51 Immediate Annuities	16644		4.80	5.03
OS Life NP Form 51 Immediate Annuities	1678		4.80	5.03
UK Pens WP Form 51	81662		4.60	4.82
OS Pens WP Form 51	1019		4.60	4.82
UK Pens WP Form 51 Immediate Annuities	955		4.00	4.82
UK Pens NP Form 51	68848		3.65	3.87
OS Pens NP Form 51	2		3.65	3.87
UK Pens NP Form 51 Immediate Annuities	178276		4.80	5.03
UK Life WP Form 52 Pre-Oct98 Bonds (valued at 0%)	135610			0.14
UK Life WP Form 52 Other	959431	2.60	3.06	3.63
UK Life WP Form 52 Aviva International	119750		3.15	3.63
UK Pens WP Form 52	426583		3.15	3.63
UK Pens WP Form 52 SEDA	52708		4.60	4.82
OS Pens WP Form 52 SEDA	296		4.60	4.82
OS WP Form 52	75875		3.15	3.63
UK Life NP Form 53	12570	3.30	4.13	4.41
UK Pens NP Form 53	8920		4.10	4.41
Misc	10			4.41
TOTAL	2693655	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate**Form 57
(Sheet 5)**

Name of insurer **Aviva Life & Pensions UK Ltd**
Total business / subfund **Stakeholder With-Profits Sub-Fund**
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 Pens WP Form 52 Stakeholder	798997		3.15	3.29
TOTAL	798997	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate

**Form 57
(Sheet 6)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
FORM 51 NP OS OS L&GA ASSURANCE	(209)	3.00		4.47
FORM 51 NP UK L&GA ADDITIONAL RESERVES	208			5.34
FORM 51 NP UK L&GA ADDITIONAL RESERVES	6	2.70		4.47
FORM 51 NP UK L&GA ADDITIONAL RESERVES	(242)	3.00		4.47
FORM 51 NP UK L&GA ASSURANCE	(2705)			5.34
FORM 51 NP UK L&GA ASSURANCE	(168480)	3.00		4.47
FORM 51 NP UK L&GA ASSURANCE	12385	3.75		5.12
FORM 51 NP UK L&GA ASSURANCE	3172	4.00		5.12
FORM 51 NP UK L&GA ASSURANCE	56	4.30		5.12
FORM 52 NP UK L&GA ADDITIONAL RESERVES	5			5.34
FORM 52 NP UK L&GA ASSURANCE	(97)			5.34
FORM 52 NP UK L&GA ASSURANCE	3	2.60		4.47
FORM 52 NP UK L&GA ASSURANCE	1858	3.30		5.12
FORM 53 NP UK L&GA ADDITIONAL RESERVES	84211			5.34
FORM 53 NP UK L&GA ADDITIONAL RESERVES	60	0.15		5.59
FORM 53 NP UK L&GA ADDITIONAL RESERVES	994	3.30		5.12
FORM 53 NP UK L&GA ASSURANCE	(68)			5.34
FORM 53 NP UK L&GA ASSURANCE	213	0.15		5.59
FORM 53 NP UK L&GA ASSURANCE	205	3.00		4.47
FORM 53 NP UK L&GA ASSURANCE	(127720)	3.30		5.12
FORM 53 NP UK PENS ASSURANCE	238	4.10		5.98
FORM 54 NP UK L&GA ANNUITIES	9451	4.90		5.25
TOTAL	(186456)	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate

**Form 57
(Sheet 7)**

Name of insurer **Aviva Life & Pensions UK Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
FORM 51 NP OS OS L&GA ASSURANCE	1066			5.34
FORM 51 NP OS OS L&GA ASSURANCE	(1249)		3.00	4.47
FORM 51 NP OS OS L&GA DEFERRED ANNUITIES	2810		4.20	6.17
FORM 51 NP UK PENS ADDITIONAL RESERVES	88976			5.34
FORM 51 NP UK PENS ADDITIONAL RESERVES	2040		3.40	5.59
FORM 51 NP UK PENS ANNUITIES	13210			5.34
FORM 51 NP UK PENS ANNUITIES	213276		4.20	6.17
FORM 51 NP UK PENS ASSURANCE	54985			5.34
FORM 51 NP UK PENS ASSURANCE	(2375)		3.80	5.42
FORM 51 NP UK PENS DEFERRED ANNUITIES	38877			5.34
FORM 51 NP UK PENS DEFERRED ANNUITIES	3343		3.80	5.42
FORM 51 NP UK PENS DEFERRED ANNUITIES	27698		4.20	6.17
FORM 51 NP UK PHI	39564			5.34
FORM 51 NP UK PHI	43765		3.50	5.59
FORM 51 NP UK PHI	5199		5.50	6.45
FORM 51 NP UK PHI ADDITIONAL RESERVES	56306			5.34
FORM 51 NP UK PHI ASSURANCE	55620			5.34
FORM 51 NP UK PHI CRITICAL ILLNESS	8628		3.80	5.42
FORM 51 NP UK PHI INCOME PROTECTION	59588			5.34
FORM 52 NP UK PENS ASSURANCE	23530		4.10	5.98
FORM 53 NP UK PENS ADDITIONAL RESERVES	17229			5.34
FORM 53 NP UK PENS ASSURANCE	3287			5.34
FORM 53 NP UK PENS ASSURANCE	206566		4.10	5.98
FORM 53 NP OS OS L&GA ASSURANCE	1722		4.10	5.98
FORM 51 NP UK UKHE INCOME PROTECTION	2037		3.80	5.42
FORM 51 NP UK UKHE INCOME PROTECTION CIP	(7643)		3.80	5.42
FORM 51 NP UK UKHE INCOME PROTECTION CIP	106580		5.50	6.45
FORM 51 NP UK UKHE ADDITIONAL RESERVES	3561			5.34
FORM 54 NP UK UKHE INCOME PROTECTION CIP	48967		0.40	5.59
NPSF2 Miscellaneous	3112		1.17	5.38
TOTAL	1120275	n/a	n/a	n/a

Long-term insurance business: distribution of surplus

Form 58

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

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	74668117	48089347
Bonus payments in anticipation of a surplus	12	260787	562158
Transfer to non-technical account	13	66903	238013
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	74995807	48889518
Mathematical reserves	21	73780192	47847046
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1215615	1042472

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	1215615	1042472
Total	39	1215615	1042472

Distribution of surplus

Bonus paid in anticipation of a surplus	41	260787	562158
Cash bonuses	42		
Reversionary bonuses	43	815914	242301
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	1076701	804459
Net transfer out of fund / part of fund	47	66903	238013
Total distributed surplus (46+47)	48	1143604	1042472
Surplus carried forward	49	72011	
Total (48+49)	59	1215615	1042472

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 business: distribution of surplus

Form 58

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **With-Profits Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	16361267	17438359
Bonus payments in anticipation of a surplus	12	189440	511013
Transfer to non-technical account	13	5737	41165
Transfer to other funds / parts of funds	14	17076	
Subtotal (11 to 14)	15	16573520	17990537
Mathematical reserves	21	16170857	17208623
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	402663	781914

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	402663	781914
Total	39	402663	781914

Distribution of surplus

Bonus paid in anticipation of a surplus	41	189440	511013
Cash bonuses	42		
Reversionary bonuses	43	190410	229736
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	379850	740749
Net transfer out of fund / part of fund	47	22813	41165
Total distributed surplus (46+47)	48	402663	781914
Surplus carried forward	49		
Total (48+49)	59	402663	781914

Percentage of distributed surplus allocated to policyholders

Current year	61	94.33	94.74
Current year - 1	62	94.74	95.28
Current year - 2	63	95.28	95.48
Current year - 3	64	95.48	95.98

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Provident Mutual Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	1626143	1835843
Bonus payments in anticipation of a surplus	12	37303	51145
Transfer to non-technical account	13	5504	6848
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1668950	1893836
Mathematical reserves	21	1612985	1823278
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	55965	70558

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	55965	70558
Total	39	55965	70558

Distribution of surplus

Bonus paid in anticipation of a surplus	41	37303	51145
Cash bonuses	42		
Reversionary bonuses	43	13158	12565
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	50461	63710
Net transfer out of fund / part of fund	47	5504	6848
Total distributed surplus (46+47)	48	55965	70558
Surplus carried forward	49		
Total (48+49)	59	55965	70558

Percentage of distributed surplus allocated to policyholders

Current year	61	90.17	90.29
Current year - 1	62	90.29	90.21
Current year - 2	63	90.21	90.48
Current year - 3	64	90.48	90.28

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **New With-Profits Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	20672596	
Bonus payments in anticipation of a surplus	12	29408	
Transfer to non-technical account	13	33103	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	20735107	
Mathematical reserves	21	20160759	
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	574348	

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	574348	
Total	39	574348	

Distribution of surplus

Bonus paid in anticipation of a surplus	41	29408	
Cash bonuses	42		
Reversionary bonuses	43	511837	
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	541245	
Net transfer out of fund / part of fund	47	33103	
Total distributed surplus (46+47)	48	574348	
Surplus carried forward	49		
Total (48+49)	59	574348	

Percentage of distributed surplus allocated to policyholders

Current year	61	94.24	
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Old With-Profits Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	2703901	
Bonus payments in anticipation of a surplus	12	4524	
Transfer to non-technical account	13	5483	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2713908	
Mathematical reserves	21	2626728	
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	87180	

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	87180	
Total	39	87180	

Distribution of surplus

Bonus paid in anticipation of a surplus	41	4524	
Cash bonuses	42		
Reversionary bonuses	43	77173	
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	81697	
Net transfer out of fund / part of fund	47	5483	
Total distributed surplus (46+47)	48	87180	
Surplus carried forward	49		
Total (48+49)	59	87180	

Percentage of distributed surplus allocated to policyholders

Current year	61	93.71	
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Stakeholder With-Profits Sub-Fund**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	798997	
Bonus payments in anticipation of a surplus	12	112	
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	799109	
Mathematical reserves	21	775661	
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	23448	

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	23448	
Total	39	23448	

Distribution of surplus

Bonus paid in anticipation of a surplus	41	112	
Cash bonuses	42		
Reversionary bonuses	43	23336	
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	23448	
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	23448	
Surplus carried forward	49		
Total (48+49)	59	23448	

Percentage of distributed surplus allocated to policyholders

Current year	61	100.00	
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Non-Profit Sub-Fund 1**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	9464781	9083304
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	17076	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	9481857	9083304
Mathematical reserves	21	9464781	9083304
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	17076	

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	17076	
Surplus arising since the last valuation	34		
Total	39	17076	

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	17076	
Total distributed surplus (46+47)	48	17076	
Surplus carried forward	49		
Total (48+49)	59	17076	

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 business: distribution of surplus

Form 58

Name of insurer **Aviva Life & Pensions UK Ltd**
 Total business / subfund **Non-Profit Sub-Fund 2**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	23040432	19731841
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		190000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	23040432	19921841
Mathematical reserves	21	22968421	19731841
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	72011	190000

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	72011	190000
Total	39	72011	190000

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		190000
Total distributed surplus (46+47)	48		190000
Surplus carried forward	49	72011	
Total (48+49)	59	72011	190000

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 business: With-profits payouts on maturity (normal retirement)

Form 59A

Printed 19/03/2010 16:13:42

Name of insurer **Aviva Life & Pensions UK Ltd**

Original insurer **Norwich Union Life & Pensions Limited**

Date of maturity value/open market option **1st March 2010**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	6316	594		CWP	N	6317
Endowment assurance	15	11379	1632		CWP	N	11379
Endowment assurance	20	16796	566		CWP	N	16797
Endowment assurance	25	29324	1873		CWP	N	29324
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	25993	321		UWP	N	25993
Regular premium pension	15	44113	676		UWP	N	44113
Regular premium pension	20	75801	1428		UWP	N	75801
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	13785	4		UWP	N	13785
Single premium pension	15	21484	2039		UWP	N	21484
Single premium pension	20	34211			UWP	N	34211

Long-term insurance business: With-profits payouts on maturity (normal retirement)

Form 59A

Printed 19/03/2010 16:13:42

Name of insurer **Aviva Life & Pensions UK Ltd**

Original insurer **Provident Mutual Sub-Fund**

Date of maturity value/open market option **1st March 2010**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	11318	1476		CWP	N	11318
Endowment assurance	20	18258	1956		CWP	N	18258
Endowment assurance	25	29812	3194		CWP	N	29812
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	46331	2078		CWP	N	46331
Regular premium pension	20	79720	9022		CWP	N	79720
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	21166	3107		CWP	N	21166
Single premium pension	20	37116	9628		CWP	N	37116

2

Long-term insurance business: With-profits payouts on maturity (normal retirement)

Form 59A

Printed 19/03/2010 16:13:42

Name of insurer **Aviva Life & Pensions UK Ltd**

Original insurer **Commercial Union Life Assurance Company Limited**

Date of maturity value/open market option

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	12733	2183		CWP	N	12733
Endowment assurance	20	19086	591		CWP	N	19086
Endowment assurance	25	33307	1032		CWP	N	33307
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	51283	909		UWP	N	51283
Regular premium pension	20	89675	3533		UWP	N	89675
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	24813	1404		UWP	N	24813
Single premium pension	20	42480	2023		UWP	N	42480

3

Long-term insurance business: With-profits payouts on maturity (normal retirement)

Form 59A

Printed 19/03/2010 16:13:43

Name of insurer **Aviva Life & Pensions UK Ltd**

Original insurer **CGNU Life Assurance Company Limited**

Date of maturity value/open market option **1st March 2010**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	7809	1703		CWP	N	7810
Endowment assurance	15	12778	2004		CWP	N	12778
Endowment assurance	20	20539	636		CWP	N	20540
Endowment assurance	25	37549	4142		CWP	N	37549
Regular premium pension	5	12868	70		UWP	N	12868
Regular premium pension	10	29873	425		UWP	N	29873
Regular premium pension	15	51349	564		UWP	N	51349
Regular premium pension	20	91428	1338		UWP	N	91428
Single premium pension	5	11418			UWP	N	11418
Single premium pension	10	14707			UWP	N	14707
Single premium pension	15	26910	1035		UWP	N	26910
Single premium pension	20	43209	847		UWP	N	43209

4

Long-term insurance business: With-profits payouts on surrender

Form 59B

Printed 19/03/2010 16:13:43

Name of insurer **Aviva Life & Pensions UK Ltd**

Original insurer **Norwich Union Life & Pensions Limited**

Date of surrender value

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	5206			CWP	N	16386
Endowment assurance	15	9835			CWP	N	19513
Endowment assurance	20	16149			CWP	N	21292
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	11097		1513	UWP	Y	12737
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	11455	4	2295	UWP	Y	13750

5

Long-term insurance business: With-profits payouts on surrender

Form 59B

Printed 19/03/2010 16:13:43

Name of insurer **Aviva Life & Pensions UK Ltd**

Original insurer **Provident Mutual Sub-Fund**

Date of surrender value

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	9784			CWP	N	19885
Endowment assurance	20	17612			CWP	N	23482
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

9

Long-term insurance business: With-profits payouts on surrender

Form 59B

Printed 19/03/2010 16:13:44

Name of insurer **Aviva Life & Pensions UK Ltd**

Original insurer **Commercial Union Life Assurance Company Limited**

Date of surrender value

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	8575			CWP	N	21758
Endowment assurance	20	17105			CWP	N	23513
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

7

Long-term insurance business: With-profits payouts on surrender

Form 59B

Printed 19/03/2010 16:13:44

Name of insurer **Aviva Life & Pensions UK Ltd**

Original insurer **CGNU Life Assurance Company Limited**

Date of surrender value

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	8669			CWP	N	19271
Endowment assurance	15	11131			CWP	N	21759
Endowment assurance	20	16590			CWP	N	26062
With-profits bond	2	9003		1290	UWP	Y	10679
With-profits bond	3	10316	8	1525	UWP	Y	12063
With-profits bond	5	12363	9	482	UWP	Y	12973
With-profits bond	10	12102		2768	UWP	Y	15019
Single premium pension	2	9586		902	UWP	Y	10488
Single premium pension	3	9162		1642	UWP	Y	10804
Single premium pension	5	11418			UWP	Y	11418
Single premium pension	10	11604		3103	UWP	Y	14707

∞

Long-term insurance capital requirement

Form 60

Name of insurer **Aviva Life & Pensions 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%	809770	809773			
Classes I (other), II and IX	12	0.1%	168513794	168189736	0.55	92678	80293
Classes I (other), II and IX	13	0.15%	9352605	6183668		7716	4750
Classes I (other), II and IX	14	0.3%	222766535	45963661		367546	316490
Classes III, VII and VIII	15	0.3%	9152692	7285867	0.80	21858	10225
Total	16		410595396	228432705		489798	411758

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					23943	23943
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	23074975	20546636	0.89	205466	135250
Classes III, VII and VIII (investment risk)	33	1%	24119015	23671786	0.98	236718	87828
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	11184381	11184381	1.00	111844	89816
Classes III, VII and VIII (other)	35	25%				16083	15310
Class IV (other)	36	1%	467439	427939	0.92	4279	5223
Class V	37	1%					
Class VI	38	1%	9718	9718	1.00	97	
Total	39					574487	333427

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%	12098	12098			
Classes I (other), II and IX	42	3%	23074975	20546636	0.89	616399	405750
Classes III, VII and VIII (investment risk)	43	3%	24119015	23671786	0.98	710154	263483
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	11184381	11184381			
Classes III, VII and VIII (other)	45	0%	19264634	18743548			
Class IV (other)	46	3%	467439	427939	0.92	12838	15669
Class V	47	0%					
Class VI	48	3%	9718	9718	1.00	292	1
Total	49		78132260	74596106		1339683	684903

Long term insurance capital requirement	51					2427911	1454031
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Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009**

Code

0000 Fund transfers

With-profit re-organisation

On 1 October 2009 a reorganisation of the with-profit funds of two fellow group undertakings, CGNU Life Assurance Limited (CGNU) and Commercial Union Life Assurance Company Limited (CULAC), was approved by the Board and became effective. As part of the reorganisation, the two funds were merged and transferred to the Company; this was followed by a reattribution to shareholders of the inherited estates of these funds.

Certain of the assets and liabilities within the shareholder funds of CULAC and CGNU were transferred to the shareholder fund of the Company at the same time.

The long term business of Norwich Union Life (RBS) Limited, a subsidiary of CULAC, was also transferred to the Company as part of the reorganisation.

Within the Company, two new with-profit sub-funds have been created. Policies of non-electing policyholders have been transferred to the Old With-Profit Sub-Fund (OWPSF), the inherited estate of which has not been reattributed and remains in the OWPSF.

Where policyholders elected to accept the reattribution their policies have been transferred to the New With-Profit Sub-Fund (NWPSF). The inherited estate, totalling £1,106 million at 1 October 2009, has been reattributed to a separate long-term fund called the Non-Profit Sub-Fund 1 (NPSF1), in which 100% of the surplus is attributable to shareholders.

Hamilton Life Assurance Company Limited transfer

On 26 August 2009, the board approved the transfer of the long-term business of a fellow group undertaking, Hamilton Life Assurance Company Limited (HLAC), to the Company. The transfer was effective from 31 December 2009. The long term business has been apportioned into Non Profit Sub-Fund 1 and Non Profit Sub-Fund 2.

Certain of the assets and liabilities within the shareholder fund of HLAC were transferred to the shareholder fund of the Company at the same time.

0201 Section 148 waivers

Waiver 526539

The FSA on the application of the firm issued to the firm in October 2005 a direction under section 148 of FSMA 2000. The effect of the direction is to enable the firm to contract to pay benefits which are determined wholly or partly, by reference to units in the firm's Linked Property Fund which itself holds units in The Mall Unit Trust, The Junction Unit Trust, The Quercus Healthcare Property Unit Trust, The Airport Property Unit Trust, The Henderson UK Retail Warehouse Fund and the Cardiff Bay Limited Partnership.

Waiver 624754

The FSA, on the application of the firm, made a direction in June 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to the Norwich Union Linked Property Fund which are themselves determined, either wholly or partly, by reference to units in the JPUT's and the Retirement Housing Limited Partnership and the Cardiff Bay Limited Partnership.

Waiver 670984

The FSA, on the application of the firm, made a direction in December 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to Life Portfolio Bond which are themselves determined, either wholly or partly, by reference to units in the Morley European Property Fund.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code****Waiver 678525**

The FSA, on the application of the firm, made a direction in June 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to the Norwich Union Linked Property Fund which are themselves determined, either wholly or partly, by reference to units in the JPUT's and the Retirement Housing Limited Partnership; the Cardiff Bay Limited Partnership; Cheshire Oaks Limited Partnership; Swindon Limited Partnership; Bridgend Limited Partnership and Ashford Limited Partnership.

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

	2009	2008
	£'000	£'000
i) Net admissible assets		
Form 13 Line 89 (Long term business)	86,060,194	56,398,069
Form 13 Line 89 (Other than long term business)	1,494,806	816,084
Form 14 Lines 11, 12 and 49	(79,286,583)	(52,686,432)
Form 15 Line 69	(26,252)	(238,800)
	<u>8,242,160</u>	<u>4,288,921</u>
ii) Components of capital resources that are treated as a liability: Subordinated loan capital	-	200,000
iii) Components of capital resources not included in ii) that arise as a result of a waiver and are not represented by admissible assets included in Form 13 – implicit items	-	119,000
iv) Capital resources requirement of regulated related undertakings	948,991	878,636
Total i) to iv) above	<u>9,191,156</u>	<u>5,486,557</u>
Form 3, Line 79		

0306 Financial Reinsurance - ceded

The impact of the financial reinsurance shown at line 92 is to reduce mathematical reserves by £568.8m. The amount of contingent liability for payment to the reinsurer is £587.8m. The commutation value of the reinsurance arrangement at the end of the financial year is £587.8m.

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

	2009	2008
	£'000	£'000
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 taxation provision (Form 14 Line 74)	561,927	358,439
Difference in technical provisions (Form 14 Line 74)	4,121,382	2,057,901
Deferred income reserve (Form 14 Line 74)	89,180	62,311
Financial reinsurance (Form 14 Line 74)	114,527	103,000
Other (Form 14 Line 74)	(707)	1,877
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.		
Valuation of investments in group undertakings	-	3,395
Net positive valuation difference included in line 14	<u>4,886,309</u>	<u>2,586,923</u>

Supplementary notesName of insurer **Aviva Life & Pensions 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)	2,595,772
Profit/(loss) retained for the financial year (Form 16 Line 59)	197,220
Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	473,556
Business transfers in	283,931
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	3,550,479

1104 Provision for claims outstanding

Discounting has been used at Form 11 line 51 for income replacement policy claims in payment, where the projected amounts constitute a form of annuity.

1301 Aggregate value of assets**1308**

The aggregate values of types of assets specified in instruction 5 to Form 13 are:-

- (i) Unlisted investments on lines 41 and 46 are £159.7m (Long term business) and £nil (Other than long term business).
- (ii) Listed investments on lines 41, 46 and 48, which are not readily realisable £nil.
- (iii) 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 are £3,796.8m (all Long term business).
- (iv) Reversionary interests or remainders in property other than land or buildings £nil.

1302 Aggregate value of hybrid securities – long term insurance business**1309**

The company held hybrid securities of £1,757.2m.

1304 Statement of amounts set off**1310**

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

1305 Counterparty limits during the year**1319**

The maximum permitted exposure to counterparties is set out in the Investment Management Agreement with Aviva Investors Global Services Limited and approved by Aviva Life Investment Committee, as follows:

Deposits

Each fund cannot hold more than 2% of funds under management (but subject to minimum of £20m and a maximum of £150m) with individual 'Tier 1' counterparties, 1.5% of funds under management (but subject to a minimum of £15m and a maximum of £100m) with individual 'Tier 2' counterparties and 0.5% of funds under management (but subject to a minimum of £10m and a maximum of £75m) 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.

The absolute limit for a particular counterparty holding at the end of the financial year was £150m for Tier 1, £100m for Tier 2 and £75m for Tier 3.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code****Equities**

The maximum of a company's equity held by all funds is limited to 19.99% and 10% for UK and overseas equities respectively. Unquoted holdings do not exceed 3.5% of the fund.

Fixed

Exposure to non-government bonds is limited to holdings which are deemed to be of a suitable quality determined by senior investment management. The maximum holding across all funds of a single issue is limited to 25% of the issue. Private placements are limited to 2% of the non-government bond portfolio.

Derivatives

Exposure to derivatives is considered in the management of the funds within the overall risk limits. Where appropriate, constraints are in place over the nature of derivative instruments and the duration.

1306 Counterparty exposure at the year end
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.

1318 Other asset adjustments

2009	Category 1	Category 10
	£'000	£'000
Gross up and notional settlement of interfund liabilities	-	45,249
Disclosure of unit-linked credits as liabilities in statutory accounts	-	824,552
Other adjustments	157	734
Other asset adjustments included in Form 13 line 101	<u>157</u>	<u>870,536</u>
2008	Category 1	Category 10
	£'000	£'000
Deferred tax gross up	-	152,600
Current tax gross up	-	(96,371)
Disclosure of unit-linked credits as liabilities in statutory accounts	-	(190,587)
Other adjustments	(392)	(2,983)
Other asset adjustments included in Form 13 line 101	<u>(392)</u>	<u>(137,341)</u>

1401 Provision for reasonably foreseeable adverse variations
1501

The methods and assumptions disclosed in the valuation report, under IPRU (INS) Appendix 9.4, appropriately allow for the determination of any adjustment or provision pursuant to GENPRU 1.3.30R to GENPRU 1.3.33R or INSPRU 3.2.17R to INSPRU 3.2.18R, together with a review by senior management of positions that are valued using third party valuations or by marking to model.

1402 Contingent liabilities, etc
1502

There are no charges over any assets of the Company.

Included in deferred tax liabilities at line 21 of Form 14 is an amount of £nil in respect of a full provision for potential corporation tax on unrealised capital gains. The potential liability and provision for shareholders on Form 15 is £nil.

There are no contingent liabilities not included on the Form.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code**

There are no guarantees, indemnities, or other contractual commitments, effected other than in the ordinary course of insurance business, in respect of the existing or future liabilities of related companies.

There are no other fundamental uncertainties.

1404 Provision**1506**

No implicit provision is required by INSPRU 3.2.17R(3) as all derivatives that impose an obligation on the firm are strictly covered.

1405 Other adjustments to Liabilities

	2009	2008
	£'000	£'000
Adjustment to FSA mathematical reserves	4,121,382	2,057,901
Disclosure of unit-linked credits as liabilities in statutory accounts	824,551	(190,587)
Adjustment to FSA taxation provision	-	89,778
FSA taxation provision – inadmissible assets	(429,786)	-
FSA taxation provision - valuation difference	561,926	-
Gross up and notional settlement of interfund liabilities	45,249	-
Current tax gross up	-	(96,371)
Deferred tax gross up	-	152,600
Deferred income reserve	89,180	62,311
Financial reinsurance	114,537	103,000
Other liabilities	(3,474)	1,878
Other adjustments to liabilities included in Form 14 line 74	5,323,566	2,180,510

1601 Basis of conversion of foreign currency**4005**

Assets and liabilities in currencies other than sterling have been translated into sterling at rates of exchange ruling at 31 December 2009. Revenue transactions of those operations, which are traded in currencies other than sterling, are translated at average rates of exchange for the financial year.

1700 Form omitted

No Category 1, Category 13 or Category 18 Form 17 has been prepared on the basis that there are no derivative contracts for these categories of assets.

1701 Variation Margin

The aggregate amount of variation margin which has been received by the Company is £146.1m. This is allocated to Form 13 Line 44. No amounts included on Form 13 reflect the liability to repay any excess.

1901 Support arrangement assets

The amount included in line 27 (and within lines 29, 67, 68 and 69) comprises the support arrangement assets as defined by the firm's reorganisation scheme dated 1 October 2009. The assets described below are included within Form 13 line 89 of Non Profit Sub Fund 1 (NPSF1).

Shown below are the movements in the Reattributed Inherited Estate External Support Account (RIEESA) during the year, plus the reconciliation of the RIEESA to the figure shown in line 27 of Form 19:

Movements in the RIEESA	£'000
Transferred at 1 October 2009	1,105,715
Investment income and gains	10,373
Premiums less claims and expenses on non-profit business in which the RIEESA has invested, (less increase/plus decrease) in liabilities on that business.	(10,359)
Repayment of capital support arrangement from New With Profits Sub Fund	39,727

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code**

Taxation attributable to the RIEESA	29
Balance carried forward at 31 December 2009	1,145,485
Support arrangement assets	£'000
RIEESA	1,145,485
Capital requirements of business to be retained by the RIEESA and zeroise remaining negative mathematical reserves	(28,454)
Support arrangement assets	1,117,031

4002 Other income and expenditure

Line 15 has been used for transfers of annual management charges between sub funds.

4004 Business transfer in

On 1 October 2009 the company accepted a transfer of the long term business of a number of fellow group undertakings. The transfer was undertaken in accordance with the terms under Part VII of the Financial Services and Markets Act 2000 approved by the High Court on 18 September 2009. The transfer was for £nil consideration in accordance with the Scheme of Transfer.

	£'000
The following group undertakings transferred their entire portfolio of long-term business:	
CGNU Life Assurance Limited	11,870,167
Commercial Union Life Assurance Company Limited	12,294,486
Norwich Union Life (RBS) Limited	-
Total	24,164,653

On 31 December 2009 the company accepted a transfer of the long term business from Hamilton Life Assurance Company Limited. The transfer was undertaken in accordance with the terms under Part VII of the Financial Services and Markets Act 2000 approved by the High Court on 10 December 2009. The transfer was for £nil consideration in accordance with the Scheme of Transfer.

	£'000
The following group undertakings transferred their entire portfolio of long-term business:	
Hamilton Life Assurance Company Limited	78,535
Total	78,535

4006 Apportionment of items between different long-term insurance business funds**Investment Income**

Where linked assets are not individually designated to a particular fund the assets and investment income are allocated by reference to the unit holdings of the respective funds. For all other invested assets investment income is allocated by reference to the designated asset.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code****Increase or decrease in the value of assets brought into account**

The value of non-linked assets brought into account is determined by reference to the liabilities of the relevant fund. The assets available are individually designated to the relevant fund.

In respect of linked assets, where the assets are not individually designated to a particular fund the value brought into account is allocated by reference to the unit holdings of the respective funds.

Expenses

Expenses incurred in respect of a specific fund of business are attributed to the relevant fund. Expenses not so incurred are allocated to the relevant funds on an incurred basis in accordance with the arrangement for the provision of management services by Aviva Life Services UK Limited.

Taxation

The taxation of each fund is computed in accordance with the taxation regulations applicable to that class of business.

4008 Provision of management services

Under a management agreement Aviva Life Services UK Limited supplies and makes a charge for the provision of management services to the Company.

Investment management services have been provided to the Company by Aviva Investors Global Services Ltd.

4009 Material connected party transactions

Related party transactions exceeding 5% of the insurer's long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded, were as follows:

1)	Connected Party	CGNU Life Assurance Limited	
	Nature of relationship	Fellow group undertaking	
	Nature of transactions during the period	Reinsurance accepted	
	Value of transactions during the period	Premiums	£2,308m
		Claims	£1,739m
		Commission	£94m
		Expenses	£72m
	Nature of transactions during the period	Reinsurance ceded	
	Value of transactions during the period	Premiums	£8m
		Claims	£44m
		Expenses	£3m
	Amounts unpaid at the end of the period	£nil	
	Amounts written off in the period	£nil	

The business transfers in discussed on supplementary note 4004 also constitute material connected party transactions.

4111 Comparatives**4211**

Forms 41 and 42 including comparatives have been included for the first time this year in respect of the Belgian Sub Fund.

4300 Form omitted

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
 Global business
 Financial year ended **31st December 2009**

Code

Form 43 in respect of the Belgian Sub Fund and the Stakeholder Fund have been omitted as all entries (including comparatives) would be blank.

4401 Basis of valuation in internal linked funds

Investments are stated at current value, listed investments are stated at Bid market value.

4402 Aggregate value of rights under derivative contracts

The aggregate values of rights and liabilities under derivative contracts (gross of variation margin) as at 31 December 2009 are £69.3m and £3.7m respectively. There is no variation margin payable.

4502 Other income and expenditure

Other Income comprises the following balances:

	2009	2008
	£'000	£'000
Rebates	56,888	51,722
Business transfers in	143,168	-
	<u>200,056</u>	<u>51,722</u>

*Business transfers in relate to the unit linked element of the transfers described in note 4004

Other Expenditure comprises the following balances:

	2009	2008
	£'000	£'000
Custody and Other Management Fees	2,655	2,068
Payment of Distributions to Policyholders	44,927	47,043
Interest Paid	1,272	730
	<u>48,854</u>	<u>49,840</u>

4701 New group schemes for which there is no record of benefits at member level

The number of new group schemes for which there is no record of benefits at a member level is as follows, divided by product code.

Code	Number of schemes
571	49
755	527
415	2

4802 Treatment of expected income

There is a reduction of income where payment of interest is in default. The amount of interest involved is £6.1m.

4803 Redemption assumption

Where securities may be redeemed over a period at the option of the guarantor or the issuer it has been assumed that they will be redeemed at the point which gives the lowest yield.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code****4804 Yield for assets lines 18 or 28**

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 before any allowance for tax required by INSPRU 3.1.29R.

	Yield
Shares in non-insurance dependants (Form 13 Line 25)	Nil
NUCM Mortgage loan (Form 13 line 50)	6.96%
Cash balances (Form 13 Line 81)	0.17%
Direct insurance debtors (Form 13 line 71)	Nil
Reinsurance debtors (Form 13 line 74)	Nil
Other debtors (Form 13 line 78)	Nil

4806 Assets used to calculate investment return

The assets of the With Profit Sub Funds on Long Term Business Form 13 have been used to calculate the investment returns shown in lines 21-29 column 5, with the exception of NWPSF and OWPSF where the assets backing UK asset shares have been used.

4901 Rating agency used

The credit rating analysis on Form 49 has been prepared using the second highest published rating of those provided by Standard & Poor's and Fitch and Moody's. Aviva Investors Global Services Ltd have provided ratings for securities for which there is no published rating.

5101 Group schemes for which there is no record of benefits at member level

The number of group schemes for which there is no record of benefits at member level is as follows

Sub-fund	Business Type	Product Code	Scheme Count
NPSF1	UKL	300	9
NPSF2	UKP	415	201
WPSF	UKP	390	27
WPSF	OS	390	1

5103 The following products have been classified under the miscellaneous product code in Form 51 where the £10m threshold has been exceeded

Sub-fund	Business Type	Product Code	Description of Product	Reserve (£000)
NPSF1	UKL GR	435	Frankona Capital Access Plan	6,638
NPSF1	UKL GR	435	Miscellaneous business – Hamilton Life	6,166
NPSF1	UKL GR	435	Miscellaneous products not modelled in Prophet	4,564
NPSF2	UKPens GR	435	Miscellaneous products not modelled in Prophet	10,404
NPSF2	UKPens GR	435	Northern – Group annuities	2,050
NWPSF	UKL GR	435	Unprocessed Movements, Future Claims and Expenses, Miscellaneous Assurances	38,054
NWPSF	UKL GR	435	Decreasing Term Assurances	1,474

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code**

NWPSF	UKP GR	435	Miscellaneous Assurances and Deferred Annuities	10,159
NWPSF	UKP GR	435	Group Cash on Retirement	1,432

5201 Group schemes for which there is no record of benefits at member level

The number of group schemes for which there is no record of benefits at member level is as follows

Sub-fund	Business Type	Product Code	Scheme Count
PMSF	UKP	555	53
NWPSF/ OWPSF	UKP	571	651

5203 Use of miscellaneous product code

Business classified under the miscellaneous product code where the £10m threshold is exceeded is as follows

Sub-fund	Business Type	Product Code	Description of Product	Reserve (£000)
PMSF	UKP GR	575	AWP Self Employed Retirement Annuity	348,085
PMSF	UKP GR	575	AWP Personal Pension Plan	177,265
PMSF	UKP GR	575	AWP Executive Pension Plan	92,442
PMSF	UKP GR	575	AWP Individual Pension Arrangement	85,495
PMSF	UKP GR	575	AWP COMPACT	30,978
PMSF	UKP GR	575	AWP Additional Voluntary Contributions	29,977
WPSF	UKP GR	575	Product Governance Provisions	13,000
WPSF	UKP GR	575	Pensions Review Provision	4,730
WPSF	UKP GR	575	Other miscellaneous UWP	3,443
NWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	839,544
NWPSF	UKP GR	575	Group Defined Benefit (Red Plan)	179,786
NWPSF	UKP GR	575	Retirement Annuity	298,788
OWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	114,534
OWPSF	UKP GR	575	Group Defined Benefit (Red Plan)	15,448
OWPSF	UKP GR	575	Retirement Annuity	35,455

5301 The number of group schemes for which there is no record of benefits at member level is as follows

Sub-fund	Business Type	Product Code	Scheme Count
PMSF	UKP	735	1
NWPSF/ OWPSF	UKP	755	187

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code****5303 Use of Miscellaneous product code**

Business classified under the miscellaneous product code where the £10m threshold is exceeded is as follows

Sub-fund	Business Type	Product Code	Description of Product	Reserve (£000)
NPSF1	UKL GR	795	Fidelity	2,676
NPSF1	UKL GR	795	Product Governance Reserves	37,274
NPSF1	UKL GR	795	External fund rebate reserve	29,700
NPSF1	UKL GR	795	Miscellaneous assurances - Northern	6,810

5600 Form omitted

No Form 56 has been prepared on the basis that index linked assets at Form 13 Line 58 are nil.

5701 Non-Profit sub-fund

Negative and positive mathematical reserves offset each other for certain lines in Form 57, as detailed below.

Form 51 NP UKL L&GA ASSURANCE - Net 3.00%,Gross 3.75%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	(15,558)
305	Single premium non-profit WL/EA OB	27
325	Level term assurance	(11,370)
330	Decreasing term assurance	(48,033)
340	Accelerated critical illness (guaranteed premiums)	(64,136)
345	Accelerated critical illness (reviewable premiums)	(29,409)
	Total	(168,480)
Form 53 NP UKL L&GA ASSURANCE - Net 0.00%,Gross 0.00%		
Product code	Product description	Net reserve (£000)
700	Life property linked single premium	13
710	Life property linked whole life regular premium	(58)
720	Life property linked endowment regular premium – target cash	(23)
	Total	(68)
Form 51 NP OS OS L&GA ASSURANCE - Gross 3.00%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	103

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code**

325	Level term assurance	539
330	Decreasing term assurance	(1,474)
340	Accelerated critical illness (guaranteed premiums)	(431)
345	Accelerated critical illness (reviewable premiums)	(195)
	Total	(1,458)
Form 51 NP UKL PHI CRITICAL ILLNESS - Gross 3.80%		
Product code	Product description	Net reserve (£000)
350	Stand-alone critical illness (guaranteed premiums)	8,975
355	Stand-alone critical illness (reviewable premiums)	(347)
	Total	8,628
Form 51 NP UKP UK PENS ASSURANCE - Gross 3.80%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	60
325	Level term assurance	(2,143)
330	Decreasing term assurance	(396)
410	Group Life	104
	Total	(2,375)
Form 53 NP UKL L&GA ASSURANCE - Net 3.30%,Gross 4.13%		
Product code	Product description	Net reserve (£000)
700	Life property linked single premium	(129,130)
710	Life property linked whole life regular premium	879
715	Life property linked endowment regular premium -savings	168
720	Life property linked endowment regular premium – target cash	363
	Total	(127,720)
Form 51 NP UKL UKHE INCOME PROTECTION - Gross 3.80%		
Product code	Product description	Net reserve (£000)
360	Income protection non-profit (guaranteed premiums)	12,198
365	Income protection non-profit (reviewable premiums)	(28,190)
420	Group income protection	18,028
	Total	2,037

5803 Distribution of surplus from the With Profits Sub-Fund:

	FSA Ref.	Conventional With Profits (£000)	With Profits Annuity (£000)	Unitised With Profits (£000)	Total (£000)
Bonus payments made to policyholders in anticipation of a surplus	58.41	194,075	386	(5,022)	189,440
Reversionary bonus	58.43	8,509	1,888	180,014	190,411

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009****Code**

Total allocated to policyholders	58.46	202,584	2,274	175,104	379,963
Net Transfer out of fund	58.47	22,509	304	-	22,813
Total Distributed Surplus	58.48	225,094	2,578	175,104	402,776
Percentage of surplus allocated to shareholders (and previous year)		10.00% (10.00%)	11.79% (11.03%)	0.00% (0.00%)	5.66% (5.26%)

Distribution of surplus from the Provident Mutual Sub-Fund:

The transfer shown in line 47 represents the shareholders' share of the distribution of surplus.

The transfer consists of:

- a transfer from the Provident Mutual Fund into the non-technical account of £5,607,000 in respect of shareholders transfers associated with the distribution of surplus
- a transfer into the Provident Mutual Fund from the non-technical account of £103,000 in respect of injections from shareholders to cover their share of future bonus declarations for new with-profit annuities

If the transfer to the non-technical account of £5,607,000 were shown separately in line 47, line 61 would show 90%.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
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) An interim valuation was carried out with an effective date of 30 June 2009 for the purposes of rule 9.3A.

2. Product Range

There have not been any significant changes to products during the financial year. The With Profits Sub-Fund (UKL&P WP Fund) is open to new with-profit business.

With the rebrand of the 'Norwich Union' company name to 'Aviva' during 2009, a range of products (those whose names referred to 'Norwich Union') were renamed to reflect the change in the company name. The products themselves, and other aspects of the name, remained unchanged.

3. Discretionary charges and benefits

- (1) Market Value Reductions (MVRs) were reintroduced with effect from 21 October 2008, and were in force throughout 2009. During this period, MVRs were applied to every product and every purchase year.
- (2) There have been no changes to premiums on reviewable protection policies.
- (3) The fund does not have any non-profit deposit administration benefits.

(4) **Service charges:**

For:

- Unitised Ordinary Business
- Post 1 January 1995 Pensions, including 98 Series products, the 2009 increase in plan fees was RPI published September (5.3%). Figures were reviewed with effect from 1 January 2009.

For pre 1 January 1995 Pensions business, figures were reviewed 1 April 2009.

- Personal Pension Plans (including AVCs, Jersey Investment Plan): 4.1% increase
 - Group Money Purchase plans: 1.8% increase
- (5) There have been no changes to benefit charges on linked policies.
 - (6) There were no changes to unit management charges or notional charges on accumulating with-profit policies.
 - (7) There are no internal linked funds in the With-Profit sub-fund of Aviva Life & Pensions UK Ltd (the Company).
 - (8) There are no internal linked funds in the With-Profit sub-fund of the Company.
 - (9) There are no internal linked funds in the With-Profit sub-fund of the Company.
 - (10) There are no internal linked funds in the With-Profit sub-fund of the Company.

4. Valuation basis (other than for special reserves)

(1) **Valuation methodology**

For the Company, 1% of gross mathematical reserves exceeds £10m. A limit of £10m will be applied to all subfunds of the Company when considering whether a group of products is material.

All regular and single premium business is now valued on a Gross Premium basis.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

For pensions business continued beyond the normal pension age, the cash value available at the normal pension age has been accumulated with interest.

Unitised with-profits business is valued initially by determining the lower of the current non-guaranteed surrender value and the bid value of units. This result is then compared with a prospective valuation and the higher result taken.

The prospective valuation projects future benefits to the next guarantee date. For Pensions business (and Life business with a set maturity date) this is the maturity date that the policyholder has selected. For Life business without a set maturity date it is the next date that the policyholder has a guaranteed surrender value (see section 5(2)).

The projection assumes future premiums cease and future bonuses are zero, except for policies with a guaranteed minimum bonus rate, where this guaranteed bonus is allowed for. Allowance is made for mortality, with assumptions as shown in the Non-Profit Sub-fund Appendix 9.4. Allowance is made for lapses, with assumptions as shown in 4(9) below. The prospective valuation also explicitly allows for the transfer of the annual management charges from the With Profits Fund to the Non Profit Fund to meet future maintenance expenses.

Any death or critical illness risk is valued on an unexpired premium reserve basis with an allowance for incurred but not reported claims.

Contingency reserves are held and these are available for any kind of contingency which may arise.

(2) Valuation interest rates:

A table of all valuation interest rates used is given below.

Product	Interest rate 31 December 2009	Interest rate 31 December 2008
Life Assurances		
Conventional business WP	3.65%	3.55%
UWP business	3.0%	3.6%
Pensions and General Annuities		
Deferred Annuity With Profit		
In payment	4.4%	4.25%
In deferment – Single Premium	4.4%	4.25%
In deferment – Regular Premium	4.4%	4.25%
Deferred Annuity Non Profit		
In Payment	3.7%	3.1%
In deferment – Single Premium	3.7%	3.1%
In deferment – Regular Premium	3.7%	3.1%
Non-profit policies	3.7%	3.1%
Regular Premium With Profit policies	4.4%	4.25%
Single Premium With Profit policies	4.4%	4.25%
Group Defined Benefits	4.4%	4.25%
UWP business	3.6%	4.2%
With Profit Annuity	4.15%	4.0%

(3) Adjustment to yield for credit risk**Equity/Property assets:**

In both cases the assets have been ordered by yield and divided into different categories. The yield in each category is capped. This means that very low-yielding assets retain this low rate but high-yielding assets are capped. This reduces the average yield on equity/property assets.

The deduction applied to the yields is 25% of the excess of the yield over the Long Term Gilt Yield. The deductions reduce the average yield by approximately 0.45% for equities and by approximately 0.83% for property.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

Fixed interest securities

The allowance for credit risk will vary depending on the credit rating of the bond. The table below shows the allowances used.

Corporate Bond Deductions								
Rating	AAA	AA	A	BBB	BB	B	C	Alternative Investments
Deduction	0.09%	0.28%	0.32%	0.67%	1.68%	3.10%	4.95%	0.67%

For the purposes of the valuation, a single deduction was calculated and applied to the capped yield (20%) on all bonds. This was an average of the allowances for securities with different credit ratings, weighted by the bonds' market values at 31 December 2009, plus an additional margin of 0.31% reflecting the expectation of additional costs arising from additional defaults over long term assumptions.

The deduction used was 0.86%. It applies to all fixed interest securities except Approved fixed interest (gilts and other bonds issued by approved UK and international public sector bodies).

For Mortgages, a deduction of 1.00% was used, while for Deposits, the equivalent deduction was 0.10%.

(4) Mortality assumptions

The table below shows the mortality basis for Conventional business written by the fund.

Product	Mortality basis 31 December 2009	Mortality basis 31 December 2008
UKL&P WP Life Assurances		
Whole Life	138.9% AM00/AF00 sel	138.9% AM00/AF00 sel
Endowments	93.3% AM00/AF00 sel	93.3% AM00/AF00 sel
UKL&P WP Pensions & General Annuities		
Whole Life	138.9% AM00/AF00 sel	138.9% AM00/AF00 sel
Endowments	93.3% AM00/AF00 sel	93.3% AM00/AF00 sel
Pure Endowment	60% AM00/AF00 ult	60% AM00/AF00 ult
Deferred Annuity		
In deferment	60% AM00/AF00 ult	60% AM00/AF00 ult
Post vesting	90.5% PCMA00/85% PCFA00	90.5% PCMA00/85% PCFA00
Group Defined Benefits		
In deferment	60% AM00/AF00 ult	60% AM00/AF00 ult
Post vesting	a(55) ult	a(55) ult
With Profit Annuity	90.5% PCMA00/85% PCFA00	90.5% PCMA00/85%PCFA00

Unitised with-profit business

Mortality assumptions as shown in the Non-Profit Sub-fund Appendix 9.4.

Notes on tables:

- M tables apply to male lives, F tables to female lives.
- Smoker / Non-Smoker table used where smoker status data is available, otherwise Combined table used
- Annuitant mortality: allowance has been made for future improvements to mortality. The base tables (% of PCXA00) are assumed to apply as at 31 December 2004; from that date, improvements are expected. The allowance for improvements is as follows:

	31 December 2009	31 December 2008
Males	100% of Medium Cohort, minimum 2.0%, applicable from 2005	100% of Medium Cohort, minimum 2.0%, applicable from 2005
Females	75% of Medium Cohort, minimum 1.5%, applicable from 2005	75% of Medium Cohort, minimum 1.5%, applicable from 2005

- There are no products where the assurance mortality basis is expressed as 'modified table'.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

Expectation of Life

The table below shows the required examples for expectation of life using the base mortality tables, percentage adjustments and improvement factors quoted above.

Table Description	Expectation of Life for annuitant aged 65 in 2009	Expectation of Life for annuitant aged 75 in 2009	Expectation of Life from age 65 for annuitant aged 45 in 2009	Expectation of Life from age 65 for annuitant aged 55 in 2009
90.5% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	23.7	14.5	28.3	25.9
85% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	25.7	16.3	28.8	27.2

Allowance for future changes in mortality where not implicit in the basis:

There are no explicit reserves for alterations to mortality. All future changes are made to the tables used to calculate base mathematical reserves.

Allowance/reserve for:

- (a) any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- (b) developments in medical science on the mortality experience of the insurer:

The mortality bases include adequate margins for AIDS given the present experience. A specific reserve of £5m is held for adverse mortality from AIDS arising from the exercise of guaranteed insurability options.

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

(5) Morbidity assumptions:

There are no liabilities within the With Profits Sub-Fund that require morbidity assumptions.

(6) Expense assumptions:

Expense assumptions are taken as 120% of the amounts detailed in the Management Services Agreement (MSA). The loadings are used to set a long-term assumption for additional costs arising within the business (e.g. project costs, regulatory fees, audit fees) and to give a margin for adverse deviation.

Non-unit reserves on UWP business are held in the Non-Profit Subfunds, expense assumptions for this business are shown in the Non-Profit Sub-fund Appendix 9.4.

Expense levels are assumed the same for premium-paying and paid-up policies.

The table below shows the per-policy expenses for 2008 and 2009 (including loadings).

Product	Product code	Renewal admin (£ per policy)	
		2009	2008
CWP savings endowment	120	31.83	47.39
CWP target cash endowment	125	31.83	47.39
CWP Pensions	155/165	42.43	38.60
Annuity	400	42.43	49.02

Assumed future expense inflation

3.32% per annum (RPI as set out by the MSA agreement)

Zillmer adjustments

No Zillmer adjustments were made to net premium reserves (as the valuation was done on a gross premium basis).

Investment expenses

The yield on the asset classes backing the liabilities was reduced for investment expenses. This reduced the upper bound on the interest rates used in the valuation. The adjustments made were:

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Asset Class	Investment expense
Equity	0.262%
Property	0.203%
Gilts	0.046%
Other Fixed Interest	0.076%
Cash	0.058%

The adjustments reflect the charging structure agreed with the Company's fund managers, Aviva Investors UK.

Tax Relief

Tax relief on expenses on products in the BLAGAB fund has been assumed using a rate of 20.00%.

(7) There are no internal linked funds in the With-Profit sub-fund of the Company.

(8) **Bonus Assumptions:**

Conventional with-profit business

The Company is a realistic basis life firm. Accordingly, no allowance has been made for future annual or final bonus on Conventional with-profit business. This is consistent with INSPRU1.2.31G. There are no guarantees relating to future annual or final bonus on this business.

Unitised with-profit business

Certain classes of business have guaranteed annual bonus rates. These have been used in the projection of liabilities. No allowance has been made for discretionary annual or final bonus.

Guaranteed regular bonus by product:

Product	Guaranteed Annual Bonus Rate	Valuation assumption	Applies to...
Unitised With Profits Life	2.50%	2.50%	Units purchased pre 1/1/1999 on policies written before 1/1/1995
Unitised With Profits Pensions	4.00%	4.00%	Units purchased pre 1/1/1999 on policies written before 1/1/1995

In practice there are a small number of cases that do not satisfy the conditions given in the fourth column of the table but do receive the guaranteed bonus rates shown. These units are identified and the guaranteed bonus rate is incorporated into the valuation.

(9) **Persistency assumptions:**

For Conventional Business, we have assumed 100% persistency until maturity.

For UWP business, we have allowed for surrender rates consistent with the table below. Furthermore, for UWP policies with a no-MVR/money-back guarantee option available, we have assumed an exit rate of 100% at the next guarantee date. The exception to this is the Norwich Capital Plan, where a guaranteed minimum annual bonus rate of 2.5% may mean that a 0% no-MVR take-up will produce a bigger reserve. Accordingly, the reserves for this product are based on the most onerous of the 100% and 0% no-MVR take-up.

We have also assumed that policyholders that are able to take regular withdrawals without incurring an MVR take 5% of their units in this way (per annum).

Product		Average surrender rate for the policy years			
		1-5	6-10	11-15	16-20
UWP savings endowment	Surrender	5.25%	4.50%	4.50%	4.50%
UWP target cash endowment	Surrender	5.25%	5.25%	5.25%	5.25%
UWP whole life	Surrender	5.25%	4.50%	4.50%	4.50%
UWP bond	Surrender	2.14%	9.98%	7.13%	7.13%
UWP pension	Surrender	1.00%	1.00%	1.00%	1.00%

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
Global business
Financial year ended **31 December 2009**

(10) **Other basis items:**

Option take-up rates

- **Guaranteed Annuity Rate Options:**

We have assumed that current option take-up is 95%. This is based on current experience and incorporates margins for prudence.

- **Guaranteed Minimum Pensions (GMP) on Section 32 policies:**

We have assumed 100% 'option take-up' of the minimum pension. In practice, policyholders do not have an option (if the maximum pension bought by their policy is below the Guaranteed Minimum then they will be paid the GMP).

Taxation

Valuation interest rates on Life business include an allowance for taxation. This allowance has been arrived at using the following assumption:

- A tax rate of 20% has been assumed in respect of income on Fixed Interest and Property assets (for Life business). No allowance has been made for taxation on equity income.

A reserve has been made for deferred taxation, including Capital Gains Tax, which has been adjusted for the BLAGAB proportion of business in the fund. No discounting has been applied to the tax rate used; this is in line with the IFRS regulations. This reserve forms part of the Company's Accounting Liabilities as shown on Form 14.

(11) No account was taken in the valuation of the long-term liabilities of any derivative assets held on the valuation date.

(12) During the reporting period, the fund has made no changes to valuation methodology in respect of the following changes in INSPRU valuation rules:

- (a) Allowance for lapses on valuation of protection business
- (b) Allowance for negative reserves on valuation of protection business
- (c) Allowance for lapses on valuation of unit-linked business
- (d) Allowance for attributable expenses on valuation of unit-linked business

5. Options and Guarantees

(1) **Guaranteed Annuity Rate Options:**

(a) **Method:**

For policies with a cash benefit that can be used to buy an annuity on guaranteed terms, the methodology is as follows:

- Calculate the amount of the cash benefit that we have assumed will be converted into an annuity (using the option take-up rates given in section 4(10)).
- Determine the amount of annuity that this cash would buy if it were to be converted on guaranteed terms.
- Calculate the present value of the resulting annuity using the annuitant mortality basis given in section 4(4) and in-payment interest rate basis given in 4(2).
- If the total is greater than the total policy benefit at retirement then add on the difference. Discount the result to valuation date at the discount rate given in section 4(2).
- Add on the reserve for the expenses of administering the annuity.

For policies where the benefit is in the form of an annuity with a guaranteed cash-conversion option, the annuity benefit is converted to cash on the guaranteed terms. The methodology above (for cash contracts) is then applied.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

The Regulatory-peak reserve for Guaranteed Annuity Options is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Regulatory-peak option take-up rates are used (as given in 4(10))
- Realistic-peak annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used

A stochastic uplift factor is used to increase this reserve. It is derived from the option value implicit in the market prices of swaptions with appropriate term to exercise and guaranteed coupon.

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

If this second reserve is larger than the base Regulatory-peak figure, an allowance for stochastic variation is added to the Regulatory-peak reserve. The allowance at 31 December 2009 is zero.

(b)

(i) Product	Conventional pensions endowment with-profits	Conventional deferred annuity with-profits	Deferred annuity non-profit
(ii) Basic Reserve (£m)	759.3	196.8	302.3
(iii) Spread of outstanding durations:			
0-5 years	40%	47%	17%
6-10 years	31%	28%	22%
11-20 years	28%	22%	44%
over 20 years	1%	2%	16%
(iv) Guarantee Reserve (£m)	445.5	127.6	230.3

Notes on all products shown:

(v)/(vii): There are two main types of guaranteed annuity:

- Payable monthly in arrears, single life, no escalation, guaranteed for five years
- Payable monthly in arrears, single life, no escalation, no guaranteed period.

The Guaranteed Annuity Rate for the business with the guaranteed period is 11.25%. The Guaranteed Annuity Rate for the business without is 11.61%. These rates differ by less than 1% and so no split is shown.

vi) Increments (where permitted) do not receive the option.

viii) On retirement before Normal Retirement Date (NRD) Guaranteed Annuity Rates are lost. The exceptions are where retirement occurs between 60 and 75, on ill-health grounds before age 60 or when an early NRD was agreed at outset for S226 contracts.

(2) Guaranteed surrender and unit-linked maturity values:

The With-Profit fund has no unit-linked business.

The non-unit-linked policies with a guaranteed surrender value are certain Unitised With-Profit Life contracts.

No Conventional policies have a guaranteed surrender value. Unitised With-Profit Pensions contracts cannot be surrendered, only transferred or switched; in either case, an MVR would apply if this were to be done before Normal Retirement Date. Retirement under such policies can happen on more than one date without incurring an MVR. Retirement is a contractual exit (not a surrender of the policy) and is explicitly valued.

There are three types of guaranteed surrender value under UWP Life contracts:

- The option to surrender the policy on a certain set of dates without an MVR being applied (a no-MVR guarantee).

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the initial premium paid into the policy (a money-back guarantee)
- The option to take a certain level of regular withdrawals without an MVR being applied.

(a) Methodology:

In all three cases above the overall reserve for a policy has been calculated as:

Max([Accumulated Benefit + adjustment], [Prospective reserve for future benefit]).

- The [Accumulated Benefit + adjustment] item is calculated in accordance with INSPRU 1.2.71R(1).
- The [Prospective reserve for future benefit] is calculated as the present value of the benefit paid to the policyholder after allowing for lapses. The basis of the calculation includes assumptions for surrender before the guarantee date(s), an assumption about the percentage of remaining policyholders who choose to surrender on their guarantee date(s) and an assumption for the level of MVR-free regular withdrawals taken by policyholders.

Persistency assumptions are given in item 4(9), along with assumptions about guarantee take-up. The interest rates used in the calculation are given in 4(2).

The guarantee is explicitly valued as part of the main calculation – there is no explicit reserve for it.

The tables show the unit value in force as the guaranteed amount. This represents the amount that would be paid if the policyholder surrendered with a no-MVR guarantee. It is also a proxy for the amount payable under the regular withdrawal guarantee, as a policyholder could ultimately redeem all of their units through regular withdrawals.

Where a spread of duration is shown, duration refers to the next date at which the policyholder could fully surrender with a guarantee (either no-MVR or money-back).

(b)

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) regular withdrawal guarantee	(vii) in force regular premiums	(viii) increments allowed to policy?
Norwich Capital Plan (10/89 onwards)	338,931,913	3% with no-MVR date in 2009; 92% with no-MVR date in 2010-2012; 5% with no-MVR date 2013+	0	337,294,706	No MVR on 10th anniversary and subsequent 5 yearly anniversaries for continuous investment in the With Profits Fund	None	Aviva reserves the right to apply an MVR on regular withdrawals.		Yes but no-MVR guarantee does not apply to increments
Norwich With-Profits Bond; Norwich Bond 2000; Norwich Flexibond (pre 2/10/00); Bicentenary Bond	918,953,336	15% with money-back gtee in 2009; 12% with money-back gtee in 2010; 73% with MBG expired	0	986,489,079	None	Money-back guarantee applies in the 8-week period centred on the 10th policy anniversary. Does not apply if any part of policy has already been cashed in.	All regular withdrawals are MVR free. Restrictions are made on the amount of regular withdrawals that can be taken. 5% of original investment is current practice.		Yes but they do not receive the money-back guarantee

(3) Guaranteed Insurability Options

- For convertible term or increasing sum insured options, a reserve is held equal to one year's option premium.
- The total sum assured for conversion and renewal options is less than £1bn and is therefore not included here in accordance with rule 9.3(b).

(4) Other guarantees and options

- Guaranteed Minimum Pensions on Section 32 policies**

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
Global business
Financial year ended **31 December 2009**

Section 32 policyholders have a guarantee that the maximum annuity that can be bought with their policy at State Pension Age will not be less than the (revalued) Guaranteed Minimum Pension.

Method/basis:

- The Guaranteed Minimum Pension is valued at retirement using the annuitant mortality/in-payment interest rate assumptions shown in sections 4(4)/4(2) respectively.
- This value of benefits is added to a reserve for paying the expenses of administering the GMP.
- The total is compared with the value of the Sum Assured / Regular Bonus to date. If larger, an additional reserve is established (equal to the difference).

The Regulatory-peak reserve for the GMP guarantee is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Realistic-peak (realistic valuation) annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used

A stochastic uplift factor is used to increase this reserve. It is equal to that used in the Realistic-peak valuation.

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

At 31 December 2009 this led to an additional provision of £0m.

The base reserve for the business affected is: £1,231m

The additional reserve required is: £510m

- (b) Some group business contains premium rate guarantees for a limited period. No specific reserve for these is considered necessary.

6. Expense reserves

- (1) The aggregate amount for expense allowances during 2010 arising from explicit reserves is £32,066,000.

The main sources are:

- The explicit annual maintenance expense charge for conventional business valued on a gross premium basis.
- Investment expenses as provided for by a deduction from the yield on conventional business
- Additional explicit expense reserves and margins

For details about expense loadings for UWP business see Appendix 9.4 for the Non-Profit Subfunds.

- (2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit.
- (3) The allowance for 2010 maintenance expenses in 6(1) above exceeds the 2009 figure for expenses in line 14 of Form 43 by £2,354,000. This difference has been calculated after stripping out costs of Staff Pension Scheme deficit costs and other exceptional expenses from the Form 43 figure, as this is reserved for explicitly elsewhere. The difference is due to margins in the valuation basis and changes in business volumes between 2009 and 2010.
- (4) No reserve is deemed necessary to cover the costs of transacting new business in the year following the valuation date.
- (5) No explicit reserve for maintenance expense overrun has been made because existing provisions for expenses exceed their current levels.

INSPRU 1.2.50R(2) requires us to make prudent provision for expenses allowing for:

- (a) tax
(b) expenses in the last twelve months and expected future expenses

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
Global business
Financial year ended **31 December 2009**

- (c) impact of expense inflation
- (d) cost of closure to new business 12 months after valuation date.

We have taken the following action to comply with INSPRU 1.2.50R(2):

- (a) All expenses provisions allow for taxation.
- (b) Our expense provision exceeds expenses incurred over the last twelve months and expected future expenses levels.
- (c) Expense inflation has been allowed for in the valuation at the rates dictated by the Management Services Agreement. The parameter used for RPI inflation (3.32%) was a best-estimate. By using a best-estimate assumption we are incorporating a margin for prudence into the valuation of expenses (since the gap between the valuation discount rate and expense inflation is far smaller than best-estimate).
- (d) An assessment was made of the cost of closure of the Company to new business at the end of 2009 using the following method and basis of calculation:
 - All sales, marketing and new business administration operations were assumed to cease immediately.
 - Allowance was made for redundancy costs.
 - Allowance was made for costs arising from the delay in re-letting properties occupied by the new business areas.
 - Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.
 - The aggregate costs were discounted to the valuation date.

Allowance was made for the proportion of closure expenses that would be borne by the other sub-funds of the Company and Aviva Annuity UK Limited.

No allowance was made for terminating the existing Management Services Agreement charging structure for existing business, as this would be expected to remain in force after closure to new business.

- (6) The UKL&P WP Fund does not hold any reserves for non-attributable expenses.

7. Mismatching Reserves

- (1) All of the mathematical reserves of the UKL&P WP Fund (sterling value £16,361m) are held to support liabilities payable in pounds sterling. All of these liabilities are supported by assets denominated in sterling.
- (2) No such grouping of liabilities has been needed.
- (3) The fund does not hold a reserve for currency mismatching. The fund has sufficient sterling assets to cover its mathematical reserves.
- (4) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (5) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (6) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (7) INSPRU 1.1.34R(1): “The assets *[held by a firm to cover its technical provisions]*...must...be of a sufficient amount, and of an appropriate currency and term, to ensure that the cash inflows from those assets will meet the expected cash outflows from the firm’s insurance liabilities as they become due.”

No further reserve has arisen following consideration of this rule.

Currency mismatching is considered in sections 7(1)-7(3).

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
Global business
Financial year ended **31 December 2009**

The assets backing the liabilities do not precisely match them by term. The fund has significant holdings in equity and property assets that have no set maturity date. These assets are held to provide strong performance for policyholders.

Instead, the fund aims to ensure that cash outflows can be met through:

- Incoming premiums
- Income from its assets (dividends, rental income, coupon payments)
- Receipts on redemption from matched fixed interest stocks
- Holding appropriate volumes of cash and liquid assets
- Sales of assets.

There is a risk that the fund may have to sell assets at an unfavourable time, e.g. when prices are temporarily depressed. If the fund has to sell unmarketable assets it may also depress the price through the sale itself. The risk will be very short term; if our liquidity was genuinely an issue then we could sell illiquid assets for cash over the period of a year without distorting the price we would receive (and have used in our asset valuation).

The risk only impacts business where it cannot be passed on to policyholders. For example, the risk is negligible on assets backing Unit Linked business because any reduction in price arising on sale would be passed onto the remaining policyholders through the unit price. On with-profit business, high levels of surrender may lead to higher MVR rates being applied.

To mitigate this risk the fund holds liquid assets (cash, certificates of deposit). It also ensures that a significant proportion of its other assets are invested in highly marketable stocks, in particular government bonds (but also shares issued by large companies).

An estimate of the UKL&P WP Fund's claims amounts for 2010 is £2,142m. Expected income, in 2010, from assets currently held in the fund is £805m and £1,200m is held in deposit-style assets. Premium income for 2009 was around £353m and there is no reason to expect it to fall significantly. Therefore we expect to be able to pay the majority of the fund's claims from incoming premiums/ income/cash. The fund also holds an additional £5,172m in gilts. We expect the shortfall could be made by selling some of these assets at short notice without altering prices. Accordingly no additional reserve is considered necessary.

8. Other Special Reserves

(1) Mortgage Endowment Promise

The Company has announced its intention that payments on with profit mortgage endowment policies may, if necessary, be topped up at maturity (subject to certain conditions) where there is a shortfall between the claim value and the mortgage originally targeted. Top-up payments can be met from future investment earnings on the free reserves within the UKL&P WP Fund. If investment earnings on the free reserves are not sufficient to meet the top-up payments then the payments may be reduced or eliminated.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

For the purposes of the regulatory valuation these top up payments are treated as discretionary benefits and generally no reserve needs to be held. There are two issues that have led to a provision being established:

- (a) The company has advised policyholders that we will give them at least three years' notice before altering payments under the promise. We have assumed a half-year time lag between the Board making this decision and being able to communicate it to policyholders. This gives a minimum liability of the present value of the payments required for the next three and a half years.
- (b) The company intends that payments will be made while they can be provided for from earnings on the free reserves within the With-Profit fund.

The reserve will be calculated by considering the full liability for payments advised to policyholders in Promise mailings.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
Global business
Financial year ended **31 December 2009**

As payment of this amount is contingent on earnings on the free reserves, we test whether this full amount can be paid from these earnings with reference to the stochastic model used for the Realistic peak valuation. If earnings are materially lower than the full reserve we will only reserve for the amount of the promise paid from these earnings. The reduction in reserves at 31 December 2009 for the affordability condition is zero.

The amount of provision is £821m.

(2) Mortgage Mis-selling Review

A reserve has been made to provide for future compensation and claims handling costs that are expected to arise from complaints about mortgage mis-selling.

The amount of the provision is £12.1m.

The reserve was calculated by:

- Using an adjusted chain-ladder approach to construct reserves for claims that have been reported but not yet settled
- Using historic information and expected future experience to project the number of complaints into the future. An average cost per complaint figure has been derived and applied to the projected number of complaints to get a reserve for future compensation costs. Future expenses have been calculated assuming a fixed amount per complaint.

Allowance is made for the recovery of any mis-selling claim costs and expenses arising from business sold by appointed representatives or other intermediaries where covered by a formal agreement to that effect.

The key basis items are:

- Average cost per claim: £3,691 (Leeds Permanent Claims); £4,487 (other WP claims)
- Percentage of complaints leading to a claim: 87% (Leeds Permanent Claims); 56% (other WP claims)

Claims processing expense: £341 per complaint

(3) Continued Beyond Maturity (CBM) Data Quality Reserve

A provision of £20m is held to cover the risk that poor data on CBM policies is producing an inadequate reserve.

(4) System migration costs

A provision of £15.8m is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

(5) Product Governance Provision

A reserve of £13m has been made to provide for estimated future rectification costs arising from known product governance issues.

(6) Solvency II project costs

A provision of £10m is held to cover costs expected to be incurred by the UKL&P WP Fund in implementing the regulatory changes resulting from the Solvency II Directive.

9. Reinsurance

- (1) The UKL&P WP Fund does not cede any long-term business on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2) The UKL&P WP Fund has no reinsurance treaties where it is the cedant and where the reserves or premiums exceed £10m.
- (3) There is a treaty that reinsures the business in the UKL&P Belgian Sub-Fund to Delta Lloyd.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

- (e) The treaty reinsures out all liability from the UKL&P Belgian Sub-Fund to Delta Lloyd.
- (f) Delta Lloyd receives the annual premiums payable by the policyholders of the Belgian Sub-Fund. During 2009 these totalled £34,870,000.
- (g) There are no deposit-back arrangements under the treaty.
- (h) The treaty is not closed to new business.
- (i) There is no undischarged obligation for the insurer.
- (j) The amount of mathematical reserves ceded under the treaty is £132,692,000.
- (k) The UKL&P Belgian Sub-Fund retains no liability for new policies being reinsured.
- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
- (m) The reinsurer is a connected company of the Company. It is a subsidiary of the Aviva Group.
- (n) The treaty is not subject to any material contingencies.
- (o) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
- (p) The treaty is not a financing arrangement.

The UKL&P WP Fund and the UKL&P Belgian Sub-Fund do not have any financing arrangements.

10. Reversionary (annual, regular) bonus

(1)

Product	Amount of Gross mathematical reserve (£m)	Regular bonus (2008)	Regular bonus (2009)	Guaranteed bonus (2009)
Conventional Life				
Super-compound series (all business)	3,791.3	0% SA / 0.5% RB	0% SA / 0.5% RB	0.00%
Simple Bonus Whole Life	13.1	16%	16%	0.00%
Conventional Pensions				
Individual & Group Pensions (excl With-Profit Annuity)	3,513.2	0% SA / 0% RB	0% SA / 0% RB	0.00%
Group Defined Benefits	26.3	0.00%	0.00%	0.00%
With-Profits Annuity	104.2	2.00%	2.00%	0.00%
Unitised Life				
Units without regular bonus guarantee	1,077.0	2.00%	1.25%	0.00%
Units with regular bonus guarantee	359.4	2.50%	2.50%	2.50%
Unitised Pensions				
Units without regular bonus guarantee	2,715.3	2.00%	1.25%	0.00%
Units with regular bonus guarantee	3,148.8	4.00%	4.00%	4.00%
Belgium (in the UKLAP Belgium sub-fund)	86.4	0.00%	0.00%	0.00%

- (2) The figures for bonus awarded on Unitised with-profit business show the percentage increase in unit price during the year.
- (3) For super-compound business both rates are shown (the rate applying to the base benefit is shown as a percentage of SA, the rate applying to regular bonus awarded to date is shown as a percentage of RB).
- (4) The figures above do not represent a weighted average.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
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) An interim valuation was carried out with an effective date of 30 June 2009 for the purposes of rule 9.3A.

2. Product Range

There have not been any significant changes to products during the financial year. The fund is closed to new business except by increment.

3. Discretionary charges and benefits

- (1) The Provident Mutual Sub-Fund (PM fund) has no option to apply a market value reduction on any of its with-profit business.
- (2) There have been no changes to premiums on reviewable protection policies.
- (3) The fund does not have any non-profit deposit administration benefits.
- (4) **Service charges:**

Impact Range (including PRIA/IIA with incorrect cancellation notice in 1989)

The charges for the unit linked product range were increased by 3.6%. The exception is for charges on Compact and Everyman which increased by 5.0%

Defined Benefit Schemes

Deferred Allocation Funding:

The administration fee increased by 3.6%.

- (5) There have been no changes to benefit charges on linked policies.
- (6) There were no changes to unit management charges or notional charges on accumulating with-profit contracts.
- (7) One pool of assets is operated for each internal linked fund. Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the prevailing basis of the fund and using the most recently available price. The pricing basis is set depending upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position. This includes sales and purchases by Managed funds.

Where an instruction, payment or all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment or all our requirements are received after 8:00am then units are allocated at the next available unit price. Aviva Life & Pensions UK Ltd (the Company) reserves the right to defer any transaction to a subsequent valuation point.

- (8) When a capital gain is realised on the sale of an asset in a unit-linked fund (and this gain cannot be offset by past capital losses) then the capital gains tax due would be retained in the fund until the next periodic settlement of tax due.

This applies in respect of tax on notional realisations under the Taxes Acts as well as tax on realised capital gains. The tax rates used in calculating these deductions are as specified in section 3(9) below.

- (9) The internal linked funds are taxed on investment gains at the rate that would apply to the Long Term Business Fund. The intention is to adopt broad equity for all holders of units of similar types of fund. To achieve this, rates are reviewed frequently to ensure that they reflect both changes within the fund and changing market conditions. In the calculation of unit prices, allowance is made for indexation where applicable and also for the expected timing of the policyholder tax payment.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
Global business
Financial year ended **31 December 2009**

The tax rate applied to realised gains was 20% during 2009. The rate applied to unrealised gains varied by fund in the range 9% to 20% during the year to 31 December 2009.

Credit is given within unit prices for the tax benefit that may arise in future from realised and unrealised losses. For funds with an excess of realised / unrealised losses over gains, the rate applied to the losses varied by fund in the range 0% to 20% during the year to 31 December 2009.

- (10) The Company derives no financial benefit in respect of collective investment fund units held by the internal linked funds. The Company's policy on receiving discount, commission or other allowance when purchasing, selling or holding units in collective investment funds is to pass the full benefit onto the fund.

4. Valuation basis (other than for special reserves)

(1) Valuation methodology

For the Company, 1% of gross mathematical reserves exceeds £10m. A limit of £10m will be applied to all subfunds of the Company when considering whether a group of products is material.

A gross premium method of valuation was used for Conventional with-profit and Conventional non-profit business.

The Accumulating with-profit business was valued as follows:

- The benefit that had accrued prior to valuation date was rolled forward at the guaranteed rate of interest (where appropriate).
- The benefit at retirement was adjusted for the value of any Guaranteed Annuity Option on the contract.
- The result was discounted back to valuation date at the valuation interest rate.
- A reserve for future expenses under the contracts was also held.

Some business has a surrender value that is determined by the value of the accumulated benefit at date of surrender. A comparison with the surrender value has been made in such cases and no material difference was found.

The Deferred Allocation Funding Contract was valued as the benefit that had accumulated to valuation date plus a prospective reserve for expenses. This ensured that the total reserve was greater than both the discounted value of the future benefits and expenses and the current accumulated benefit.

Principles adopted in the valuation of particular contracts were as follows:

Assurances

Limited premiums for whole life assurances have been valued using the number of annual premiums outstanding at the valuation date for each policy.

For the valuation of endowment assurances, a maturity age of 59½ was assumed if no Date of Birth was recorded on the system.

Where there is an option to vary the maturity date under certain flexible endowment assurances, the business has been classified according to the earliest date. Where the earliest date was before the valuation date, the reserve was calculated as the amount (excluding final bonus) that would have been payable on the valuation date if that date had been chosen as the maturity date.

The valuation factors used included adjustments for early payment of claims where appropriate.

For individual with profit income benefit policies a reserve of 40% of the office premiums was made. The value of the existing regular bonuses was calculated prospectively.

Annuities

For policies approved under Chapter III of Part XIV of the Income and Corporation Taxes Act 1988 the reserves were calculated by reference to the benefits already purchased or to the accumulated premiums available to purchase benefits (if benefits are not determined until death or retirement). For individual deferred annuities, some of which provide for annuities that increase, the reserves were calculated using benefits already purchased adjusted to an equivalent level annuity. For some annuities the equivalent cash amounts were valued. Where premiums are due to be returned in the event of death before vesting date

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

but the death benefit has not been specifically recorded, interest only functions were used in the calculations in respect of the period of deferment.

For group policies where the premiums paid (less expenses) are accumulated with interest and bonus interest in a fund account until required for the provision of retirement benefits the reserve was taken to be the amount standing in such fund accounts.

For certain group deferred annuities under recurring single premium schemes, the amounts of pension allocated and purchased up to recent scheme anniversary dates (or the equivalent cash amounts allowing for profits in possession where applicable) were calculated and valued. Additional reserves were made in respect of unallocated premiums received since the relevant anniversaries.

Where a contract provides an option at vesting to re-apply a guaranteed cash equivalent of the benefits to secure an annuity on the terms current at the time, allowance was made for the option as described above.

Certain assurances and annuities have been issued with the facility that premiums be waived in the event of the prolonged disability of the life assured. These additional benefits have been valued by taking a multiple of the additional premiums payable for the facility.

(2) Valuation interest rates:

A table of all valuation interest rates used is given below.

Product	Interest rate (%) 31 December 2009	Interest rate (%) 31 December 2008
Life with-profit assurances	4.30	3.90
Life non-profit business	3.65	3.00
Pension accumulating with-profit (excluding Compact)	4.80	4.55
Compact pension accumulating with-profit	3.25	3.25
Non profit immediate annuity	4.65	4.00
With profit immediate annuity	4.65	4.00
Pension Deferred Annuity Non Profit and Guaranteed Annuity Options		
In payment	3.70	3.35
In deferment	4.05	3.45
Pension Deferred Annuity With Profit and Guaranteed Annuity Options		
In payment	4.80	4.45
In deferment	4.80	4.55

(3) Adjustment to yield for credit risk**Equity/Property assets:**

In both cases the assets have been ordered by yield and divided into different categories. The yield in each category is capped. This means that very low-yielding assets retain this low rate but high-yielding assets are capped. This reduces the average yield on equity/property assets.

The deduction applied to the yields is 25% of the excess of the yield over the Long Term Gilt Yield. The deductions reduce the average yield by approximately 0.19% for equities, and approximately 0.19% for property.

Fixed interest securities

The allowance for credit risk will vary depending on the credit rating of the bond. The table below shows the allowances used.

Corporate Bond Deductions								
Rating	AAA	AA	A	BBB	BB	B	C	Alternative Investments
Deduction	0.09%	0.28%	0.32%	0.67%	1.68%	3.10%	4.95%	0.67%

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

For the purposes of the valuation a single deduction was calculated and applied to the capped yield (20%) on all bonds. This was an average of the allowances for securities with different credit ratings, weighted by the bonds' market values at 31 December 2009, plus an additional margin of 0.31% reflecting the expectation of additional costs arising from additional defaults over long term assumptions.

The total deduction used was 0.74%. It applies to all fixed interest securities except Approved fixed interest (gilts and other bonds issued by approved UK and international public sector bodies).

For Mortgages, a deduction of 1.00% was used, while for Deposits, the equivalent deduction was 0.10%.

(4) Mortality assumptions

The table below shows the mortality basis for business written by the fund.

Product	Mortality basis 31 December 2009	Mortality basis 31 December 2008
Life Assurances		
Assurances - Whole Life	138.9% AM00/AF00 sel	138.9% AM00/AF00 sel
Assurances – Endowments	93.3% AM00/AF00 sel	93.3% AM00/AF00 sel
Assurances - Level Term	88.0% TM00/TF00 sel	88.0% TM00/TF00 sel
Assurances - Decreasing Term	91.2% TM00/TF00 sel	91.2% TM00/TF00 sel
Pensions and General Annuities		
Accumulating With Profit : In deferment Post Vesting (incl GAO)	60% AM00/AF00 ult 90% PCMA00 / 100% PCFA00	60% AM00/AF00 ult 100% PCMA00 / 110% PCFA00
Deferred Annuity In deferment Post Vesting	60% AM00/AF00 ult 90% PCMA00 / 100% PCFA00	60% AM00/AF00 ult 100% PCMA00 / 110% PCFA00
With-Profit and Non-Profit Annuity in Payment (Individual)	90% IML00/IFL00	90% IML00/IFL00
Non-Profit Annuity in Payment (Group):	100% PCMA00 / 110% PCFA00	100% PCMA00 / 110% PCFA00
With-Profit Annuity in Payment (Group):	100% PCMA00 / 110% PCFA00	100% PCMA00 / 110% PCFA00

Notes on tables:

- M tables apply to male lives, F tables to female lives.
- Smoker / Non-Smoker table used where smoker status data is available, otherwise Combined table used
- Annuitant mortality: allowance has been made for future improvements to mortality. The base tables (% of PCXA00) are assumed to apply as at 31 December 2004. The base tables (% of modified PXA92) are assumed to apply at calendar year 2002. The allowance for improvements is as follows:

	31 December 2009	31 December 2008
Males	100% of Medium Cohort, minimum 2.0%, applicable from 2005	100% of Medium Cohort, minimum 2.0%, applicable from 2005
Females	75% of Medium Cohort, minimum 1.5%, applicable from 2005	75% of Medium Cohort, minimum 1.5%, applicable from 2005

- There are no products where the assurance mortality basis is expressed as 'modified table'.

Expectation of Life

The table below shows the required examples for expectation of life using the base mortality tables, percentage adjustments and improvement factors quoted above.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2009

Table Description	Expectation of Life for annuitant aged 65 in 2009	Expectation of Life for annuitant aged 75 in 2009	Expectation of Life from age 65 for annuitant aged 45 in 2009	Expectation of Life from age 65 for annuitant aged 55 in 2009
100% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	22.7	13.6	27.1	24.8
110% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	23.2	14.2	26.1	24.6
90% IML00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	23.9	14.5	28.0	25.9
90% IFL00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	25.9	16.1	28.8	27.3

Allowance for future changes in mortality where not implicit in the basis:

There are no explicit reserves for alterations to mortality. All future changes are made to the tables used to calculate base mathematical reserves.

Allowance/reserve for:

- any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- developments in medical science on the mortality experience of the insurer:

For certain categories of options further AIDS reserves have been set up:

- For temporary assurances with a guaranteed option to convert or renew without furnishing further evidence of health it has been assumed that 50% of policyholders who will contract AIDS have exercised the option most expensive to the company.
- For mortgage-related endowment assurances with a guaranteed option to increase the sum assured within certain limits in the event of an increase in mortgage the percentage assumed is 10%.
- For continuation options under group policies it has been assumed that 10% of the "at risk" membership leaves each year for the next 10 years (or until the expiry of the guarantee of terms for existing members if earlier), and that half of these exercise the option most expensive to the company.

The total additional reserve for AIDS is £2.3m.

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

(5) Morbidity Assumptions

The gross reserve for PHI business is less than £10m.

(6) Expense assumptions:

Expense assumptions are taken as 120% of the amounts detailed in the Management Services Agreement (MSA) plus an aggregate provision of £0.5m. The loadings are used to set a long-term assumption for additional costs arising within the business (e.g. project costs, regulatory fees, audit fees) and to give a margin for adverse deviation.

Expense levels are assumed the same for premium-paying and paid-up policies.

The table below shows the per-policy expenses for 2008 and 2009 (including loadings).

1. PM	Existing Business Admin Fees	2009	2008
Product code	Category		
120	Conventional endowment with-profits OB savings	21.89	21.49
125	Conventional endowment with-profits OB target cash	21.89	21.49
165	Conventional deferred annuity with-profits	21.89	21.49
700	Life property linked single premium	21.89	21.49
715	Life property linked endowment regular premium -savings	21.89	21.49
720	Life property linked endowment regular premium – target cash	21.89	21.49
725	Individual pensions property linked	32.28	31.69
735	Group money purchase pensions property linked	25.99	25.51

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
Global business
Financial year ended **31 December 2009**

Assumed future expense inflation:

3.32% per annum (RPI as set out by the MSA agreement)

Zillmer adjustments:

No Zillmer adjustments were made to net premium reserves.

Investment expenses:

A reserve is held for investment expenses assumed at 0.107%.

Tax Relief:

Tax relief on expenses on products in the BLAGAB fund has been assumed using a rate of 20.00%.

No allowance has been made for taxation in respect of Pensions business.

(7) Unit Linked policies: basis for non-unit reserves.

Non-unit reserves are held in the Company's New and Old With Profit Sub Funds, because non-unit cashflows are transferred to these funds. The basis used to calculate these reserves is shown in the Appendix 9.4 report for these funds.

(8) Bonus Assumptions:

Conventional with-profit business:

The Company is a realistic basis life firm. Accordingly, no allowance has been made for future annual or final bonus on Conventional with-profit business. This is consistent with INSPRU1.2.31G. There are no guarantees relating to future annual or final bonus on this business.

Accumulating with-profit business

The business does not have guaranteed regular bonus rates. However, some products have guaranteed interest rates. These are incorporated into the valuation of the business. For more details on guaranteed interest rates, please see the table in section 10(1).

With-Profits Annuity:

Air France business has a guaranteed regular bonus rate of 5%. This has been used for projection of the liability. No other business has this guaranteed rate.

(9) Persistency assumptions:

We have not assumed any lapses in the valuation except as follows:

For Accumulating with-profit business, we have assumed 100% persistency until the first date at which the policyholder can retire without penalty. We have assumed that all policyholders would choose to exit on the first such date. If policyholders have a window where they can retire without penalty, and they find themselves within the window at retirement date, they are assumed to retire immediately. This assumption is prudent because all of the guaranteed interest rates on these policies are below the valuation interest rate.

(10) Other basis items

Option Take-Up Rates

- **Guaranteed Annuity Rate Options:**

We have assumed that current option take-up is 93%. This includes a margin over current experience of just over 10%. This rate is assumed to increase by 1% per annum to 95%.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
Global business
Financial year ended **31 December 2009**

Taxation

Valuation interest rates on Life business include an allowance for taxation. This allowance has been arrived at using the following assumption:

- A tax rate of 20% has been assumed in respect of income on Fixed Interest and Property assets (for Life business). No allowance has been made for taxation on equity income.

A reserve has been made for deferred taxation, including Capital Gains Tax, which has been adjusted for the BLAGAB proportion of business in the fund. No discounting has been applied to the tax rate used; this is in line with the IFRS regulations. This reserve forms part of the Company's Accounting Liabilities as shown on Form 14.

- (11) No account was taken in the valuation of the long-term liabilities of any derivative assets held on the valuation date.
- (12) During the reporting period, the fund has made no changes to valuation methodology in respect of the following changes in INSPRU valuation rules:
- (a) Allowance for lapses on valuation of protection business
 - (b) Allowance for negative reserves on valuation of protection business
 - (c) Allowance for lapses on valuation of unit-linked business
 - (d) Allowance for attributable expenses on valuation of unit-linked business

5. Options and Guarantees

(1) Guaranteed Annuity Rate Options:

(a) Method:

For policies with a cash benefit that can be used to buy an annuity on guaranteed terms, the methodology is as follows:

- Calculate the amount of the cash benefit that we have assumed will be converted into an annuity (using the option takeup rates given in section 4(10)).
- Determine the amount of annuity that this cash would buy if it were to be converted on guaranteed terms.
- Calculate the present value of the resulting annuity using the annuitant mortality basis given in section 4(4) and in-payment interest rate basis given in 4(2).
- If the total is greater than the total policy benefit at retirement then add on the difference. Discount the result to valuation date at the discount rate given in section 4(2).
- Add on the reserve for the expenses of administering the annuity.

The Regulatory-peak reserve for Guaranteed Annuity Options is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Regulatory-peak option takeup rates are used (as given in 4(10))
- Realistic-peak (realistic valuation) annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used

A stochastic uplift factor is used to increase this reserve. It is derived from the option value implicit in the market prices of swaptions with appropriate term to exercise and guaranteed coupon.

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

If this second reserve is larger than the base Regulatory-peak figure, an allowance for stochastic variation is added to the Regulatory-peak reserve. The allowance at 31 December 2009 is zero.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2009

(b)

(i) Product Name	Personal Pension Plan	Products with GAO excluding Personal Pension Plan
(ii) Basic Reserve (£m)	119.3	526.8
(iii) Spread of outstanding durations		
0-5 years	82.6%	64.9%
6-10 years	13.2%	19.7%
11-20 years	4.2%	13.2%
over 20 years	0.0%	2.2%
(iv) guarantee reserve (£m)	47.9	143.2
(v) guaranteed annuity rate	10.8%	10.3%
(vi) increments allowed?	Yes	Yes but GAO does not apply
(vii) form of annuity	Payable monthly in advance, single life, guaranteed for 5 years	Payable monthly in advance, single life, guaranteed for 5 years
(viii) retirement ages	60 to 75 permitted	50 to 75 permitted

(2) Guaranteed surrender and unit-linked maturity values:**Non-Unit-linked:**

The PM fund does not offer guaranteed surrender values. On surrender policyholders may receive a benefit that is set by a formula but the parameters will be determined by economic conditions at the date of surrender. Accumulating with-profit pensions policies may allow retirement within a range of dates but this is not the surrender of the contract.

Unit-Linked:Pension Assured Fund/British Rail Assured Fund

The basic reserve held in respect of units invested in these funds is £1,374m. The unit benefits at maturity are covered by the UKL&P Non-Profit fund. There is a potential investment risk arising from guaranteed maturity values; the PM fund retains this risk for much of the business.

Units in these funds have a guaranteed price of £1 at the selected pension date or on earlier death. The guaranteed amount is £1,495m. The possible impact of this guarantee is mitigated by choosing assets for the fund that approximately immunise the guaranteed liabilities (and by the mechanism for bonus calculation).

The Pension Assured Fund is an investment fund open to many Aviva pensions products to invest in. The amount of in-force premiums will be a proportion of the total amount of premiums on those policies that have some of their policy invested in these funds.

A number of products that can invest in the PAF allow policyholders to make increments.

The distribution of outstanding duration is shown below:

Durations	0-4	5-9	10-14	15-19	20-24	24-29	30+
Proportion	11%	16%	22%	24%	17%	8%	2%

(3) Guaranteed Insurability Options

(a) For the following classes of business, the reserve held was equal to the proportion of the office premiums attributable to the options:

- Certain policies on the life of or for the benefit of children contain guaranteed options, usually on the child's 18th or 21st birthday.
- Under certain temporary assurances there is an option to convert to other classes without furnishing further evidence of health.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
Global business
Financial year ended **31 December 2009**

- Certain endowment and whole life assurances include options to take out further such policies at specified future dates or on the occurrence of specified events (e.g. moving house) without furnishing further evidence of health.
- Under certain group policies and certain individual non-linked pension arrangements the rates of premium applicable to additional benefits are guaranteed for a limited period.

(b) The total sum assured for conversion and renewal options is less than £1bn and is therefore not included here in accordance with rule 9.3(b).

(4) Other guarantees and options

There are no other material guarantees and options offered by the fund.

6. Expense reserves

(1) The aggregate amount for expense allowances during 2010 arising from explicit reserves is £19,700,000.

The main sources are:

- The explicit annual maintenance expense charge
- Investment expenses
- Additional explicit expense reserves and margins

(2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit.

(3) The allowance for 2010 maintenance expenses in 6(1) above exceeds the 2009 figure for expenses in line 14 of Form 43 by £1,000,000. This difference has been calculated after removing UL AMC paid to the New/Old With Profit Sub Funds, and other exceptional expenses from the Form 43 figure, as this is reserved for explicitly elsewhere. The difference is due to margins in the valuation basis and changes in business volumes between 2009 and 2010.

(4) Under the PM Sub Fund Scheme of Transfer, no charges are made to the PM Fund in connection with the acquisition of new business (other than incremental business).

(5) The PM Fund is closed to new business. The closure of the Company to new business at the end of 2009 would not require an additional provision.

(6) No expenses have been treated as non-attributable.

7. Mismatching Reserves

(1) All of the mathematical reserves of the PM Fund (sterling value £1,626m) are held to support liabilities payable in pounds sterling. All of these liabilities are supported by assets denominated in sterling.

(2) No such grouping of liabilities has been needed.

(3) The fund does not hold a reserve for currency mismatching. The fund has sufficient sterling assets to cover its mathematical reserves.

(4) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.

(5) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.

(6) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.

(7) INSPRU 1.1.34R(1): "The assets *[held by a firm to cover its technical provisions]*...must...be of a sufficient amount, and of an appropriate currency and term, to ensure that the cash inflows from those assets will meet the expected cash outflows from the firm's insurance liabilities as they become due."

No further reserve has arisen following consideration of this rule.

Currency mismatching is considered in sections 7(1)-7(3).

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
Global business
Financial year ended **31 December 2009**

The assets backing the liabilities do not precisely match them by term. Instead, the fund aims to ensure that cash outflows can be met through:

- Income from its assets (dividends, rental income, coupon payments)
- Receipts on redemption from matched fixed interest stocks
- Holding appropriate volumes of cash and liquid assets
- Sales of assets.

The fund is closed to new business and has little premium income in comparison to its claims.

There is a risk that the fund may have to sell assets at an unfavourable time, e.g. when prices are temporarily depressed. If the fund has to sell unmarketable assets it may also depress the price through the sale itself. The risk will be very short term; if our liquidity was genuinely an issue then we could sell illiquid assets for cash over the period of a year without distorting the price we would receive (and have used in our asset valuation). The PM fund has few unmarketable assets (e.g. no direct property).

The risk only impacts business where it cannot be passed on to policyholders. For example, the risk is negligible on assets backing Unit Linked business because any reduction in price arising on sale would be passed onto the remaining policyholders through the unit price.

The PM fund holds some deposit-style assets, and uses income from Fixed Interest stocks to back its liabilities by term. However, it does also ensure that it holds highly liquid Fixed Interest assets, particularly government bonds.

An estimate of the PM fund's non-linked claims amounts for 2010 is £265m. Expected income, in 2010, from assets currently held in the fund is £92m and £206m is held in deposit-style assets. The fund currently holds an additional £189m in gilts. We expect that these assets could be sold at short notice without altering prices, so there is no need to hold an additional reserve.

8. Other Special Reserves

(1) System migration costs

A provision of £10.4m is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

9. Reinsurance

- (1) The PM fund does not cede any business on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2) There are no reinsurance arrangements that satisfy the conditions in either 9.2(a), (b) or (c):

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2009**10. Reversionary (annual, regular) bonus**

(1)

Product	Amount of mathematical reserve (£m)	Regular bonus (2008)	Regular bonus (2009)	Guaranteed bonus (2009)
Life				
Endowment / Whole Life (incl Budget Plan, Permanent Total Disability, Flightdeck)	258.9	0% SA / 0% RB	0% SA / 0% RB	0.00%
Pensions (excl With-Profit Annuity)				
Personal Pension Plan (Series 1 & 2)	29.9	0% of benefit secured	0% of benefit secured	0.2% gteed interest per month
Personal Pension Plan (Series 3)	137.4	0% of benefit secured	0% of benefit secured	0.22% gteed interest per month
Self Employed Retirement Annuities	304.0	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
IPA / AVC / Money Purchase schemes	115.5	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
Executive Pension Plan	92.4	0% of benefit secured	0% of benefit secured	3.25% gteed interest on Higher rate fund money only
Compact	31.2	0% of benefit secured	0% of benefit secured	3.25%/3.15% gteed interest on Higher Rate Fund money only
Deferred Allocation Funding (All series)	148.7	0% of account balance	0% of account balance	0.00%
Other Deferred Annuities	6.3	0% of account balance	0% of account balance	0.00%
With-Profit Annuity				
Annuitants from defined benefit schemes (excluding Air France)	226.7	3.50%	3.50%	0.00%
Annuitants from Air France	17.6	5.00%	5.00%	5.00%
Annuitants on 1999 series rates	2.6	4.50%	4.50%	0.00%
Other annuitants:				
retiring before 1984	3.2	10.00%	10.00%	0.00%
retiring between 1984 and 1992	47.0	4.50%	4.50%	0.00%
retiring between 1993 and 1997	30.9	1.00%	1.00%	0.00%
retiring between 1998 and 2002	47.8	0.00%	0.00%	0.00%
retiring 2003 and later	15.7	0.00%	0.50%	0.00%

(2) There is no Unitised with-profit business in the PM Fund.

(3) For super-compound business both rates are shown (the rate applying to the base benefit is shown as a percentage of SA, the rate applying to regular bonus awarded to date is shown as a percentage of RB).

(4) The figures above do not represent a weighted average.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2009**

1. Introduction

- (1) The **valuation date** is 31 December 2009.
- (2) This is the first valuation for these funds. The funds were created on 1 October 2009 from the fund transfer and estate reattribution of the With-Profit and Stakeholder funds of CGNU Life Assurance Limited (CGNU), Commercial Union Life Assurance Company Limited (CULAC) and Norwich Union Life (RBS) Limited.

The date of the previous valuation for CGNU and CULAC was 31 December 2008.
- (3) An interim valuation for CGNU and CULAC was carried out with an effective date of 30 June 2009 for the purposes of rule 9.3A.

2. Product Range

With the rebrand of the 'Norwich Union' company name to 'Aviva' during 2009, a range of products (those whose names referred to 'Norwich Union') were renamed to reflect the change in the company name. The products themselves, and other aspects of the name, remained unchanged.

The Life 70 Trustee Investment Plan was closed to new business in 2009.

The Inflation Protected Guarantee (IPG) on the With-Profit Fund was withdrawn in April 2009.

In November 2009, a new With-Profit Guaranteed Fund was introduced, offering a 100% money-back guarantee from the fifth policy anniversary onwards in return for an additional charge in the first 5 years.

A review of mortality charges was carried out in 2009 on those unitised pensions products which had attaching life cover. As a result, some charges increased whilst others decreased; this depended on age, smoker status, sex and legacy company.

A similar review was undertaken for all linked Mortgage Endowments and Bonds with life cover, including the GA Stepping Stone, the PM Personal Investment Account and the Mortgage Investment Account products. In most cases this resulted in a reduction in mortality charge.

This fund is open to new with-profit business.

3. Discretionary charges and benefits

- (1) For all UK, Irish and Swedish business, Market Value Reductions (MVRs) were reintroduced with effect from 21 October 2008, and were in force throughout 2009. During this period, MVRs were applied to every product and every purchase year.

French business:

MVRs are calculated on a case-by-case basis and only apply to large cases.

German business:

MVRs are calculated on a case-by-case basis. No MVRs have been applied throughout 2009.

- (2) There have been no changes to premiums on reviewable protection policies.
- (3) The fund does not have any non-profit deposit administration benefits.
- (4) **Service charge increases:**

Aviva, ex-NU Life products (post 2 October 2000) and ex-CGU products

The monthly administration charge increased by 5.1%, except for Irish products where the charge increased by 3.7%.

Ex-GA products

The monthly administration charge increased by 3.6% on Life and Pensions products.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2009**

Ex-CU products

Sterling Pensions: The increase in policy charge was 5.1%.

Sterling Group Plan: The increase applied was 3.6%

Prime Series: Policy charges were increased by 5.1%

Prime Personal Pension: No changes to Plan fees.

Life Products: There are no changes to Plan fees.

- (5) There have been no changes to benefit charges on linked policies, other than the changes mentioned in section 2.
- (6) There have been no changes to notional charges on accumulating with-profit policies. There were no changes to unit management charges.
- (7) One pool of assets is operated for each internal linked fund. Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the prevailing basis of the fund and using the most recently available price. The pricing basis is set depending upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position. This includes sales and purchases by Managed funds.

Where an instruction, payment or all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment or all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

- (8) When a capital gain is realised on the sale of an asset in a unit-linked fund (and this gain cannot be offset by past capital losses) then the capital gains tax due would be retained in the fund until the next periodic settlement of tax due.

This applies in respect of tax on notional realisations under the Taxes Acts as well as tax on realised capital gains. The tax rates used in calculating these deductions are as specified in section 3(9) below.

- (9) The internal linked funds are taxed on investment gains at the rate that would apply to the Long Term Business Fund. The intention is to adopt broad equity for all holders of units of similar types of fund. To achieve this, rates are reviewed frequently to ensure that they reflect both changes within the fund and changing market conditions. In the calculation of unit prices, allowance is made for indexation where applicable and also for the expected timing of the policyholder tax payment.

The tax rate applied to realised gains was 20% during 2009. The rate applied to unrealised gains varied by fund in the range 9% to 20% during the year to 31 December 2009.

Credit is given within unit prices for the tax benefit that may arise in future from realised and unrealised losses. For funds with an excess of realised / unrealised losses over gains, the rate applied to the losses varied by fund in the range 0% to 20% during the year to 31 December 2009.

- (10) The Company derives no financial benefit in respect of collective investment fund units held by the internal linked funds. The Company's policy on receiving discount, commission or other allowance when purchasing, selling or holding units in collective investment funds is to pass the full benefit onto the fund.

4. Valuation basis (other than for special reserves)

For unit linked policies, details are shown in the Non-Profit (NP) Sub-Fund's Appendix 9.4 unless stated below.

(1) Valuation methodology

£10m is less than 1% of gross mathematical reserves, therefore £10m has been used as the materiality limit for this section.

A gross premium valuation method has been used in the calculation of mathematical reserves for the principal classes of with-profit and non-profit business. Exceptions and principles adopted in the valuation of particular contracts are:

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2009**

Ex-CGNU business

Assurances and deferred annuities were valued according to nearest age at the date of investigation. Provision was made for the immediate payment of claims.

Immediate Annuities were valued according to age last birthday at the date of the investigation.

Except in the case of Parent's Life Policies, those contracts which are a combination of two or more categories of contract have been valued in their constituent parts.

Full provision has been made for all guaranteed benefits, vested bonus and options available to policyholders. Where policyholders are able to surrender their policies for cash we have ensured that the reserves are large enough to meet that part of the cash payment relating to their guaranteed benefits.

A small number of policies on legacy systems are valued on a net premium basis; the reserves do not exceed £10m. Where the net premium method was used, no adjustment was made to the net premium for acquisition expenses (or for anything else).

An amount was included in the Decreasing Term Reserve to cover the risk of death during a period not exceeding three months under certain mortgage related policies between the date of exchange of contracts and the completion of a mortgage.

An amount was included in the With Profits Endowment Reserve to meet the non-recovery of Life Assurance Premium Relief agreed with the Inland Revenue in respect of future premiums on certain life policies issued in March 1984.

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Aviva Life Services UK Ltd assuming future inflation at 3.32% per annum.

Principles adopted in the valuation of particular contracts were:

- (a) The reserve for single premium group and individual term assurance contracts was the single premium and for Group Decreasing Term Assurance contracts the reserve was one year's office premium for annual premium contracts and the unearned proportion of the premium on the 24ths basis for single premium contracts, plus an appropriate reserve for profit sharing.
- (b) Retirement Annuities by recurring single premiums were valued using a prospective bonus reserve valuation. The valuation assumes that future regular bonuses are nil. Allowance is made for the excess, if any, of the value of benefits purchased by future premiums at the current level over the value of such premiums.
- (c) Equity Endowment Assurances were valued by taking the Bid Prices of the Units deemed to have been purchased at the valuation date and adding 1/12 of the total annual premium payable.
- (d) For contracts with benefits linked to the internal linked funds of the Company, the unit liability was taken as the value of units deemed allocated to the policies in the internal linked funds of those companies.
- (e) Unitised With Profit business is valued initially by determining the lower of:
 - (i) the current non-guaranteed surrender value and
 - (ii) the amount of this benefit after removal of final bonus/MVR.

This result is then compared with a prospective valuation and the higher result taken.

The prospective valuation projects future benefits assuming future premiums cease and future bonuses are zero, except for policies with a guaranteed minimum bonus rate, where this guaranteed bonus is allowed for.

An allowance is made for future non-guaranteed surrenders. At a date (or dates in the case of regular withdrawals) where the company guarantees not to apply a Market Value Reduction on surrender, an exit rate of 100% is assumed. This is because the company now allows a 'roll-forward' of the no-MVR amount after the first no-MVR date. This approach is prudent.

Additional reserves are included where appropriate for contracts which provide a money back guarantee on a future policy anniversary.

- (f) Assurances issued on impaired lives and subject to extra premiums were valued as if effected at the ages corresponding to the premiums charged, except that for certain assurances issued before

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2009**

9 November 1970 one full year's extra premium was reserved in addition to the normal reserve calculated on the basis of the true age.

One full year's extra premium was reserved in addition to the normal reserve under assurances carrying an extra premium for any other reason.

Debts that have been imposed on assurances have been ignored.

- (g) Amounts in overseas currencies were converted to sterling using rates of exchange current at the valuation date.
- (h) The reserve for the Irish and German term assurance contracts was taken as one year's premium.
- (i) The reserve for waiver of premium benefits attaching to endowment assurance, term assurance and decreasing term assurance contracts has been taken as one year's premium.

Ex-CULAC business

Assurances and deferred annuities were valued according to nearest age at the date of investigation. Provision was made for the immediate payment of claims.

All conventional regular premium business is valued on a gross premium basis with the following exceptions:

- For direct written regular premium Mortgage Protection assurances, the reserve is taken to be 4.6 times the annualised premium.
- For group life contracts the reserve is taken to be 100% of the office yearly premium.
- For contingent assurances the reserve is taken to be the single premium paid or three times the annual premium.
- For assurances against issue risks, the reserve is taken to be the one times the annual premium and the total is less than £10m.

For policies on substandard lives, the difference between the premium payable and the normal premium has been treated as an extra premium for whole life assurances and endowment assurances issued on or after 1 January 1964 and a reserve is held equal to one year's extra premium.

- The reserve in respect of extra premiums charged for occupation or residence has been taken as one year's extra premium. This is less than £10m.
- Annuities in payment are valued according to age next birthday at the valuation date less half a year. The valuation factors allow for certain guaranteed term conditions. The valuation factors for certain contracts where the annuitant was a substandard life at commencement allow for the shortened life expectancy.
- Deferred Annuities: the reserve is taken as the value of benefits secured by the annual or the single premiums payable prior to the policy anniversary following the valuation date. The benefit at the vesting date that is valued is the higher of the value of the annuity and the corresponding cash option, if one exists.
- For certain annuity contracts which return premiums with interest on death, pre-retirement mortality is ignored. Otherwise the value of any benefit payable on death during the deferred period is added to the value of the annuities.
- The reserve for deferred annuities which have passed the vesting date, and for which the Company accumulates the cash option at a rate of interest different from the valuation rate, is calculated by accumulating the benefit applicable at the vesting date at that rate of interest.
- An additional reserve is held in respect of premiums under "controlled funding" schemes which have not yet been applied to purchase benefits. This reserve is calculated by carrying out a notional allocation of the premiums using average ages and valuing the resulting benefits.

Unitised with-profit business:

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
 Global business
 Financial year ended **31 December 2009**

Unitised with-profit business is valued initially by determining the lower of the current non-guaranteed surrender value and the bid value of units (after allowing for contractual surrender charges where applicable). This result is then compared with a prospective valuation and the higher result taken.

The prospective valuation projects future benefits assuming future premiums cease and future bonuses are zero, except for policies with a guaranteed minimum bonus rate, where this guaranteed bonus is allowed for.

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Aviva Life Services UK Ltd. Future expense inflation is taken into account.

In the case of the Group Defined Benefit contract, additional reserves are held for the guaranteed annuity options associated with internal transfers from the Group Deferred Annuity contract.

Internal linked contracts

For linked contracts the reserve is the sum of the unit liability and a sterling reserve. The unit liability is the value of the units allocated to contracts using the fund price. A gross premium cash flow method was applied to individual policy clusters to investigate the requirement for sterling reserves for linked contracts. A minimum sterling reserve, equal to the level of claims expenses less any surrender penalty, is held for each cluster.

Other linked contracts

For the Abbey National Plan the reserve is the deemed total accumulated investment at the valuation date, together with an additional reserve for expenses.

For index linked immediate and reversionary annuities the reserve is calculated by discounting the annuities payable, allowing for interest, mortality, expenses, and growth in the Retail Prices Index.

Additional reserves are held to cover future anticipated expenses in excess of the allowances included in the reserves held for individual contracts.

(2) Valuation interest rates:

A table of all valuation interest rates used is given below.

Product Group	31 December 2009	31 December 2008
Life Assurances		
All Conventional With-Profit business	3.8%	3.2%
All Conventional Non-Profit business	2.9%	2.65%
All Unitised With Profit business	2.6%	3.2%
Pensions and General Annuities		
Immediate Annuities (currently in payment)	4.8%	3.65%
With-Profit Deferred Annuity		
In payment	4.6%	3.8%
In deferment	4.6%	3.8%
Non-Profit Deferred Annuity		
In payment	3.65%	3.35%
In deferment	3.65%	3.35%
Pure Endowment WP	4.6%	3.8%
In-payment rate for valuing Guaranteed Annuity Options	4.6%	3.8%
Other Non-Profit Conventional business	3.65%	3.35%
All Unitised With-Profit business	3.15%	3.8%
With Profit Annuity	4.0%	3.85%

(3) Adjustment to yield for credit risk**Equity/Property assets**

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009**

In both cases the assets have been ordered by yield and divided into different categories. The yield in each category is capped. This means that very low-yielding assets retain this low rate but high-yielding assets are capped. This reduces the average yield on equity/property assets.

The deduction applied to the yields is 25% of the excess of the yield over the Long Term Gilt Yield. The deductions reduce the average yield by approximately 0.41-0.42% for equities and by approximately 0.69-0.70% for property.

Fixed interest securities

The allowance for credit risk will vary depending on the credit rating of the bond. The table below shows the allowances used.

Corporate Bond Deductions								
Rating	AAA	AA	A	BBB	BB	B	C	Alternative Investments
Deduction	0.09%	0.28%	0.32%	0.67%	1.68%	3.10%	4.95%	0.67%

For the purposes of the valuation a single deduction was calculated and applied to all the capped yield (20%) on all bonds. This was an average of the allowances for securities with different credit ratings, weighted by the bonds' market values at 31 December 2009, plus an additional margin of 0.31% reflecting the expectation of additional costs arising from additional defaults over long term assumptions.

The total deduction used was 0.76%. It applies to all fixed interest securities except Approved fixed interest (gilts and other bonds issued by approved UK and international public sector bodies).

For Mortgages, a deduction of 1.0% was used, while for Deposits, the equivalent deduction was 0.10%.

(4) Mortality assumptions

The table below shows the mortality basis for business written by the fund.

Product	Mortality basis 31 December 2009	Mortality basis 31 December 2008
Life Assurances		
Conventional Life – Whole Life	138.9% AM00 sel / 138.9% AF00 sel	138.9% AM00 sel / 138.9% AF00 sel
Conventional Life – Endowments and Low Cost Endowments	93.3% AM00 sel / 93.3% AF00 sel	93.3% AM00 sel / 93.3% AF00 sel
Decreasing Term Assurance on Low Cost Endowment and Whole Life (ex-CGNU)	93.3% TM00 sel / 93.3% TF00 sel	93.3% TM00 sel / 93.3% TF00 sel
Decreasing Term Assurance on Low Cost Endowment (ex-CULAC)	91.2% TM00 sel / 91.2% TF00 sel	91.2% TM00 sel / 91.2% TF00 sel
Group & IPA Term Assurance; Contingent Assurances	88.0% TMN00 sel / 88.0% TFN00 sel (non- smokers) 94.3% TMS00 sel / 94.3% TFS00 sel (smokers)	88.0% TMN00 sel / 88.0% TFN00 sel (non- smokers) 94.3% TMS00 sel / 94.3% TFS00 sel (smokers)
Unitised Life – Mortgage Endowments	93.3% AM00 sel / 93.3% AF00 sel	93.3% AM00 sel / 93.3% AF00 sel
Unitised Life – Whole Life	138.9% AM00 sel / 138.9% AF00 sel	138.9% AM00 sel / 138.9% AF00 sel
Unitised With Profits – Bonds	108.1% AM00 sel / 108.1% AF00 sel	108.1% AM00 sel / 108.1% AF00 sel
Pure Endowments	60% AM00 ult / 60% AF00 ult	60% AM00 ult / 60% AF00 ult
Term assurance (ex-CGNU)	88.0% TMN00 sel / 88.0% TFN00 sel (non- smokers) 94.3% TMS00 sel / 94.3% TFS00 sel (smokers)	88.0% TMN00 sel / 88.0% TFN00 sel (non- smokers) 94.3% TMS00 sel / 94.3% TFS00 sel (smokers)
Term assurance (ex-CULAC)	88.0% TM00 sel / 88.0% TF00 sel	88.0% TM00 sel / 88.0% TF00 sel
Mortgage Protection (ex-CGNU)	93.3% TM00 sel / 93.3% TF00 sel	93.3% TM00 sel / 93.3% TF00 sel
Mortgage Protection (ex-CULAC)	91.2% TM00 sel / 91.2% TF00 sel	91.2% TM00 sel / 91.2% TF00 sel
Other term	1x premium	1x premium
Lifecover plus	Lifecover plus 93	Lifecover plus 93
Mortgage Protection with Critical Illness	Duration 2+ 115% CIM11A	Duration 2+ 115% CIM11A
Term assurance with Critical Illness	Duration 0 and 1 104% CIM11A	Duration 0 and 1 104% CIM11A
General Annuities		
Immediate Annuities – Individual	74% IML00 / 77% IFL00	74% IML00 / 77% IFL00

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009**

Immediate Annuities – Group; GAOs in payment	90.5% PCMA00 / 85.0% PCFA00 (assume all business pre 1/1/03)	90.5% PCMA00 / 85.0% PCFA00 (assume all business pre 1/1/03)
Individual deferred annuity In deferment Post vesting	60% AM00 ult / 60% AF00 ult 74% IML00 / 77% IFL00	60% AM00 ult / 60% AF00 ult 74% IML00 / 77% IFL00
Group deferred annuity In deferment Post vesting	60% AM00 ult / 60% AF00 ult 90.5% PCMA00 / 85.0% PCFA00	60% AM00 ult / 60% AF00 ult 90.5% PCMA00 / 85.0% PCFA00
Pensions Business		
Immediate Annuities With profit Annuity	90.5% PCMA00 / 85.0% PCFA00	90.5% PCMA00 / 85.0% PCFA00
GAOs in payment	90.5% PCMA00 / 85.0% PCFA00	90.5% PCMA00 / 85.0% PCFA00
Pure Endowment & Endowment Insurance	60% AM00 ult / 60% AF00 ult	60% AM00 ult / 60% AF00 ult
Group Term Assurance	88.0% TMN00 sel / 88.0% TFN00 sel (non- smokers) 94.3% TMS00 sel / 94.3% TFS00 sel (smokers)	88.0% TMN00 sel / 88.0% TFN00 sel (non- smokers) 94.3% TMS00 sel / 94.3% TFS00 sel (smokers)
Unitised With Profits	106% AM00 ult / 106% AF00 ult	106% AM00 ult / 106% AF00 ult
Term assurance (ex-CGNU)	88.0% TMN00 sel / 88.0% TFN00 sel (non- smokers) 94.3% TMS00 sel / 94.3% TFS00 sel (smokers)	88.0% TMN00 sel / 88.0% TFN00 sel (non- smokers) 94.3% TMS00 sel / 94.3% TFS00 sel (smokers)
Term assurance (ex-CULAC)	88.0% TM00 sel / 88.0% TF00 sel	88.0% TM00 sel / 88.0% TF00 sel
Deferred Annuity Reversionary Annuity In deferment Post vesting	60% AM00 ult / 60% AF00 ult 90.5% PCMA00 / 85.0% PCFA00	60% AM00 ult / 60% AF00 ult 90.5% PCMA00 / 85.0% PCFA00
Widows Death in Service In deferment Post vesting	AM92/AF92 90.5% PCMA00 / 85.0% PCFA00	AM92/AF92 90.5% PCMA00 / 85.0% PCFA00
Current Cost Term Insurance	1 periodic premium	1 periodic premium

Notes on tables:

- M tables apply to male lives, F tables to female lives.
- Smoker / Non-Smoker table used where smoker status data is available, otherwise Combined table used.
- Annuitant mortality: allowance has been made for future improvements to mortality. The base tables (% of PCXA00) are assumed to apply as at 31 December 2004; from that date improvements are expected. The allowance for improvements is as follows:

	31 December 2009	31 December 2008
Males	100% of Medium Cohort, minimum 2.0%, applicable from 2005	100% of Medium Cohort, minimum 2.0%, applicable from 2005
Females	75% of Medium Cohort, minimum 1.5%, applicable from 2005	75% of Medium Cohort, minimum 1.5%, applicable from 2005

- There are no products where the assurance mortality basis is expressed as 'modified table'.

Expectation of Life

The table below shows the required examples for expectation of life using the base mortality tables, percentage adjustments and improvement factors quoted above.

Table Description	Expectation of Life for annuitant aged 65 in 2009	Expectation of Life for annuitant aged 75 in 2009	Expectation of Life from age 65 for annuitant aged 45 in 2009	Expectation of Life from age 65 for annuitant aged 55 in 2009
90.5% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	23.7	14.5	28.3	25.9
85% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	25.7	16.3	28.8	27.2
74% IML00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	25.8	16.1	30.2	28.0
77% IFL00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	27.4	17.3	30.3	28.8

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
 Global business
 Financial year ended **31 December 2009**

Allowance for future changes in mortality where not implicit in the basis:

There are no explicit reserves for alterations to mortality. All future changes are made to the tables used to calculate base mathematical reserves.

Allowance/reserve for:

- (a) any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- (b) developments in medical science on the mortality experience of the insurer:

Margins in the published mortality basis are sufficient to cover current estimates of the cost of future additional claims from AIDS, other than those arising out of the exercise of options, at a level corresponding to one third of the AIDS Working Party's Projection 6A with allowance for the continuance of mortality rates at peak rates. The additional AIDS reserves for options are £2.8m for New With-Profits Sub-Fund (NWPSF) and £0.4m for Old With-Profits Sub-Fund (OWPSF).

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

(5) Morbidity assumptionsEx-CGNU business

The Combined disability and mortality rates were used for Critical Illness attached to Term Assurance, Mortgage Protection are detailed in the table in 4(4) above.

Ex-CULAC business

Morbidity experience is assumed to be according to the IC94 table of decrement rates published by the Society of Actuaries in Ireland Working Party 1994. The tabulated rate is increased by 0.887%, and a further deterioration rate of 1.5% per annum of policy term is then applied. The following rates are an example of the morbidity rates used per mille for a policy at inception.

Age	Male	Female
25	0.440	0.756
35	1.247	1.727
45	4.008	3.912
55	9.315	7.581

These rates were also used in the previous financial year.

(6) Expense assumptions:

Expense assumptions are taken as 120% of the amounts detailed in the Management Services Agreement (MSA) plus aggregate provisions of £3.9m (NWPSF) and £0.5m (OWPSF). These loadings are used to set a long-term assumption for additional costs arising within the business (e.g. project costs, regulatory fees, audit fees) and to give a margin for adverse deviation. Expenses for unit-linked products are detailed in Appendix 9.4 for NP funds.

Expense levels are assumed the same for premium-paying and paid-up policies.

On deferred annuities an additional 3% (ex-CGNU) and 5.4% (ex-CULAC) is included in expenses as an allowance for the cost of paying annuities.

The table below shows the per-policy expenses assumptions in 2008 and 2009 (excluding allowance for project costs). These figures form the base position for the valuation expense assumptions.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009**

Product	Product code	Renewal admin (£ per policy)	
		2009	2008
CWP savings endowment	120	32.28	46.92
CWP target cash endowment	125	32.28	46.92
CWP Pensions	155/165	43.03	38.22
Term assurance	325/330	13.98	13.59
Critical illness	340/345/350/355	12.82	13.59
Income protection	360/365	21.51	13.59
Annuity	400	17.98	17.47
UWP bond	500	48.28	46.92
UWP savings endowment	510	48.28	46.92
UWP target cash endowment	515	48.28	46.92
UWP regular premium pension	525/545	39.32	38.22
UWP single premium pension	525/545	39.32	38.22
UWP group regular premium pension	535	14.70	17.79
UWP group single premium pension	535	14.70	17.79

Assumed future expense inflation:

3.32% per annum (RPI, as set by the MSA agreement)

Zillmer adjustments:

No Zillmer adjustments were made to net premium reserves.

Investment expenses:

The yield on the asset classes backing the liabilities was reduced for investment expenses. This reduced the upper bound on the interest rates used in the valuation. The adjustments made were:

Asset Class	Reduction in asset yield
Equity	0.262%
Gilts	0.046%
Other fixed interest	0.076%
Property	0.203%
Cash	0.058%

The adjustments reflect the charging structure agreed with our fund managers, Aviva Investors UK.

Tax relief

Tax relief expenses on products in the BLAGAB fund has been assumed using a rate of 20.00%.

(7) Unit Linked policies: basis for non-unit reserves.

	31 December 2009		31 December 2008	
	Life	Pensions	Life	Pensions
Assumed Fund Growth (before annual management charge)	4.30%	5.30%	3.60%	4.50%
Discount rate	3.30%	4.10%	3.00%	3.70%
Policy fee inflation	3.50%	3.50%	2.00%	2.00%

Assumed future expense inflation:

3.32% per annum (RPI, as set by the MSA agreement)

(8) Bonus Assumptions:**Conventional with-profit business:**

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009**

The Company is a realistic basis life firm. Accordingly, no allowance has been made for future annual or final bonus on Conventional with-profit business. This is consistent with INSPRU1.2.31G. There are no guarantees relating to future annual or final bonus on this business.

Unitised with-profit business:

Certain classes of business have guaranteed annual bonus rates. These have been used in the projection of liabilities. No allowance has been made for discretionary annual bonus or final bonus.

Guaranteed regular bonus by product:Ex-CGNU business

Product	Guaranteed Annual Bonus Rate	Valuation assumption	Applies to...
Unitised with-profit Life:			
Investment Bond: Guaranteed Bonus	3.00%	3.00%	Units purchased pre 1/2/1994 AND NOT switched to the Loyalty Fund
Investment Bond: Loyalty Bonus	Guaranteed 0.5% addition to AB rate for normal (non-gteed) Investment Bond	0.5%	Units purchased pre 1/2/1994 and switched to the Loyalty Fund
Unitised with-profit Pensions:			
Pensions (Non-Stakeholder)	4.00%	4.00%	Units purchased prior to 22/1/1996 (13/5/1996 for existing business regular premiums)

Ex-CULAC business

Product	Guaranteed Annual Bonus Rate	Valuation assumption	Applies to...
Unitised with-profit Pensions:			
Pensions implicit	4.00%	4.00%	Units purchased prior to 1/1/1993 with implicit annual management charge
Pensions explicit	5.00%	5.00%	Units purchased prior to 1/1/1993 with explicit annual management charge

(9) Persistency assumptions:

For Conventional Business, we have assumed 100% persistency until maturity.

For Unitised business, we have allowed for surrender rates consistent with the table below.

For policies with a no-MVR option available, we have assumed an exit rate of 100% at the next no-MVR date. This is a prudent approach that reflects our new policy of limiting future MVR on policies that stay in force after their first no-MVR date.

The persistency rates used are as follows. They apply to amounts remaining after policyholders with guaranteed benefits have taken their money (either in regular withdrawals or through a full surrender guarantee). Persistency rates for unit-linked products are detailed in Appendix 9.4 for NP funds.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009**

Product		Average lapse/surrender/paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
Level term	Lapse	0%	0%	0%	0%
Decreasing term	Lapse	0%	0%	0%	0%
Accelerated critical illness	Lapse	0%	0%	0%	0%
Income protection	Lapse	0%	0%	0%	0%
CWP savings endowment	Surrender	0%	0%	0%	0%
CWP target cash endowment	Surrender	0%	0%	0%	0%
UWP savings endowment (ex-CGNU)	Surrender	5.25%	4.50%	4.50%	4.50%
UWP savings endowment (ex-CULAC)	Surrender	0%	0%	0%	0%
UWP target cash endowment (ex-CGNU)	Surrender	6.75%	6.75%	6.75%	6.75%
UWP target cash endowment (ex-CULAC)	Surrender	0%	0%	0%	0%
UWP bond (ex-CGNU)	Surrender	2.14%	9.93%	7.13%	7.13%
UWP bond (ex-CULAC)	Surrender	2.14%	10.58%	7.13%	7.13%
UWP bond	Automatic withdrawals	100% of current	100% of current	100% of current	100% of current
CWP pension regular premium	PUP	0%	0%	0%	0%
CWP pension regular premium	Surrender	0%	0%	0%	0%
CWP pension single premium	Surrender	0%	0%	0%	0%
UWP indiv pension regular premium	PUP	Peak 1 valuation assumes no future premiums on UWP business			
UWP indiv pension regular premium (ex-CGNU)	Surrender	2.63%	2.63%	2.63%	2.63%
UWP indiv pension single premium (ex-CGNU)	Surrender	2.63%	2.63%	2.63%	2.63%
UWP indiv pension regular premium (ex-CULAC)	Surrender	1.13%	1.13%	1.13%	1.13%
UWP indiv pension single premium (ex-CULAC)	Surrender	1.13%	1.13%	1.13%	1.13%

(10) Other basis items:**Option Take-Up Rates**Guaranteed Annuity Rate Options:

We have assumed that current option take-up is 86% for ex-CGNU business and 93% for ex-CULAC business. These include a margin over current experience of just over 10%.

These rates are assumed to increase by 1% per annum to 95%.

The same proportion was used in respect of deferred annuities with a guaranteed cash option.

Guaranteed Minimum Pensions on Section 32 policies:

We have assumed 100% 'option take-up' of the minimum pension. In practice, policyholders would not receive an option (if the maximum pension bought by their policy is below the Guaranteed Minimum then they will be paid the GMP).

Taxation

Valuation interest rates on Life business include an allowance for taxation. This allowance has been arrived at using the following assumption:

- A tax rate of 20% has been assumed in respect of income on Fixed Interest and Property assets (for Life business). No allowance has been made for taxation on equity income.

A reserve has been made for deferred taxation, including Capital Gains Tax, which has been adjusted for the BLAGAB proportion of business in the fund. No discounting has been applied to the tax rate used; this is in line with the IFRS regulations. This reserve forms part of the Company's Accounting Liabilities as shown on Form 14.

No allowance has been made for taxation in respect of Pensions business.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2009**

- (11) No account was taken in the valuation of the long-term liabilities of any derivative assets held on the valuation date.
- (12) During the reporting period, the fund has made no changes to valuation methodology in respect of the following changes in INSPRU valuation rules:
- (a) Allowance for lapses on valuation of protection business
 - (b) Allowance for negative reserves on valuation of protection business
 - (c) Allowance for lapses on valuation of unit-linked business
 - (d) Allowance for attributable expenses on valuation of unit-linked business

5. Options and Guarantees

(1) Guaranteed Annuity Rate Options:

(a) Method:

For policies with a cash benefit that can be used to buy an annuity on guaranteed terms, the methodology is as follows:

- Calculate the amount of the cash benefit that we have assumed will be converted into an annuity (using the option take-up rates given in section 4(10)).
- Determine the amount of annuity that this cash would buy if it were to be converted on guaranteed terms.
- Calculate the present value of the resulting annuity using the annuitant mortality basis given in section 4(4) and in-payment interest rate basis given in 4(2).
- If the total is greater than the total policy benefit at retirement then add on the difference. Discount the result to valuation date at the discount rate given in section 4(2).
- Add on the reserve for the expenses of administering the annuity.

The Regulatory-peak reserve for Guaranteed Annuity Options is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Regulatory-peak option take-up rates are used (as given in 4(10))
- Realistic-peak (realistic valuation) annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used

A stochastic uplift factor is used to increase this reserve. It is derived from the option value implicit in the market prices of swaptions with appropriate term to exercise and guaranteed coupon.

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

If this second reserve is larger than the base Regulatory-peak figure, an allowance for stochastic variation is added to the Regulatory-peak reserve. The allowance at 31 December 2009 is zero.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009**

(b)

NWPSF : Ex-CGNU business

(i) Product name	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits
Category description	Policies written pre 1977	Policies written from 1/1/1977 to 30/4/1994	Policies written 1/5/1994 to 30/6/1999	Policies written from 1/7/1999
(ii) Basic Reserve (£m)	0.3	18.9	2.6	1.2
(iii) Spread of o/s durations:				
% with o/s dur'n of 1 year	62.8%	13.4%	17.8%	14.4%
% with o/s dur'n of 2 to 5 years	20.2%	35.3%	24.9%	29.0%
% with o/s dur'n of 6 to 10 years	16.9%	26.2%	37.6%	21.8%
% with o/s dur'n of 11 to 20 years	0.0%	20.3%	14.1%	12.7%
% with o/s dur'n of over 20 years	0.0%	4.8%	5.5%	22.1%
(iv) guarantee reserve (£m)	0.1	9.0	0.1	0.0
(v) guaranteed annuity rate	10.31%	11.11%	7.51%	4.98%
(vi) increments allowed?	See note(1) below	See note(1) below	See note(1) below	See note(1) below
(vii) form of annuity	See note(2) below	See note(2) below	See note(2) below	See note(2) below
(viii) retirement ages	62 to 75	56 to 75	57 to 75	57 to 75

Note (1) – Some ex-CGNU products with GAOs continued to accept increments but either the GAO was repiced to a level which made it far less valuable or the increment above a stated amount did not get the GAO.

Note (2) – Payable monthly in advance, single life, no guarantee period, no escalation in payment

OWPSF : Ex-CGNU business

(i) Product name	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits	Group conventional pensions endowment with-profits
Category description	Policies written pre 1977	Policies written from 1/1/1977 to 30/4/1994	Policies written 1/5/1994 to 30/6/1999	Policies written from 1/7/1999
(ii) Basic Reserve (£m)	0.0	11.6	0.9	0.5
(iii) Spread of o/s durations:				
% with o/s dur'n of 1 year	0.0%	11.7%	18.1%	1.5%
% with o/s dur'n of 2 to 5 years	0.0%	37.4%	22.3%	22.7%
% with o/s dur'n of 6 to 10 years	0.0%	26.0%	23.6%	46.7%
% with o/s dur'n of 11 to 20 years	100.0%	21.8%	15.9%	5.6%
% with o/s dur'n of over 20 years	0.0%	3.1%	20.0%	23.5%
(iv) guarantee reserve (£m)	0.0	5.6	0.1	0.0
(v) guaranteed annuity rate	10.31%	11.11%	7.51%	4.98%
(vi) increments allowed?	Same as NWPSF	Same as NWPSF	Same as NWPSF	Same as NWPSF
(vii) form of annuity	Same as NWPSF	Same as NWPSF	Same as NWPSF	Same as NWPSF
(viii) retirement ages	62 to 75	52 to 75	57 to 75	57 to 75

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009****NWPSF : Ex-CULAC business****Guaranteed Annuity Rate 1: Annuity interest rate 7.5%**

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker
(ii) Basic Reserve (£m)	66.1	3.4
(iii) Spread of O/S durations:		
Less than 1 year	4.7%	2.8%
2-5 years	23.3%	14.6%
6-10 years	33.5%	25.3%
11-20 years	31.2%	40.8%
over 20 years	7.3%	16.6%
(iv) Guarantee Reserve (£m)	41.6	2.7
(v) Guaranteed Annuity Rate	11.2%	11.2%
(vi) Increments allowed?	See note(1) below	See note (1) below
(vii) Form of the annuity	See note(2) below	See note(2) below
(viii) Retirement Ages	60 until 75	60 until 75

Guaranteed Annuity Rate 2: Annuity interest rate 5.25%

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker	With-Profits Sterling Transfer Bonds	Non-Profit Sterling Transfer Bonds
(ii) Basic Reserve (£m)	113.9	3.7	17.4	0.0
(iii) Spread of O/S durations:				
Less than 1 year	8.1%	4.6%	16.4%	0.0%
2-5 years	22.5%	16.9%	36.5%	0.0%
6-10 years	26.6%	21.0%	31.0%	0.0%
11-20 years	39.7%	54.1%	15.7%	0.0%
over 20 years	3.1%	3.4%	0.3%	0.0%
(iv) Guarantee Reserve (£m)	52.9	2.4	6.6	0.0
(v) Guaranteed Annuity Rate	10.0%	10.0%	10.0%	10.0%
(vi) Increments allowed?	See note(1) below	See note(1) below	See note(1) below	See note(1) below
(vii) Form of the annuity	See note(2) below	See note(2) below	See note(2) below	See note(2) below
(viii) Retirement Ages	60 until 75	60 until 75	60 until 75	60 until 75

Note (1) – Increments are allowed for these policies; however the increments are not subject to the guarantee.

Note (2) – Paid monthly in advance, single life, 5-year guarantee period

OWPSF : Ex-CULAC business**Guaranteed Annuity Rate 1: Annuity interest rate 7.5%**

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker
(ii) Basic Reserve (£m)	11.6	0.5
(iii) Spread of O/S durations:		
Less than 1 year	3.4%	2.8%
2-5 years	11.9%	14.6%
6-10 years	26.0%	25.3%
11-20 years	46.7%	40.8%
over 20 years	11.9%	16.6%
(iv) Guarantee Reserve (£m)	7.8	0.4
(v) Guaranteed Annuity Rate	11.2%	11.2%
(vi) Increments allowed?	Same as NWPSF	Same as NWPSF
(vii) Form of the annuity	Same as NWPSF	Same as NWPSF
(viii) Retirement Ages	60 until 75	60 until 75

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009****Guaranteed Annuity Rate 2: Annuity interest rate 5.25%**

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker	With-Profits Sterling Transfer Bonds	Non-Profit Sterling Transfer Bonds
(ii) Basic Reserve (£m)	17.7	0.5	2.1	0.0
(iii) Spread of O/S durations:				
Less than 1 year	3.0%	4.6%	0.9%	0.0%
2-5 years	24.7%	16.9%	34.7%	0.0%
6-10 years	32.6%	21.0%	43.7%	0.0%
11-20 years	35.5%	54.1%	20.3%	0.0%
over 20 years	4.3%	3.4%	0.5%	0.0%
(iv) Guarantee Reserve (£m)	8.2	0.3	0.8	0.0
(v) Guaranteed Annuity Rate	10.0%	10.0%	10.0%	10.0%
(vi) Increments allowed?	Same as NWPSF	Same as NWPSF	Same as NWPSF	Same as NWPSF
(vii) Form of the annuity	Same as NWPSF	Same as NWPSF	Same as NWPSF	Same as NWPSF
(viii) Retirement Ages	60 until 75	60 until 75	60 until 75	60 until 75

(2) Guaranteed surrender and unit-linked maturity values:**Non-unit-linked:**

The only such policies with a guaranteed surrender value are certain Unitised with-profit Life contracts. No Conventional policies have a guaranteed surrender value.

Unitised with-profit Pensions contracts cannot be surrendered, only transferred or switched; in either case, an MVR would apply if this were to be done before normal retirement rate. Retirement under such policies can happen on more than one date without incurring an MVR. Retirement is a contractual exit (not a surrender of the policy) and is explicitly valued.

There are four types of guaranteed surrender value:

- The option to surrender the policy on a certain set of dates without an MVR being applied (a no-MVR guarantee).
- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the total premium paid into the policy (a money-back guarantee)
- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the total premium paid into the policy, plus inflation (an inflation-protected guarantee)
- The option to take a certain level of regular withdrawals without an MVR being applied.

(a) Methodology:

In all four cases above the overall reserve for a policy has been calculated as:

Max([Accumulated Benefit + adjustment], [Prospective reserve for future benefit]).

- The [Accumulated Benefit + adjustment] item is calculated in accordance with INSPRU 1.2.71R(1).
- The [Prospective reserve for future benefit] is calculated as the present value of the benefit paid to the policyholder after allowing for lapses. The basis of the calculation includes assumptions for surrender before the guarantee date(s), an assumption about the percentage of remaining policyholders who choose to surrender on their guarantee date(s) and an assumption for the level of MVR-free regular withdrawals taken by policyholders.

Persistency assumptions are given in item 4(9), along with assumptions about guarantee take-up. The interest rates used in the calculation are given in 4(2).

The guarantee is explicitly valued as part of the main calculation – there is no explicit reserve for it.

The tables show the unit value in force as the guaranteed amount. This represents the amount that would be paid if the policyholder surrendered with a no-MVR guarantee. It is also a proxy for the amount payable under the regular withdrawal guarantee, as a policyholder could ultimately redeem all of their units through regular withdrawals.

Where a spread of duration is shown, duration refers to the next date at which the policyholder could fully surrender with a guarantee (either no-MVR or money-back).

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds

Global business

Financial year ended

31 December 2009

NWPSF (Ex-CGNU business)

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions				(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) inflation protection guarantee (full surrender)	4) regular withdrawal guarantee		
Investment Bond	426,575,528	N/A; policy has no contractual exit date	0	426,427,720	None	None	None	No MVR on regular withdrawals up to 5% if taken from inception.	0	No (RW gtee)
Portfolio Bond (16/3/1993 to 30/9/1998)	498,267,155	N/A; policy has no contractual exit date	0	522,385,738	None	None	None	No MVR on regular withdrawals up to 7.5% if taken from inception.	0	No (RW gtee)
Portfolio Bond (1/10/1998 to 1/10/2000)	1,258,215,210	93% with duration 1 year; 7% with duration 4 years	0	1,332,251,493	No MVR on surrender on 10th anniversary / any subsequent 5 yearly anniversaires	None	None	No MVR on regular withdrawals up to 7.5%. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 2/10/2000 to 24/6/2001 inclusive	1,399,524,776	36% with duration 1 year; 64% with duration 2 years	0	1,460,735,844	No MVR on surrender on 10th anniversary / any subsequent 5 yearly anniversaires	None	None	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 25/6/2001 to 15/1/2002 inclusive	479,876,495	Duration 2 years	0	503,956,757	No MVR on surrender on 10th anniversary	None	None	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 16/1/2002 to 6/7/2003 inclusive	948,524,113	88% with duration 3 years; 12% with duration 4 years	0	948,571,340	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Portfolio Bond (contracts issued 7/7/2003 to 8/2/2004)	83,209,275	Duration 4 years	0	83,207,656	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Portfolio Bond (contracts issued from 9/2/2004)	1,002,267,180	27% with duration 1 years; 6% with duration 2 years; 21% with duration 3 years; 24% with duration 4 years; 22% with duration 5 years	0	1,108,512,505	None	The amount paid on the 5th or 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Portfolio Bond (contracts issued from 30/01/2006)	1,742,089,417	38% with duration 2 years; 42% with duration 3 years; 20% with duration 4 years	0	1,682,877,271	None	None	The amount paid after the 5th anniversary will be at least the amount used to buy units cashed, increased in line with the rise in the Retail Price Index (RPI). The amount will be reduced in proportion to number of units already encashed/switched.	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Portfolio Bond 2008 (contracts issued from 28/04/2008)	1,354,605,282	67% with duration 4 years; 33% with duration 5 years	0	1,342,479,205	None	None	The amount paid after the 5th anniversary will be at least the amount used to buy units cashed, increased in line with the rise in the Consumer Price Index (CPI). The amount will be reduced in proportion to number of units already encashed/switched.	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds

Global business

Financial year ended

31 December 2009

OWPSF (Ex-CGNU business)

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions				(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) inflation protection guarantee (full surrender)	4) regular withdrawal guarantee		
Investment Bond	37,077,590	N/A; policy has no contractual exit date	0	37,052,224	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (16/3/1993 to 30/9/1998)	36,920,334	N/A; policy has no contractual exit date	0	38,730,805	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (1/10/1998 to 1/10/2000)	97,577,083	92% with duration 1 year; 8% with duration 4 years	0	103,523,952	Same as NWPSF	None	None	Same as NWPSF	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 2/10/2000 to 24/6/2001 inclusive	111,316,115	30% with duration 1 year; 70% with duration 2 years	0	115,909,330	Same as NWPSF	None	None	Same as NWPSF	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 25/6/2001 to 15/1/2002 inclusive	38,760,215	Duration 2 years	0	40,659,972	Same as NWPSF	None	None	Same as NWPSF	0	Switches-in allowed; treated as new premium
NU Portfolio Bond / NU Bond 2000 / NU Flexibond; all contracts issued 16/1/2002 to 6/7/2003 inclusive	76,645,484	86% with duration 3 years; 14% with duration 4 years	0	76,647,540	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 7/7/2003 to 8/2/2004)	6,421,743	Duration 4 years	0	6,421,588	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued from 9/2/2004)	113,166,892	23% with duration 1 years; 5% with duration 2 years; 22% with duration 3 years; 26% with duration 4 years; 24% with duration 5 years	0	126,950,103	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued from 30/01/2006)	207,401,773	37% with duration 2 years; 42% with duration 3 years; 21% with duration 4 years	0	200,259,393	None	None	Same as NWPSF	Same as NWPSF	0	No
Portfolio Bond 2008 (contracts issued from 28/04/2008)	180,358,210	67% with duration 4 years; 33% with duration 5 years	0	178,743,690	None	None	Same as NWPSF	Same as NWPSF	0	No

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009**

Figures for Irish bonds are as follows:

(i) Product name	(ii) basic reserve	(iii) spread of outstanding term	(iv) guarantee reserve (£m)	(v) guaranteed amount	(vi) no-MVR guarantee on full surrender	(vii) in force regular premiums	(viii) increments allowed to policy?
Irish Bonds (NWPSF)	54,754,722	100% with duration of 1 year	0	54,983,473	No-MVR guarantee applies at 10th anniversary and every 5 years thereafter.	0	No (RW gtee)
Irish Bonds (OWPSF)	12,337,762	100% with duration of 1 year	0	12,389,306	Same as NWPSF	0	No (RW gtee)

Figures for Aviva International Bonds are as follows.

NWPSF

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions				(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) inflation protection guarantee (full surrender)	4) regular withdrawal guarantee		
NUIL Bond (pre February 2004)	66,835,879	10% with duration 3 years; 69% with duration 4 years; 21% with duration 5 years	0	70,118,991	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund.	0	No
NUIL Bond (from February 2004)	333,376,674	20% with duration less than 1 years; 36% with duration 1 year; 6% with duration 2 years; 16% with duration 3 years; 19% with duration 4 years; 3% with duration 5 years	0	380,196,460	None	The amount paid on the 5th or 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	None	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund.	0	No
NUIL Bond (from 30/01/2006)	475,551,080	44% with duration 2 years; 22% with duration 3 years; 24% with duration 4 years; 10% with duration 5 years	0	502,121,217	None	None	The amount paid after the 5th anniversary will be at least the amount used to buy units cashed, increased in line with the rise in the Retail Price Index (RPI). The amount will be reduced in proportion to number of units already encashed/switched.	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund.	0	No

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds

Global business

Financial year ended

31 December 2009**OWPSF**

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions				(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) inflation protection guarantee (full surrender)	4) regular withdrawal guarantee		
NUIL Bond (pre February 2004)	15,816,483	2% with duration 3 years; 75% with duration 4 years; 23% with duration 5 years	0	16,376,619	None	Same as NWPSF	None	Same as NWPSF	0	No
NUIL Bond (from February 2004)	51,860,349	34% with duration less than 1 year; 30% with duration 1 years; 3% with duration 2 years; 14% with duration 3 years; 17% with duration 4 years; 2% with duration 5 years	0	57,870,588	None	Same as NWPSF	None	Same as NWPSF	0	No
NUIL Bond (from 30/01/2006)	51,664,217	32% with duration 2 years; 27% with duration 3 years; 29% with duration 4 years; 12% with duration 5 years	0	55,177,617	None	None	Same as NWPSF	Same as NWPSF	0	No

Figures for Ex-NUL(RBS) business are as follows.

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions			(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) regular withdrawal guarantee		
Joint Venture Bond / Joint Venture Bond Income Fund; all contracts issued 28/1/02 to 25/1/04 inclusive (implicit charged)	620,743,714	58% with duration 3 years; 41% with duration 4 years; 1% with duration 5 years	0	632,628,983	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Joint Venture Bond / Joint Venture Bond Income Fund; all contracts issued 26/1/04 to 5/2/05 inclusive (explicit charge)	166,167,129	89% with duration less than 1 year; 11% with duration 1 years	0	166,963,959	None	The amount paid on the 5th or 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No

French UWP business does not have a guarantee on surrender.

German UWP business: the reserve for the business has been taken as the face value of units. Although there is a guaranteed bonus of 3% (see section 10(1) for details), this is less than the valuation interest rate for the business (ensuring that using the face value of units is prudent). The guarantee reserve is therefore zero.

Unit-linked:**Guaranteed Fund shortfall reserve:**

The with-profit fund agrees to pay out the shortfall that will arise on all policies invested in the Unit-Linked Guaranteed Fund whenever the unit value at guarantee date is less than the money-back guarantee.

(a) Methodology:

The reserves are calculated as the best estimate, plus 50% of the excess of the cost that is modelled to arise under the 99th percentile investment over the best estimate. Investment returns are projected

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
 Global business
 Financial year ended **31 December 2009**

using a logNormal model for risky assets. Dynamic switching between asset classes is assumed over time, as such action is prescribed for the management of the assets in this fund.

- (b)
- (i) Product names: ‘Life property linked single premium’ (code 700) and ‘Trustee investment plan’ (code 755).
 - (ii) The base reserve for these products is £1,737m (although note that this is held within the UKL&P NP fund)
 - (iii) Spread of outstanding durations:

Year	Proportion with Guarantee
2010	22.8%
2011	23.1%
2012	14.2%
2013	14.6%
2014	25.4%

- (iv) The Guarantee reserves are £77.3m for NWPSF and £10.3m for OWPSF
- (v) The Guaranteed amount totals £1,623m
- (vi) MVA free conditions: N/A
- (vii) The business is single premium only so there are no in-force premiums expected.
- (viii) Increments – the guarantee does not apply to switches into the fund.

Ex-CULAC:

No reserve is necessary for the investment performance guarantees either in the internal linked Life Cash Fund, Pension Secure Growth Fund, and Pension Safety Net since the nature of assets held is such as to provide the investment guarantee.

(3) Guaranteed Insurability Options

- (a) Ex-CGNU: A reserve for options was included to provide for options which grant additional or extension assurances without medical evidence in addition to reserves of various multiples of specific extra premiums charged. The valuation basis was chosen so as to make suitable allowance for other guarantees and options granted.

An amount was included in the Term Assurance Reserve to cover conversion and renewal options based on a multiple of the premiums paid for such options. This applies to the ‘Level term assurance’ (code 325). The reserve is calculated as 23% of option conversion premium for terms less than 10 years, plus 15% of option conversion premium for terms greater than or equal to 10 years, plus 7% of accumulated renewal option premium. A further amount was included in this reserve to provide for the terminal illness benefit having regard to the accelerated payment of claims.

Ex-CULAC: For convertible term assurances the option premium is accumulated at 3.25% per annum compound for the average duration of in force policies to cover the conversion options.

For other individual assurances where guaranteed insurability options exist, the reserve taken is an appropriate accumulation of the option premium.

- (b) The sum assured (net of reinsurance ceded) under conversion and renewal options is under £1bn and is therefore not included here in accordance with rule 9.3(b).

(4) Other guarantees and options

- (a) **Guaranteed Minimum Pension:**

For some Unitised business (both with-profit and unit-linked), there is a guarantee that the pension bought with the benefits will not be less than the Guaranteed Minimum Pension arising from being contracted-out of the second state pension.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2009**

A reserve has been calculated on an individual level for a subset of affected policies. For each policy, the value of the Guaranteed Minimum Pension at retirement (calculated using the end-2009 valuation basis) was compared with the projected value of the policy's benefits. The difference, if positive, was noted as a percentage of the policy's benefits. These percentages were weighted and applied to the total benefit in force to estimate the reserve required on the business as a whole. An additional 10% margin was added to cover the risk arising from data quality.

The amount of business invested in products that may incorporate a Guaranteed Minimum Pension guarantee is £109.9m for NWPSF and £10.6m for OWPSF. The reserves for the guarantee are £33.8m in NWPSF and £2.2m in OWPSF.

- (b) A Death Benefit Guarantee Reserve was included in respect of Portfolio Bonds issued since August 1994, NU Bonds, NU Bond 2000 and NU Flexibond where premiums are linked to the internal linked funds of UKL&P.

The reserve was established using the methodology described in the report of the Maturity Guarantees Working Party. For this purpose the full standard Wilkie investment model was used assuming 100% investment in UK equities.

Reserves for these Bonds are all reassured out but the WP Funds retains Death Benefit Guarantee Reserves of £9.4m for NWPSF and £1.3m for OWPSF.

- (c) **Guaranteed annuity under Unitised with-profit Red Plan contracts**

An initiative transferred Group Defined Benefit business from the Conventional Deferred Annuity Red Plan contract to Unitised With-Profits Pensions policies. As part of the transfer, the Company agreed to guarantee to provide an amount of annuity at retirement for each member. The members were allowed to convert this annuity to cash on guaranteed terms and these guaranteed terms were used to determine the amount of money used to buy units in the Unitised With-Profits fund. Excess returns on the UWP policies, together with future contributions, would be used to purchase additional annuity for the scheme members.

The benefit payable by the Company on the retirement of a member is:

(Market value of annuity amount) +
 $\max[\text{UWP fund value} - \min\{\text{Market value of annuity}, \text{Gteed value of annuity}\}, 0]$.

Under the deterministic model used in the Regulatory-peak valuation,

- i) Market value of annuity > Guaranteed value of annuity in all cases
ii) UWP fund value > Guaranteed value of annuity.

This means that the benefit payable becomes:

(Market value of annuity amount) – (Guaranteed value of annuity) + UWP benefit.

Please note that the liability is not a Guaranteed Annuity Option on the UWP benefit (as defined by section 5(1)). Instead, it is a deferred annuity added to a call option on the UWP fund value. A Guaranteed Annuity Option could be expressed using a similar formula but the annuity being valued would vary in line with the UWP benefit (whereas the annuity in this case is fixed).

We have reserved for this by discounting the difference in annuity value and adding it to the current face value of units. This is expected to be a sizeable overstatement of the amount required. It is certainly expected to cover whatever small margin may be needed to allow for stochastic variation in annuity interest rates.

Members do not have to take their annuity amount in this form – they can choose to convert it to cash on the guaranteed terms mentioned. We have assumed that members will choose to convert 5% of their benefit. This is the equivalent of 95% option take-up in a Guaranteed Annuity Option calculation.

Basis:

The market value of the annuity has been valued using the same annuity interest rates/discount rates/mortality as for Guaranteed Annuity Option calculations (figures given in section 4(2) and 4(4)).

Base reserve = Face Value of units = £125.3m for NWPSF and £12.5m for OWPSF

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009**

Reserve for the guarantee = £51.6m for NWPSF and £1.8m for OWPSF.

6. Expense reserves

- (1) The tables below show the aggregate amount of expense loadings for 2010 and implicit allowances that can be used to offset non-attributable expenses.

NWPSF:

Homogeneous risk group	Implicit allowances	Explicit allowances (investment)	Explicit allowances (other)	Non-attributable expenses	Total
	£'000	£'000	£'000	£'000	£'000
Unit-Linked business (not 100% reinsured out)	5,883	2,064	1,017	1,483	10,447
All expenses attributable	-	23,646	54,958	n/a	78,605
Total	5,883	25,710	55,975	1,483	89,052

OWPSF:

Homogeneous risk group	Implicit allowances	Explicit allowances (investment)	Explicit allowances (other)	Non-attributable expenses	Total
	£'000	£'000	£'000	£'000	£'000
Unit-Linked business (not 100% reinsured out)	783	275	135	197	1,391
All expenses attributable	-	3,262	8,828	n/a	12,091
Total	783	3,537	8,964	197	13,482

- (2) The implicit allowance has been calculated as the surplus expected to emerge in 2010 on the valuation basis. This emerges due to the constraint that sterling reserves cannot be negative.
- (3) The figure for maintenance expenses in line 14 of Form 43 is £21,370,000 for NWPSF and £1,714,000 for OWPSF. Comparable figures for the full year, including the relevant proportion of CGNU and CULAC prior to the fund transfer are £67,891,000 for NWPSF and £7,908,000 for OWPSF. The differences between these figures and the corresponding figures in 6 (1) are primarily due to margins in the basis.
- (4) No reserve is deemed necessary to cover the costs of transacting new business in the year following the valuation date.
- (5) No explicit reserve for maintenance expense overrun has been made because existing provisions for expenses exceed their current levels.

INSPRU 1.2.50R(2) requires us to make prudent provision for expenses allowing for:

- tax
- expenses in the last twelve months and expected future expenses
- impact of expense inflation
- cost of closure to new business 12 months after valuation date.

We have taken the following action to comply with INSPRU 1.2.50R(2):

- All expenses provisions allow for taxation.
- Our expense provision exceeds expenses incurred over the last twelve months and expected future expenses levels.
- Expense inflation has been allowed for in the valuation at the rates dictated by the Management Services Agreement. The parameter used for RPI inflation (3.32%) was a best-estimate. By using a best-estimate assumption we are incorporating a margin of prudence into the valuation of expenses

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
 Global business
 Financial year ended **31 December 2009**

(since the gap between the valuation discount rate and expense inflation is far smaller than best-estimate).

(d) An assessment was made of the cost of closure of the Company to new business at the end of 2009 using the following method and basis of calculation:

- All sales, marketing and new business administration operations were assumed to cease immediately.
- Allowance was made for redundancy costs.
- Allowance was made for costs arising from the delay in re-letting properties occupied by the new business areas.
- Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.
- The aggregate costs were discounted to the valuation date.

Allowance was made for the proportion of closure expenses that would be borne by the other sub-funds of the Company and Aviva Annuity UK Limited.

No allowance was made for terminating the existing Management Services Agreement charging structure for existing business, as this would be expected to remain in force after closure to new business.

The cost of closure was covered by existing margins in the basis for expenses and no further reserve is required.

(6) No reserve is necessary to meet the non-attributable expenses as these are covered by the future valuation surplus.

7. Mismatching Reserves

(1) The mathematical reserves (other than reserves in respect of property linked benefits) and matching assets, analysed by currency, are as follows.

NWPSF

Life and Annuity Fund				
Assets	Mathematical Reserves and matching assets (£000)			
	Sterling	Euros	US Dollars	Other
Sterling	20,184,188	-	-	-
Euro	-	347,556	-	-
Dollar	-	-	119,988	-
Other	-	-	-	179

OWPSF

Life and Annuity Fund				
Assets	Mathematical Reserves and matching assets (£000)			
	Sterling	Euros	US Dollars	Other
Sterling	2,566,834	-	-	-
Euro	-	104,517	-	-
Dollar	-	-	32,473	-
Other	-	-	-	15

(2) The liabilities shown in 'Other' represent several different currencies. 100% of these liabilities are matched by assets in the same currency.

(3) The fund does not hold a reserve for currency mismatching.

The fund is exposed to the risk that assets held in different currencies to the liabilities are subjected to adverse currency movements. The table in 7(1) above shows that effectively all our liabilities – both UK and overseas - are covered by assets held in the same currency.

(4) The firm is a realistic-basis firm and a resilience capital requirement is no longer required.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2009**

- (5) The firm is a realistic-basis firm and a resilience capital requirement is no longer required.
- (6) The firm is a realistic-basis firm and a resilience capital requirement is no longer required.
- (7) INSPRU 1.1.34R(1): “The assets *[held by a firm to cover its technical provisions]*...must...be of a sufficient amount, and of an appropriate currency and term, to ensure that the cash inflows from those assets will meet the expected cash outflows from the firm’s insurance liabilities as they become due.”

No further reserve has arisen following consideration of this rule.

Currency mismatching is considered in sections 7(1)-7(3).

The assets backing the liabilities do not precisely match them by term. The fund has significant holdings in Equity and Property assets that have no set maturity date. These assets are held to provide strong performance for policyholders.

Instead, the fund aims to ensure that cash outflows can be met through:

- Incoming premiums
- Income from its assets (dividends, rental income, coupon payments)
- Receipts on redemption from matched fixed interest stocks
- Holding appropriate volumes of cash and liquid assets
- Sales of assets.

There is a risk that the fund may have to sell assets at an unfavourable time, e.g. when prices are temporarily depressed. If the fund has to sell unmarketable assets it may also depress the price through the sale itself. The risk will be very short term; if our liquidity was genuinely an issue then we could sell illiquid assets for cash over the period of a year without distorting the price we would receive (and have used in our asset valuation).

The risk only impacts business where it cannot be passed on to policyholders. For example, the risk is negligible on assets backing Unit Linked business because any reduction in price arising on sale would be passed onto the remaining policyholders through the unit price. On With-Profits business, high levels of surrender may lead to higher MVR rates being applied.

To mitigate this risk the fund holds liquid assets (cash, certificates of deposit). It also ensures that a significant proportion of its other assets are invested in highly marketable stocks, in particular government bonds (but also shares issued by large companies).

An estimate of the Company’s claims amounts for 2010 is £2,239m for NWPSF and £252m for OWPSF. Expected income, in 2010, from assets currently held in the NWPSF is £906m and £2,560m is held in deposit-style assets. For OWPSF, the respective figures are £133m and £314m. Therefore we expect to be able to pay the company’s claims from cash and incoming premiums without having to sell any of our other liquid assets. Accordingly there is no need to hold an additional reserve.

8. Other Special Reserves

(1) Mortgage Endowment Promise

CGNU and CULAC announced its intention that payments on with profit mortgage endowment policies may, if necessary, be topped up at maturity (subject to certain conditions) where there is a shortfall between the claim value and the mortgage originally targeted.

Following the transfer and estate reattribution of the With-Profit funds of CGNU and CULAC, the scheme of transfer states that the top-up payments will be made even if the investment returns on the assets backing the free reserves of the relevant fund are not sufficient to cover them.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

The reserve will be calculated by considering the full liability for payments advised to policyholders in Promise mailings.

The amount of the provisions are £446.4m in NWPSF and £102.3m in OWPSF.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2009**

(2) Mortgage Mis-selling Review

A reserve has been made to provide for future compensation and claims handling costs that are expected to arise from complaints about mortgage mis-selling.

The amount of the provisions are £21.9m in NWPSF and £2.9m in OWPSF.

The reserve was calculated by:

- Using an adjusted chain-ladder approach to construct reserves for claims that have been reported but not yet settled
- Using historic information and expected future experience to project the number of complaints into the future. An average cost per complaint figure has been derived and applied to the projected number of complaints to get a reserve for future compensation costs. Future expenses have been calculated assuming a fixed amount per complaint.

The key basis items are:

Average cost per claim: £4,307 (ex-CGNU) and £5854 (ex-CULAC)

Percentage of complaints leading to a claim: 81% (ex-CGNU) and 77% (ex-CULAC)

Claims processing expense: £341 per complaint.

(3) Pensions Review Reserve

This is the reserve for the expected remaining compensation payments arising from the review of pensions mis-selling. The reserve includes expected future compensation costs arising under Phases 1 and 2 of the review, together with the expected future expenses of administering the review and the expected amount of future levies to be paid by each company to the FSCS, the PCU and PASS.

The methodology used to calculate expected future compensation costs follows the Guidance issued by GAD at the start of the review of pensions mis-selling and what is laid down in the Guarantee Agreements between the companies and the investors. A prudent approach has been taken.

Future levies and expenses are derived by analysing past experience and adjusting to allow for expected future experience. Again, a prudent approach has been taken.

The reserve held totals £11.3m (NWPSF £9.9m, OWPSF £1.3m).

(4) Product Governance Provision

A reserve has been made to provide for estimated future rectification costs arising from known product governance issues.

The amount of the provisions are £11m in NWPSF and £1m in OWPSF.

(5) Deferred Claims Reserve

A reserve is held for conventional pension policies that have matured but where the policyholder has deferred making a claim. The reserve is equal to the claim value.

The amount of the provision is £13.5m (split £11.9m NWPSF, £1.6m OWPSF).

(6) System migration costs

A provision of £26.2m in NWPSF and £3.5m in OWPSF is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

(7) Solvency II project costs

A provision of £10m is held to cover costs expected to be incurred by the funds in implementing the regulatory changes resulting from the Solvency II Directive.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2009**

9. Reinsurance

- (1) No premiums were payable during the report period for business ceded on a facultative basis to reinsurers who are not permitted to carry on business in the United Kingdom.
- (2) The section below responds for those treaties that satisfy 9.2(a), (b) or (c).
 - (a) This item covers a group of similar treaties.
 - (d) Munich Reinsurance Company
 - (e) The treaties provide cover for ex-CGNU level term assurance, mortgage protection, decreasing term assurance attached to low cost whole life assurance and pensions term assurance for business issued on or before (and still in force as at) 30 September 2001 (on original terms). This applies only to the portion that is not otherwise reinsured. Cover is also provided for ex-CGNU whole life and endowment assurances (where not covered by other specified treaties) on a risk premium basis and term assurances on original terms up to £3,500,000 (£5,000,000 for business written on or after 28 May 1999) above the Company's retention limit.
 - (f) The premium payable by the Company during 2009 was £7,113,000.
 - (g) There are no deposit-back arrangements.
 - (h) The group of treaties is closed to new business.
 - (i) There are no significant undischarged obligations to the reinsurers as at 31 December 2009.
 - (j) The mathematical reserves ceded under the treaties total £29,300,000 for NWPSF and £3,500,000 for OWPSF.
 - (k) N/A, see (h).
 - (l) The reinsurer is authorised to carry on insurance business in the United Kingdom.
 - (m) The Company is not connected with the reinsurer.
 - (n) The treaties are not subject to any material contingencies.
 - (o) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
 - (p) The treaties are not financing arrangements.
 - (b) This item covers a group of similar treaties.
 - (d) Swiss Re Life & Health Limited
 - (e) The treaty provides cover for ex-CGNU term assurances on original terms for up to £1,500,000 above the Company's retention limit and for term assurances with accelerated critical illness benefit on a risk premium basis up to £3,000,000 in excess of the Company's retention limit. From 2 October 2000 the treaty provides cover for term assurances with accelerated critical illness benefit on a risk premium basis for 50% in excess of the Company's retention limit up to £1,700,000.
 - (f) The premium payable by the Company during 2009 was £5,166,000.
 - (g) There are no deposit-back arrangements.
 - (h) The treaty is closed to new business.
 - (i) There are no significant undischarged obligations to the reinsurers as at 31 December 2009.
 - (j) The mathematical reserves ceded under the treaty total £32,100,000 for NWPSF and £4,300,000 for OWPSF.
 - (k) N/A, see (h).
 - (l) The reinsurer is authorised to carry on insurance business in the United Kingdom.
 - (m) The Company is not connected with the reinsurer.
 - (n) The treaty is not subject to any material contingencies.
 - (o) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
 - (p) The treaty is not a financing arrangement.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009****10. Reversionary (annual, regular) bonus**

(1)

Ex-CGNU business

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2008)	Regular bonus (2009)	Guaranteed bonus (2009)
Conventional Life					
Series 6 (super-compound)	1,604.2	232.3	4.0% SA / 5.5% RB	3.6% SA / 5.1% RB	0.00%
Series 5 (simple)	47.1	5.3	16.5% simple	16.5% simple	0.00%
Series 3	3.5	0.6	30.35 simple (whole life) / 23.10 simple (other)	30.35 simple (whole life) / 23.10 simple (other)	0.00%
Series 4	4.1	0.5	6.20 compound (whole life) / 5.95 compound (other)	6.30 compound (whole life) / 6.05 compound (other)	0.00%
Conventional Pensions					
Retirement Annuities	316.0	37.0	3.5% SA / 3.5% RB	3.6% SA / 3.6% RB	0.00%
Group Pensions, Individual Pension Arrangements, Money Purchase Schemes (1974)	115.6	60.8	3.5% SA / 3.5% RB	3.6% SA / 3.6% RB	0.00%
With Profits Annuity	19.7	0.9	8.00%	5.00%	0.00%
Unitised Life - direct written (UK)					
<u>Implicitly-charged business:</u>					
Units bought pre 1/2/1994 excluding Loyalty Fund units	8.3	0.8	3.25%	3.00%	3.00%
Loyalty fund units	253.9	20.8	3.75%	3.00% / 2.25%	0.50%
Units bought post 31/1/1994 on policies written pre 1/10/1998 (excluding Distribution Bonds)	670.9	54.7	3.25%	2.50% / 1.75%	0.00%
Units bought on policies written post 1/10/1998 (excluding Distribution Bonds)	3,707.3	311.1	3.25%	2.50% / 1.75%	0.00%
Units bought on Distribution Bond policies written post 1/10/1998	438.2	32.1	2.00%	1.25%	0.00%
<u>Explicitly-charged business:</u>					
Excluding distribution bonds	4,106.5	501.3	4.25%	3.50% / 2.75%	0.00%
Distribution Bonds	223.6	25.7	4.00%	3.25%	0.00%
<u>NUL(RBS) products:</u>					
Life excluding Distribution Bonds (Implicit charge)	430.6	64.3	3.25%	2.50% / 1.75%	0.00%
Life excluding Distribution Bonds (Explicit charge)	141.6	20.5	4.25%	3.50% / 2.75%	0.00%
Distribution Bonds (Implicit charge)	110.5	15.3	2.75%	2.00%	0.00%
Distribution Bonds (Explicit charge)	4.0	0.2	4.00%	3.25%	0.00%
<u>NUIL products:</u>					
Sterling Bond	393.8	57.7	5.00%	4.25% / 3.50%	0.00%
Dollar Bond	169.9	39.1	4.75%	4.00% / 3.25%	0.00%
Euro Bond	312.0	22.5	4.75%	4.00% / 3.25%	0.00%
Unitised Pensions - direct written (UK)					
<u>Implicitly-charged business:</u>					
Units bought prior to 22/1/1996 (13/5/1996 for regular premiums on existing business)	173.4	34.8	4.00%	4.00%	4.00%
Units bought on or after 22/1/1996 (13/5/1996) for policies sold before 1/10/1998	382.1	68.1	3.50%	2.75% / 2.25%	0.00%
Units bought on policies sold after 1/10/1998	486.7	143.5	3.00%	2.25% / 1.75%	0.00%
<u>Explicitly-charged business (excl Stakeholder)</u>					
All units purchased	493.8	86.3	4.50%	3.75% / 3.25%	0.00%
UNISURE funds 1000 and 1001**	89.9	18.6	3.60%	2.85% / 2.35%	0.00%
<u>Stakeholder Pensions</u>					
All units purchased	705.1	93.9	4.00%	3.25% / 2.75%	0.00%
Overseas business					
France Valeur Plus*	97.8	24.7	2.00%	1.25% / 0.75%	0.00%
Germany	4.7	2.0	2.00%	1.25% / 0.75%	0.00%
Ireland - Life policies	54.8	12.3	3.25%	2.50% / 1.75%	0.00%
Ireland - Pensions policies	8.0	2.9	3.50%	2.75% / 2.25%	0.00%
Swedish Personal Investment Plans	69.4	6.7	3.00%	2.25% / 1.50%	0.00%

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2009**

*For French business a 1% pa fund management charge is deducted from the UWP fund. The bonus figures are shown net of this charge.

**New funds created following migration to Unisure

Rates above for conventional business include special bonus.

For Unitised business in addition to the rates above a special bonus of 3.6% of the value of units has been credited to eligible policies during 2009.

Ex-CULAC business

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2008)	Regular bonus (2009)	Guaranteed bonus (2009)
Conventional Life					
New Series	885.3	150.1	0% SA / 1.5% RB	0% SA / 1.5% RB	0.0
Conventional Pensions					
Red Plan Deferred Annuity	13.3	1.8	0.5% of Annuity Purchased	0.5% of Annuity Purchased	0.0
All other Conventional Pensions business	303.5	48.7	0% SA / 0% RB	0% SA / 0% RB	0.0
Unitised Life - direct written					
All units purchased	695.4	64.4	3.25%	2.50%	0.00%
Unitised Pensions - direct written					
Sterling Group Plan (Deposit Admin)	71.0	16.7	7.00%	6.35%	0.00%
Units purchased pre 1/1/1993	20.0	3.2	4.00%	4.00%	4.00%
Units purchased after 31/12/1992	281.2	54.0	3.50%	2.75%	0.00%
Pensions Explicit pre 1/1/1993	108.4	30.1	5.00%	5.00%	5.00%
Pensions Explicit after 31/12/1992	248.3	65.9	4.50%	3.75%	0.00%
Sterling Group Plan (UWP) (non gteed RB)	30.8	6.6	3.50%	2.75%	0.00%
Red Plan	177.0	14.3	3.50%	2.75%	0.00%

Rates above for conventional business include special bonus.

For Unitised business (other than Deposit Admin) in addition to the rates above a special bonus of 3.6% of the value of units has been credited to eligible policies during 2009.

The reserves quoted are those required to meet the guaranteed policy benefits. Additional reserves required, such as the reserve for mortgage mis-selling, have not been allocated to a specific bonus class.

The reserves of New / Old With-Profits Sub-Funds include £140.2m for Conventional Life business from the Provident Mutual (PM) fund where policyholders redirected their investment. The bonus awarded for this business is shown in the Appendix 9.4 report for the PM sub-fund.

German business has a guarantee that the final payout will be at least as great as the payout the policyholder would have received if regular bonus had always been 3%. This is not the same as having a guaranteed regular bonus of 3%.

- (2) The figures for bonus awarded on Unitised with-profit business show the percentage increase in unit price during the year. Where two figures are shown in the 2009 column, the first rate applied for the first 6 months, and the second rate applied for the second 6 months, after a change in the mid-year bonus review.
- (3) For super-compound business both rates are shown (the rate applying to the base benefit is shown as a percentage of SA, the rate applying to regular bonus awarded to date is shown as a percentage of RB).

We have not used averaging in the tables above.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
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) An interim valuation was carried out with an effective date of 30 June 2009 for the purposes of Rule 9.3A.

2. Product Range

The only significant changes to products during the financial year were as follows:

With the rebrand of the 'Norwich Union' company name to 'Aviva' during 2009, a range of products (those whose names referred to 'Norwich Union') were renamed to reflect the change in the company name. The products themselves, and other aspects of the name, remained unchanged.

The Life 70 Trustee Investment Plan was closed to new business in 2009.

The Inflation Protected Guarantee (IPG) on the With-Profit Fund was withdrawn in April 2009.

In November 2009, a new With-Profit Guaranteed Fund was introduced, offering a 100% money-back guarantee from the fifth policy anniversary onwards in return for an additional charge in the first 5 years.

A review of mortality charges was carried out in 2009 on those unitised pensions products which had attaching life cover. As a result, some charges increased whilst others decreased; this depended on age, smoker status, sex and legacy company.

A similar review was undertaken for all linked Mortgage Endowments and Bonds with life cover, including the GA Stepping Stone, the PM Personal Investment Account and the Mortgage Investment Account products. In most cases this resulted in a reduction in mortality charge.

Some new funds were introduced for the Aviva Staff Pension Scheme product.

A term assurance product, "New Parent Cover", was launched. This provides a level amount of free life cover to new parents, the cover expiring on the child's first birthday. No premiums are payable by the policyholder.

3. Discretionary charges and benefits

- (1) Details of any market value reductions have been included in the with-profits fund abstract.
- (2) There have been no changes to premiums on reviewable protection policies.
- (3) Interest of 7.4% was added in 2009 for the group non-profit deposit administration benefits shown in Form 51 (UK Pensions).
- (4) Where service charges have been increased in 2009 on linked policies, the increases were no greater than the year on year increase in RPI, apart from Ireland products, where the increase was limited to the year on year increase in CPI.
- (5) There have been no changes to benefit charges on linked policies, other than those mentioned in section 2 above.
- (6) There were no changes to unit management charges or notional charges on accumulating with-profit policies.
- (7) **Allocation and creation of units**

The Company operates one pool of assets for each internal linked fund.

Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the prevailing basis of the fund and using the most recently available price. The pricing basis is set depending upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position. This includes sales and purchases by Managed funds.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
Global business
Financial year ended **31 December 2009**

Where an instruction, payment and all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment and all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

For Pension Assured funds, investment return is attributed through the issue of bonus units. Each month bonus units are allocated based on market movements up to 11:00pm on the last business day in the month. The offer unit price may increase during the month as new investments are not entitled to the bonus at the end of the first month. On contractual exits, units are de-allocated at the bid value of units, normally £1. On non-contractual exit payment may be subject to a Market Depreciation Discount.

For some very small closed funds, the valuation takes place on a weekly basis.

For Variable Annuity business (included in code 725 in Form 53), units in the internal linked funds are allocated or de-allocated (and simultaneously created and cancelled) as follows:

Accumulation Units

- (a) At least once a week the net value of Accumulation Units is determined by reference to the market value of the assets representing the Accumulation Account and the total number of units in force. For this purpose the market value of the assets is reduced to reflect the costs of asset realisation.
- (b) The gross value of Accumulation Units is also calculated as the net value increased by a bid/offer spread of 7%.
- (c) Premiums are carried to the Accumulation Account and applied (without any deduction) to purchase Accumulation Units using the current gross value of the unit.
- (d) The benefits are provided through the realisation of units, which takes place using the net value of the Accumulation Units. As appropriate, charges for management expenses are applied.
- (e) Unit transactions are based on the most recent valuation.

Annuity Units

- (a) At least once a week the value of Annuity Units is calculated. The value is such that, in the opinion of the Company's Chief Actuary, the market value of the assets representing the Annuity Account is sufficient to meet all the variable annuities included in the account throughout the remainder of their currency, together with associated expense deductions.
 - (b) Units are allocated by converting the amount being transferred from the Accumulation Account into Annuity Units. The rate of conversion is such that the present value of the units allocated, on the same basis as used to calculate the current value of Annuity Units, is equal to the amount being transferred from the Accumulation Account.
 - (c) Annuity Units are cancelled on the death of the annuitant.
 - (d) Unit transactions are based on the most recent valuation.
- (8) When a capital gain is realised on the sale of an asset in a unit-linked fund, and this gain cannot be offset by past capital losses, then the capital gains tax due would be retained in the fund until the next periodic settlement of tax due.

This applies in respect of tax on notional realisations under the Taxes Acts as well as tax on realised capital gains. The tax rates used in calculating these deductions are as specified in section 3(9) below.

- (9) The internal linked funds are taxed on investment gains at the rate that would apply to the Long Term Business Fund. The intention is to adopt broad equity for all holders of units of similar types of fund. To achieve this, rates are reviewed frequently to ensure that they reflect both changes within the fund and changing market conditions. In the calculation of unit prices, allowance is made for indexation where applicable and also for the expected timing of the policyholder tax payment.

The tax rate applied to realised gains was 20% during 2009. The rate applied to unrealised gains varied by fund in the range 9% to 20% during the year to 31 December 2009.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer	Aviva Life & Pensions UK Limited – Non-Profit Sub-funds
Global business	
Financial year ended	31 December 2009

Credit is given within unit prices for the tax benefit that may arise in future from realised and unrealised losses. For funds with an excess of realised/unrealised losses over gains the rate applied to the losses varied by fund in the range 0% to 20% during the year to 31 December 2009.

(10) Benefits from discounts, commission and other allowance

The Company derives no financial benefit in respect of collective investment fund units held by the internal linked funds. The Company's policy on receiving discount, commission or other allowance when purchasing, selling or holding units in collective investment funds is to pass the full benefit onto the fund.

4. Valuation basis (other than for special reserves)

Where either the gross mathematical reserves or the gross annual premiums for a group of products exceed £10m, details of the method and basis for valuation are provided below.

(1) Valuation methods

Non-linked business

A gross premium valuation method has been used for most material types of conventional product. The present value of future premiums is deducted from the present value of the benefits and future expenses. For certain blocks of business, negative reserves arising on individual contracts are set to zero – there is no allowance for future policy lapses on these contracts. However, for a large block of protection business, negative reserves have been allowed and prudent lapse assumptions have been included. The lapse rates assumed are higher than expected for contracts where the reserve is negative and lower than expected where the reserve is positive.

For deferred annuity contracts where premiums are returned with interest on death, mortality in the deferred period is ignored. Otherwise the value of any benefit payable on death during the deferred period is added to the value of the annuity.

For deferred annuities continued beyond the normal pension age, the cash available at the normal pension age is accumulated with interest.

For group life contracts, the total reserve consists of an Unearned Premium reserve, an Outstanding Claims reserve and a Claims Equalisation reserve.

For the majority of Creditor business, the total reserve consists of an Unearned Premium reserve, an Outstanding Claims reserve, a Profit Commission Reserve and a Credit Risk reserve associated with liabilities that could arise from distributor default. For other Collective Life business, the reserve was calculated as one year's office premium for annual premium contracts, plus the unearned proportion, on a 24ths basis, of the single premiums paid plus a reserve for profit sharing.

Reserves for the ex-Hamilton Life Assurance block of Creditor insurance business written prior to 31st October 2007 have been calculated based on audited reserves at that time, prudently adjusted for cashflows arising since acquisition. For ex-Hamilton Life Assurance business written since 1st November 2007, a similar method has been applied, allowing for written premiums less refunds and paid claims.

Individual PHI contracts have been valued using a gross premium valuation based on inception/annuity methodology. Contracts with waiver of premium were valued by treating the premium waiver as an extra benefit. The reserve for claims in payment is the discounted value of future claim payments. Any benefit escalation is explicitly allowed for. Claim expenses are valued explicitly during claim. An additional disputed claims reserve is held and a notified outstanding claims reserve is held in respect of claims reported but not yet authorised. Annually reviewable PHI contracts have been valued on an unexpired premium basis, plus claims reserve.

For waiver of premium benefits, the reserve is taken to be one year's premium. Where an extra premium has been charged for medical, occupational or residence reasons, an additional reserve of one times the yearly premium has generally been held.

For certain contracts which have fixed benefit increases the valuation provides for these increases within the gross premium valuation method.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2009**

Additional reserves are held to provide for future expenses not covered by the valuation method, including allowances for the potential cost of compensation payments. Further details are provided in sections 6 and 8.

Unit-linked business

Unit-linked business is valued as the face value of the units at market bid price, together with non-unit reserves for mortality and future expenses not supported by future margins within the individual contracts. Allowances are included where appropriate for loyalty bonus and for actuarial pre-funding of the periodic charge on capital units. Additional reserves are held for waiver of premium benefits, permanent health benefits, permanent total disability benefits, regular increase benefits and Guaranteed Insurability Options, and for the accrual of a periodic charge rebate on the Group Pension Investment Bond.

Non-unit reserves include explicit allowance for per policy expenses. Allowance has also been made for expenses which are not directly attributable to individual contracts, as described in section 6. For benefits linked to the Guaranteed Funds, future charges which accrue to the New With Profit and Old With Profit subfunds have been allowed for at the rate of 0.5% p.a. applied to those funds. Explicit allowance is made for commission where appropriate.

Allowance is made for the promise that the Company made to certain policyholders that the charges on certain pensions policies will not exceed 1% p.a. in any future year.

For regular premium policies, the non-unit reserve is generally determined assuming that premiums cease at the valuation date.

Where non-unit reserves are negative, these are set to zero, except where the policy terms include a surrender penalty, in which case the absolute amount of the negative reserve is limited to the surrender penalty amount.

A non-unit reserve is determined along similar lines for unitised with profits business where the investment liability arises in the company's With Profits fund, but other policy benefits, charges and expenses arise in the company's Non Profit funds.

For Variable Annuity business (included in code 725 on Form 53), the mathematical reserve has been taken as the total amount of the internal linked funds. In view of the nature of this business, no additional non-unit reserve is required. No reserve is necessary for guarantees and options. The guarantees in the contract relate to maximum limits for levels of charge and in testing the requirement for sterling reserves no increases in the rates of charge have been assumed.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2009****(2) Valuation interest rates:**

The interest rates used at the end of the financial year, and at the end of the previous financial year, are set out below.

Product	31 December 2009	31 December 2008
Life Assurances		
Conventional business	3.0%	2.7%
PHI		
Standalone critical illness	3.8%	3.4%
Income Protection		
Active lives	3.8%	3.4%
Disabled lives	5.5%	6.7%
Disabled lives (index-linked)	0.4%	2.1%
Pensions and General Annuities		
Immediate Annuity	4.2%	3.8%
Deferred Annuity/WDIS		
Post vesting	3.8%	3.4%
In deferment	4.2%	3.8%
Other	3.8%	3.4%
Sterling Reserves – Life		
Fund growth	4.3%	3.6%
Discount rate	3.3%	3.0%
Sterling Reserves – Pensions		
Fund growth	5.3%	4.5%
Discount rate	4.1%	3.7%
Ex-Hamilton Life Assurance Business	0.15%	2.75%

(3) Adjustment to yield for credit risk

The risk-adjusted yield in Form 57 has been determined after making the following allowances for risk, in accordance with INSPRU 3.1.41R.

For fixed interest assets, this adjustment took account of:

- The historic experience of bad debts for each of the major fixed interest asset classes,
- Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available,
- 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,
- The need to take a prudent view of the above.

The adjustment made is expressed as a deduction from the expected yield and varies by type of asset as follows:

Type of Asset	Deduction from yield
Deposits	0.10%
Approved fixed interest securities	0.00%
Other fixed interest securities	0.31%
Loans secured by mortgages	0.81%

No equity shares or property were used for the purposes of Form 57.

The yield on all assets is further reduced by 2.5% to allow for risk, as required by INSPRU 3.1.28R.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2009**(4) Mortality assumptions**

The mortality bases used at the end of the financial year and at the end of the previous financial year were as follows:

Mortality basis tables

	31 December 2009	31 December 2008
Assurances		
Whole life (other)	Unchanged	138.9% AM00/AF00 Sel
Endowments	Unchanged	93.3% AM00/AF00
Level Term Assurance (Current Range)	Unchanged	88% TMN00/TFN00 (non Smoker) 94.3% TMS00/TFS00 (Smoker)
Level Term assurance (Pre merger)	Unchanged	88% TMx00/TFx00
Mortgage Protection (Current)	Unchanged	93.3% TMx00/TFx00
Mortgage Protection (Pre Merger)	Unchanged	91.2% TMx00/TFx00
Term assurance with Critical Illness	Unchanged	Duration 0 and 1 104% CIM11A
	Unchanged	Duration 2+ 115% CIM11A
Mortgage Protection with Critical Illness	Unchanged	Duration 0 and 1 104% CIM11A
	Unchanged	Duration 2+ 138% CIM11A
Unitised Life		
Flexible Whole Life	Unchanged	138.9% AM00/AF00 Sel
Bonds	Unchanged	108.1% AM00/AF00 Sel
Mortgage Endowment	Unchanged	93.3% AM00/AF00 Sel
Pre-merger NU Bonds	Unchanged	108.1% AM00/AF00 Sel
Pre-merger NU Mortgage Endowment,	Unchanged	93.3% AM00/AF00 Sel

In 2009, we have used flat percentages of standard tables so specific rates do not require disclosure.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2009

Pensions and General Annuities	31 December 2009	31 December 2008
Immediate Annuities – individual	Unchanged	74% IML00 77% IFL00
Immediate Annuities – group	Unchanged	90.5% PCMA00 85% PCFA00
Structured Settlements	Unchanged	As individual annuities above + 1 year + 0.01 to rates
Deferred annuity cash contracts in deferment	Unchanged	60% AM00/AF00
Deferred & Reversionary Annuity Including retirement Annuity In deferment	Unchanged	60% AM00/AF00
In deferment – WDIS	Unchanged	110% AM00/AF00
Post vesting	Unchanged	90.5% PCMA00 85% PCFA00
Variable Annuity In deferment	Unchanged	RMV92 (C=2010)
Unitised Pensions (excluding ex- Hamilton Life Assurance Business)	Unchanged	106% AM00/AF00 ult
Unitised Pensions (ex-Hamilton Life Assurance Business)		
Linked – non smoker	Unchanged	76.5% A67/70 Select
Linked – smoker	Unchanged	102% A67/70 Select
Other		
Standalone Critical Illness	Unchanged	104% Reassurer Rates

Annuitant mortality bases

For annuitants in 2010, assumed expectation of life is as follows:

	Expectation of Life for annuitant		Expectation of Life from age 65 for annuitant	
	aged 65	aged 75	aged 45	aged 55
90.5% PCMA00	23.7	14.5	28.3	25.9
85% PCFA00	25.7	16.3	28.8	27.2
74% IML00	25.8	16.1	30.2	28.0
77% IFL00	27.4	17.3	30.3	28.8

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
 Global business
 Financial year ended **31 December 2009**

Mortality improvement

The 2010 annuitant mortality basis was derived by taking a percentage of the base table mortality rates (where the percentages are given in the relevant table above) and applying a percentage of the improvement rates from CMI Working Paper 1 (December 2002) for calendar years 2005 and beyond, as in the table below:

Improvement rates for both Pension and General Annuities	Male %	Female %
Percentage of medium cohort applicable from 2005	100%	75%
Minimum rate p.a.	2%	1.5%

Impact of changes in incidence of disease

The margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from various causes, so no additional reserves are held.

(5) Morbidity assumptions:**Critical Illness**

The morbidity bases used at the end of the financial year and at the end of the previous financial year were as follows:

Life Assurances	31 December 2009	31 December 2008
Standalone Critical Illness	Unchanged	Modified Reassurer rates (see below)
Critical Illness rider benefits	Unchanged	1 periodic premium

Rates for the modified tables for 31 December 2009 (and 2008) were as follows:

Age	Stand alone Critical Illness			
	Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.66	0.66	0.96	0.96
35	1.05	1.34	1.52	2.19
45	3.27	5.84	3.14	6.28
55	8.74	19.42	8.12	17.65

For critical illness policies with guaranteed premiums, a guarantee loading is applied to the critical illness rate as follows (unchanged from 2008):

	Female	Male
CI guarantee loading (for each year from valuation date)	2.5%	2.0%
	Compound	compound

Income Protection - Claims inception rates

For Safeguard and PHI product groups these have been based on CIDA rates, adjusted by factors dependent on the age, deferred period, occupation, sex, smoker status, sales channel, location and duration in-force, reflecting our own experience. Further margins have been taken for prudence.

For Safeguard and PHI policies, modified rates are shown below. The rates assume the following:

Occupation class 1 Deferred period 6 months Non-smoker status
 Location – South England Channel – IFA Duration of policy – 5+ years

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2009

Age	Safeguard rates			
	Annual rates per mille:			
	31 December 2009	31December 2009	31 December 2008	31December 2008
	Male	Female	Male	Female
25	1.20	1.42	0.86	0.89
35	0.68	1.35	0.67	1.10
45	1.29	3.06	1.21	2.54
55	2.74	8.97	2.72	4.93

Age	PHI rates			
	Annual rates per mille:			
	31 December 2009	31December 2009	31 December 2008	31December 2008
	Male	Female	Male	Female
25	1.37	2.31	2.65	1.51
35	1.02	1.84	1.86	2.83
45	1.74	3.47	2.91	4.64
55	3.53	8.22	4.94	7.73

Income Protection - Recovery rates

For Safeguard and PHI policies, these have been based on CMIR12, adjusted by factors derived from our own experience, with further margins for prudence.

For Safeguard and PHI policies, modified rates are shown below. The rates assume the following:

Occupation class 1
Non-smoker status

Deferred period 6 months
Location – South England

Age	Safeguard rates : 31 December 2009 (unchanged from 31 December 2008)			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	243.91	243.91	72.38	72.38
35	197.30	197.30	60.40	60.40
45	148.83	148.83	49.37	49.37
55	98.82	98.82	39.60	39.60

Age	PHI rates : 31 December 2009 (unchanged from 31 December 2008)			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	266.77	266.77	79.21	79.21
35	215.82	215.82	66.10	66.10
45	162.83	162.83	54.03	54.03
55	108.12	108.12	43.34	43.34

The margins in the published morbidity bases are considered sufficient to provide for adverse deviations in experience arising from changes in morbidity experience, so no additional reserves are held.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
 Global business
 Financial year ended **31 December 2009**

Long Term Care (Well-being and Future Care Plan)

Mortality, prior to claim – PMA80 C=2020 and PFA80 C=2020, with a deduction of 2 years to all ages.

Mortality, during claim – 95% ELT14, with additions to age depending on age and the severity of disablement.

Morbidity – the disability tables used are based on the data underlying the disability prevalence rates contained in Report 9 of the OPCS surveys of disability in Great Britain. The data was adjusted in light of the Company's underwriting policy and the definitions of the Activities of Daily Living used. The morbidity used was 115% (regular premium) and 160% (single premium) of the adjusted prevalence rates.

(6) Expense assumptions:

Details of the expense bases used at 31 December 2009 are as follows.

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 Life & Pensions UK Limited and increased by 10% in respect of project costs.

No zillmer adjustment was used at the end of 2009 - valuations were carried out on a Gross Premium basis

The expense assumptions are the same for both premium-paying and non-premium paying contracts.

Per policy expenses in the year after the valuation date

Category	31/12/2009 Expense (£)	31/12/2008 Expense (£)
Term assurance	13.06	12.82
Critical illness	13.06	12.82
Income protection	15.00	27.77
Income protection claims in payment	15.00	27.77
Annuity	16.73	16.48
UWP bond	49.18	48.28
UWP savings endowment	15.19	15.00
UWP target cash endowment	15.19	15.00
UWP regular premium pension	15.40	14.42
UWP single premium pension	15.17	14.42
UWP group regular premium pension	14.92	13.98
UWP group single premium pension	36.57	34.77
UL bond	17.74	17.70
UL savings endowment	10.27	5.17
UL target cash endowment	15.19	15.00
UL regular premium pension	15.40	14.42
UL single premium pension	15.17	14.42
UL group regular premium pension	14.92	13.98
UL group single premium pension	14.92	13.98

All figures are gross of tax relief which is assumed at 20% on certain products.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2009**

Expenses as % of Claim

	2009	2008
Income protection claims in payment	10.0%	10.0%

Investment expenses

For non-unit liabilities, the yield on assets backing the liabilities was reduced for investment expenses of 0.049%. This reduced the upper bound on the interest rates used in the valuation.

In the calculation of sterling reserves on unitised business, explicit allowance was made for investment expenses of 0.173% of the unit fund for unit linked investments and 0.117% of the asset share for unitised with profit investments written in the company's with profit fund.

The allowances reflect the charging structure agreed with our fund managers, Aviva Investors.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
 Global business
 Financial year ended **31 December 2009**

(7)	Inflation rate for future expenses	31 December 2009	31 December 2008
	Ex-NULL and currently marketed products	3.32%	1.9%
	Income Protection	3.32%	1.9%
	Other products	3.32%	1.9%
	Linked business		
	Unit Growth Rate for gross business	5.3%	4.5%
	Unit Growth Rate for net business	4.3%	3.6%
	Future increases in policy charges	3.5%	2.0%

Expense inflation is set according to the terms of the Management Services Agreement between Aviva Life Services UK Limited and Aviva Life & Pensions UK Limited. This agreement was renegotiated in 2009 resulting in the per policy charges inflating at RPI.

- (8) There are no with-profit contracts in the non-profit sub-funds.
- (9) A summary of lapse, surrender and paid-up assumptions is provided below:

Product		Average lapse / surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
Accelerated critical illness	lapse 1	15.1%	17.4%	13.2%	9.7%
Accelerated critical illness	lapse 2	9.0%	10.5%	7.9%	5.8%
Decreasing Term	lapse 1	15.1%	17.4%	13.2%	9.7%
Decreasing Term	lapse 2	9.0%	10.5%	7.9%	5.8%
Level term	lapse 1	12.2%	8.6%	7.6%	7.6%
Level term	lapse 2	5.9%	4.2%	3.7%	3.7%
UL bond	surrender	2.8%	8.3%	8.7%	8.7%
UL indiv pension regular premium	surrender	2.6%	2.6%	2.6%	2.6%
UL indiv pension single premium	surrender	2.1%	2.1%	2.1%	2.1%
UWP indiv pension regular premium	surrender	2.6%	2.6%	2.6%	2.6%
UWP indiv pension single premium	surrender	2.1%	2.1%	2.1%	2.1%

The 'lapse 1' rates in the table are used for contracts where the reserve is negative, and the 'lapse 2' rates are used for contracts where the reserve is positive.

No PUP assumptions are shown in the above tables. It is assumed that premiums cease at the valuation date for regular premium unit-linked policies, unless the assumption of continuing premiums leads to a higher non-unit reserve.

For the vast majority of UL and UWP Bonds (96% of total mathematical reserves on all such business), automatic withdrawals are taken to be the actual withdrawal amount at the valuation date for each individual policy.

For unit-linked bonds, the surrender rates shown in the tables exclude additional surrenders at the end of the period where surrender penalties apply. The average additional surrender rate assumption is 15.4%.

(10) Option take-up rates

For deferred annuities with a guaranteed cash option and assurances with a guaranteed annuity option, other than for the Pensionvestor contract, it is assumed that policyholders will choose to exercise the greater of the two options on 95% of the available benefit. For the Pensionvestor contracts this percentage is assumed to vary linearly, from 75% on policies maturing within 1 year, to 95% on policies maturing after 20 years or more.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
 Global business
 Financial year ended **31 December 2009**

Taxation

Valuation interest rates on Life business include an allowance for taxation, assuming a tax rate of 20% in respect of income on Fixed Interest for Life business:

Allowance for taxation is included within the unit pricing of unit-linked funds as described in section 3(9) above.

No allowance has been made for taxation in respect of Pensions business.

- (11) Over-the-counter derivative contracts are held to match the index-linked liabilities for guaranteed bonds shown in Form 54. The unit liability for these contracts was taken as the surrender value of the matching derivative instruments.

Apart from this, derivative contracts or assets having the effect of derivative contracts and any associated cash holdings, were not included in the assets allocated to the technical liabilities of the fund and as such did not impact on the calculation of the amount of long term liabilities.

(12) Changes in INSPRU valuation rules

There were no changes in valuation methodology in 2009 arising from changes in INSPRU valuation rules which came into effect at 31 December 2006.

5. Options and Guarantees**(1) Guaranteed Annuity Options:**

- (a) For deferred annuities with a cash option and assurances with a guaranteed annuity option, the value of the benefits at the vesting date is the greater of the value of the annuity or the cash option, subject to option take-up rates as described in 4(10). Where a guaranteed annuity is more valuable on the valuation basis than the cash alternative, a provision for future expenses in payment is also held.

(b) Pensionvestor

Pensionvestor policies have a basic reserve of £44m.

The distribution of policies by outstanding term and retirement age is as follows:

Outstanding Term (years) Retirement Age							Total
	0-5	5-10	10-15	15-20	20-25	25-30	
55 and under	0	0	1	0	0	0	1
56-60	324	203	49	6	0	0	582
61-65	193	116	52	10	1	0	372
66-70	8	8	1	1	0	0	18
71-75	36	73	153	11	0	0	273
Total	561	400	256	28	1	0	1246

The guarantee reserve is £31m.

The guaranteed annuity rate is 12.244% of the cash sum for a male aged 65, based on a single life annuity payable annually in arrears.

Policyholders may make increments to the policy, but no guaranteed annuity options are given on increments.

(2) Guaranteed surrender and unit-linked maturity values:**Pension Assured Fund**

Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension date or on earlier death. Details are provided in the valuation report of the Company's Provident Mutual Fund, where the majority of these guarantees arise.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
 Global business
 Financial year ended **31 December 2009**

(3) Guaranteed Insurability Options

- (a) The reserve for guaranteed insurability options is calculated as the option premiums received in respect of policies in force accumulated with interest.

One periodic option premium is held as a reserve for those policies which select conversion or renewal options.

- (b) The table below, together with the comments that follow, gives details for certain protection policies with conversion and renewal options.

Product name	In-force premiums	Sum Assured	Guarantee Reserve
Level Term Assurance	£7.8m	£3,931.4m	£0.2m
Decreasing Term Assurance	£16.4m	£3,831.6m	£8.8m

Conversion option

Conversion options are included on certain policies. For an additional premium, and provided the option is selected prior to their 65th birthday, the policyholder can convert all or part of their policy without further medical evidence. If the policy is a level term assurance then it can be converted into either a non-increasing term type policy or a low cost whole of life. If the policy is a decreasing term assurance it may also be converted into an endowment assurance. In either case the maximum sum insured will be the original sum insured inflated using RPI to the conversion date.

Renewal option

Renewal options are included on certain policies. For an additional premium, and provided the term of the policy expires before the policyholder's 65th birthday (if a level term assurance) or 75th birthday (if a decreasing term assurance), the policyholder may effect a new policy at the end of the policy term. The term of the new policy must not exceed the term of the original policy. No further medical evidence is required on selecting this option, unless a critical illness or premium protected option is selected on the new policy. The maximum sum insured will be the original sum insured inflated using RPI to the conversion date.

(4) Other guarantees and options

When contracts provide other options with a specific premium, a reserve is generally held of all option premiums paid.

Some group business contains premium rate guarantees for a limited period. No specific reserve for these is considered necessary.

For the Index-linked Bonds shown on Form 54, the benefits on maturity are linked to the performance of an index. There is no additional reserve because matching assets are held.

6. Expense reserves

- (1) The aggregate amount for expense loadings, grossed up for taxation where appropriate, expected to arise during 2010 is shown in the table below:

Homogenous risk Group	Implicit allowances	Explicit allowance (investment)	Explicit allowance (other)	Non attributable expenses	Total
UL Life	£20.9m	£16.8m	£6.3m	£0.0m	£43.9m
UL individual pensions	£43.9m	£26.5m	£15.5m	£0.0m	£85.9m
UL employer sponsored pension	£13.3m	£12.1m	£12.1m	£0.0m	£37.5m
All expenses attributable	£0.5m	£0.0m	£29.7m	£0.0m	£30.3m
Total	£78.5m	£55.3m	£63.6m	£0.0m	£197.5m

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2009**

- (2) Non-attributable expenses on unit linked business are allowed for implicitly, through expected future valuation surplus (on the valuation basis). In 2010, the implicit allowance on unit linked business of £78.5m covers the expected amount of non-attributable expenses, £62.7m.

Investment expenses on conventional business are reserved for implicitly, through a margin in the valuation interest rate. The expected expense over 2010 is £0.5m.

- (3) The total amount of maintenance expenses shown at line 14 of Form 43 (combined for the non-profit sub-funds) is £187m. Unit fund management charges of £2.9m are included in the Form 43 figure, but do not constitute expenses for comparison against the above allowances.

The actual expense figure comparable with the allowance in section 6(1) is £184.4m.

The implicit allowance on unitised business is the main reason that the £197.5m allowance in the table above is higher than line 14 of Form 43. The implicit allowance has been taken to be the valuation surplus. This emerges due to the constraint that sterling reserves cannot be negative, and the surplus is materially higher than the level of non-attributable expenses on this business.

- (4) In determining the requirement for a new business expense overrun reserve, a prudent assessment of the projected value of 2010 new business is calculated, and compared against the projected new business expense overrun. A reserve is held if the latter exceeds the former. No new business expense overrun reserve is required in respect of 2010 new business.
- (5) In addition to per policy expense reserves, explicit expense reserves of £92.2m are held in accordance with INSPRU 1.2.50R. These reserves include appropriate allowance for expected redundancy and other costs associated with ceasing to transact new business 12 months after the valuation date, and for expense overruns in respect of business in force at the valuation date.
- (6) For unit linked business, the explicit expense reserve only covers expenses directly attributable to unit linked contracts. Non-attributable expenses are covered by future valuation surplus, and so the reserve for these expenses is zero.

7. Mismatching Reserves

- (1) Apart from £45.4 million of Euro-denominated reserves, all of the mathematical reserves of the non-profit sub-funds are held to support liabilities payable in Pounds Sterling. The funds hold sufficient sterling assets to match these liabilities. There are no Euro-denominated assets in the funds to match the small volume of Euro-denominated liabilities.
- (2) There are no liabilities in non-sterling currencies other than those described in 7(1) above.
- (3) The fund does not hold an explicit reserve for the small volume of mismatched Euro-denominated liabilities.
- (4) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (5) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (6) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (7) The non-profit sub-funds hold significant volumes of liquid assets (e.g. cash, certificates of deposit), mitigating the risk that the fund may have to sell assets at an unfavourable time. The firm also ensures that a significant proportion of other assets are invested in highly marketable stocks, in particular government bonds, but also corporate bonds issued by large companies. Any cash flow shortfall could therefore be met by selling some of these assets at short notice.

A further reserve of £10m is held against the risk of mismatching between positive and negative cash flows arising on different blocks of conventional business where positive and negative reserves are held.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
Global business
Financial year ended **31 December 2009**

8. Other Special Reserves

Counterparty Risk Reserve

A reserve of £22.9m is held for adverse deviations in respect of credit risk from reinsurer defaults. The exposure to each reinsurer by credit rating is identified, and using a probability of default for each rating, the risk amount in each calendar year is assessed. The Counterparty Risk reserve is the discounted value of the future annual counterparty risk amounts for each reinsurer.

Staff Pension Scheme Deficit Reserve

A reserve of £152m is held to cover the deficit funding payments to be made to the Aviva Staff Pension Scheme over a 5-year period. Payments increase with inflation over the remaining funding period.

Data Quality Reserves

A provision of £20m is held against the risk that the data underlying the calculation of the mathematical reserves on unit-linked business is deficient in any way. The amount of this reserve is determined by general considerations.

A similar provision of £25m is held in respect of non-linked business. The amount of this reserve is determined by general considerations.

Compensation Reserve

We hold a reserve for Product Governance compensation, amounting to £51m.

9. Reinsurance

- (1) Within the non profit sub-funds the company has no facultative reinsurance with a reinsurer who is not authorised to carry out business in the United Kingdom.
- (2) Reassurance details are provided in the table below. The third and fourth columns marked A and C indicate, respectively, whether the reinsurer is authorised to carry out insurance business in the United Kingdom, and whether the reinsurer is connected to the Company.

Returns under the Accounts and Statements Rules

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2009

Ref	Name of Reinsurer	A	C	Class of business	Reinsurance Premiums £'000s	Reserve £'000s	Open/ Closed to NB	% retained for new business
A	Swiss Re Life & Health Limited	Yes	No	Permanent Health	-	25,085	Closed	
B	Staley Insurance Services Limited	No	No	Creditor	23,514	2,343	Open	0%
C	GE Frankona Reinsurance Limited.	Yes	No	Term and Gteed Integrated CI	14,269	95,152	Closed	
D	GE Frankona Reinsurance Limited.	Yes	No	Standalone Gteed CI	2,465	11,980	Closed	
E	GE Frankona Reinsurance Limited.	Yes	No	MP and Gteed Integrated CI	66,611	35,761	Open	25% up to £50k
F	Hannover Re (Ireland)	No	No	Term and Gteed Integrated CI	8,769	15,691	Closed	
G	Hannover Life Reassurance (UK) Limited	Yes	No	Term and Gteed Integrated CI	11,030	12,404	Closed	
H	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term and Gteed Integrated CI	56,614	214,441	Open	10% up to £500k
I	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term Assurance, Mortgage Protection, Low Cost Endowment.	-	33,043	Closed	
J	SCOR Global Life Reinsurance Ireland Ltd	No	No	Term and Gteed Integrated CI	3,982	18,249	Closed	
K	RGA Americas Reinsurance Company Limited	No	No	Term and Gteed Integrated CI	56,034	152,075	Closed	
L	RGA Americas Reinsurance Company Limited	No	No	MP and Gteed Integrated CI	24,080	11,749	Open	10% up to £500k
M	RGA Americas Reinsurance Company Limited	No	No	Term with Rev Integrated CI	1,921	53,111	Open	
N	Swiss Re Life & Health Limited	Yes	No	Term and Gteed Integrated CI	2,707	39,951	Closed	
O	Swiss Re Life & Health Limited	Yes	No	MP and Gteed Integrated CI	14,310	9,105	Closed	
P	XL Re Limited (UK Branch)	Yes	No	Term and Gteed Integrated CI	25,205	173,290	Open	Life: 10% up to £500k, CI: 25% up to £50k
Q	Swiss Re Life & Health Limited	Yes	No	2008 Existing Business	7,077	468,160	Open	
R	Swiss Re Life & Health Limited	Yes	No	2009 Existing Business	4,511	17,742	Open	
S	Swiss Re Life & Health Limited	Yes	No	2009 Existing Business	6	82,900	Open	
T	Swiss Re Life & Health Limited	Yes	No	Deferred annuity	-	563,285	Closed	
U	Invesco Pensions Limited	Yes	No	Unit-linked External Funds	3,452	98,953	Closed	
V	Deutsche Asset Management Life & Pensions Ltd	Yes	No	Unit-linked External Funds	7,814	66,135	Closed	
W	Barclays Global Investors	Yes	No	Unit-linked External Funds	63,822	126,436	Closed	
X	Aviva Annuity UK Ltd	Yes	Yes	Immediate Annuities	8,799	136,145	Open	
Y	Legal and General Assurance (Pensions Management)	Yes	No	Unit-linked	88,174	642,993	Closed	

An indication of the cover given under each treaty is provided below:

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2009

Ref	Benefits Reinsured
A	Quota Share & Surplus Reinsurance
B	Quota Share of insured risks under one scheme
C	Variable % of Sum Assured by sex or smoker status
D	Quota Share - death and CI benefits
E	Quota Share - death and CI benefits
F	Quota Share - death and CI benefits
G	Quota Share
H	Quota Share - Life
I	Quota Share - Death Benefits for all business with no previous reinsurance
J	Quota Share - death and CI benefits
K	Quota Share death benefits
L	Quota Share - Life
M	RGA UK 5% of SA, RGA US 45% of SA
N	50% of SA
O	50% of SA
P	Quota Share
Q	Financing Arrangement (TDSL)
R	Financing Arrangement (TDSL)
S	Financing Arrangement (TDSL)
T	Quota share and surplus
U	Unit-linked External Funds
V	Unit-linked External Funds
W	Unit-linked External Funds
X	100% of Immediate Annuity Benefits
Y	Unit Liability

There are no material contingencies, such as credit risk or legal risk, to which any of these treaties are subject.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2009**

There are no significant undischarged obligations to the reinsurers as at 31/12/2009.

There are no deposit back arrangements in any of these treaties.

Financing Treaties (table reference Q, R and S)

Three financing arrangements exist between the Company and Swiss Reinsurance Company. As these treaties are Time Deferred Stop Loss arrangements, where the recapture of the liability is contingent on future shareholder surplus, no liability for the undischarged obligation has been taken into account in the valuation. Account has been taken of the credit risk exposure to the reinsurers in the reinsurer counterparty exposure reserve (see section 8).

10. There are no with-profits contracts in the non-profit sub-funds.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

1. Introduction

- (1) The **valuation date** is 31 December 2009.
- (2) The date of the previous valuation was 31 December 2008.
- (3) An interim valuation was carried out with an effective date of 30 June 2009 for the purposes of rule 9.3A.

2. Assets**(1) Economic assumptions for valuation of non-profit business**

- Non-profit profits are valued using a gross investment return equal to an average risk free rate (weighted by term).
- The economic assumptions used to value future profits on non-profit business are as follows:

	2009	2008
Gross investment return		
• Pensions “Continued Beyond Maturity”	4.80%	4.13%
• Deferred annuities - pre vesting	3.98%	3.35%
• Deferred annuities - post vesting	5.27%	4.65%
Discount rate	Investment return plus 0.5% p.a.	Investment return plus 0.5% p.a.
Expense inflation	3.32%	1.87%
Tax rates	20%	20%

- The additional 0.5% per annum in the discount rate provides an allowance for risk and uncertainty, and to give a margin to allow for the cost of any non-financial guarantees
 - In addition a data quality reserve of £20m included in the regulatory valuation is released in the Realistic valuation. This is valued at face value.
 - The value of future profits on non-profit business includes the release of the LTICR in respect of non-profit business. In assessing this release an approximate allowance is made for tax and investment expenses.
- (2) Not applicable
 - (3) Not applicable
 - (4) Not applicable
 - (5) Not applicable

3. With-Profits Benefits Reserve Liabilities

- (1) There are four main methods used to calculate the with-profits benefits reserve.
 - Asset share (individual) (retrospective)
 - Asset share (group) (retrospective)
 - Bonus Reserve Valuation (prospective)
 - Regulatory Reserve (prospective)

The majority of the conventional with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund’s PPFM.

For unitised business, the asset share of a policy is defined as the sum of the asset shares of the units of the policy. Our approach calculates the asset share of each individual unit, and then aggregates across all units in a policy. We have recorded this approach as being individual.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Where asset shares are not currently calculated, or where they are unreliable as a starting point for deriving future bonuses, then either bonus reserve valuations (BRV) or regulatory reserves are used. BRVs are the discounted value of future expected benefits and expenses using risk-free earned and discount rates along with best-estimate assumptions for other basis items such as lapses and mortality. BRVs are used for the following classes of business:

- Conventional paid up policies (PUP)
- Conventional Whole Life policies
- With-profit immediate annuity business

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

At 31 December 2009

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		1,086	5,617
Asset Share (individual)	3,739		
Asset Share (grouped)	160		
BRV	632		
Conventional Pensions		1,388	3,858
Asset Share (individual)	1,404		
Asset Share (grouped)	264		
BRV	776		
Regulatory Reserve	26		
UWP Life		1	1,495
Asset Share (individual)	1,493		
Asset Share (grouped)	1		
UWP Pensions		315	6,152
Asset Share (individual)	5,822		
Asset Share (grouped)	15		
Miscellaneous Other	0	-61	-61
Total	14,332	2,729	17,061

The with-profits benefit reserves are mainly asset shares calculated on an individual policy level or, in the case of UWP business, individual unit level. The asset shares are an accumulation of premiums, investment return, expense deductions and other adjustments such as mortality profits, as set out in the fund's PPFM. Asset shares for the conventional business are charged actual expenses. Asset shares for the direct-written UWP business are charged the policy charges. As from 1 May 2004 all direct-written With Profits Sub-fund asset shares are charged 0.75% p.a. to help cover the cost of guarantees in the fund.

The only direct-written new business in With Profits Sub-fund (other than increments on existing contracts) is the with-profit annuity.

Conventional Life consists mainly of conventional endowments, with only £632m of whole-life contracts. The whole-life products have a bonus reserve valuation. The grouped asset shares in Conventional Life refer to adjustments that are made on a grouped basis. All conventional life products are written on a 90/10 basis. Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date.

Conventional Pensions consists mainly of deferred cash schemes with attaching guaranteed minimum annuities due at retirement. There is also a block of deferred annuity business with minimum cash values at retirement. Asset shares are used for all premium-paying business. Paid up policies are valued at £614m using a BRV approach. Conventional Group Defined Benefits business uses the regulatory reserve. The grouped asset shares in Conventional Pensions refer to adjustments that are made on a grouped basis. In line with current bonus practice, the BRV is based on the final bonus scales derived from projected premium paying policies.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Conventional Pensions also contains £162m of with-profit annuity business valued using a BRV calculation. The with-profit annuity provides a level of income equal to a basic amount, plus accrued regular bonus, plus a discretionary top-up bonus. Customers can also select a future anticipated level of regular bonus. This increases the initial annuity amount payable, but the annuity amount reduces by the anticipated amount each year such that the total annuity payable would be level if the actual regular bonus rate equalled the anticipated rate. There is also a guaranteed minimum annuity amount attaching to this contract.

UWP Life consists of unitised single premium bonds and unitised mortgage endowments all written on a 100:0 basis. UWP units purchased prior to 1 January 1999 for policies sold prior to 1 January 1995 have a guaranteed minimum regular bonus rate of 2.5% p.a.

The following guarantees apply to With Profits Sub-fund UWP bonds.

Product	Dates of Issue	Anniversary Guarantee
Capital Plan	1989-93	No MVR on 10 th 15 th 20 th etc
Norwich With-Profit, Bicentennial, and Flexibond	1996-1/10/2002	Money back on 10 th

There is also the guarantee that MVRs will not apply on any automatic partial withdrawals selected from outset (subject to certain limits).

UWP Pensions consists of unitised individual and group personal pensions written on a 100:0 basis. UWP units purchased prior to 1 January 1999 for policies sold prior to 1 January 1995 have a guaranteed minimum regular bonus rate of 4% p.a.

'Miscellaneous other' consists of reserves held to cover other liabilities to the fund that cannot be assigned to certain product types such as Pension transfer review reserves, reserves for future development and audit fees. The figure also includes the asset/liability for future smoothing costs.

(2) Not applicable

(3) See (1)

(4) See (1)

4. With-profits benefits reserve – Retrospective method**(1) Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	87
Asset Share (grouped)	3
BRV	10
Regulatory Reserve	0
Miscellaneous Other	0
Total	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

(2) Changes in valuation method

(a) There have been no significant changes to the valuation methodology during 2009

(b) Not applicable.

(3) Allocation of expenses

(a) See (b)

(b) UKLS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.

(c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission.

For Conventional with-profit business – the actual per policy expenses are charged to the policies

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

For Unitised with-profit business – the policies have defined charges as per the policy conditions, and expenses are charged to the non-profit fund.

Other expenses fall to the estate.

				2009
	Charged to WPBR	Not-Charged to WPBR	Non-Profit expenses	Total
	£m	£m	£m	£m
Estimated initial expenses and commission	0	2	0	2
Renewal expenses and commission	82	35	0	117
Shareholder Transfers	2	21	0	23

The above table approximately splits out the expenses incurred over 2009. Non-profit expenses are expenses relating to non-profit business within the fund. With Profits Sub-fund direct-written business asset shares are charged all actual per policy expenses and charges incurred.

Expenses charged to the with-profit funds

From 01/01/2009 a new Management Services agreement (MSA) is in place whereby per policy (annual) and per fund charges are made. The per fund charge is allowed for by using an estimate of the policies in force in a given year, by MSA category, and by fund. Changes in policy counts over the year will be monitored, and this will be amended to reflect the actual policy counts retrospectively.

For policies that have migrated on to the outsourced platform “Alpha”, an additional per policy charge will apply. Furthermore, there is a trail fixed charge p.a. for the years 2009-2012.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers and are reviewed on at least an annual basis.

Commission and sales related expenses are also charged to the with-profits funds. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

The with-profit funds also incur other non policy-related expenses such as for development expenses, audit fees and mis-selling expenses. These are charged to the with-profit fund as laid out in each fund’s PPFM.

Shareholder transfers are charged to the with-profits funds. Most conventional business is written on a 90/10 basis with transfers equal to 1/9th of the cost of bonus. With Profits Sub-fund conventional with-profit annuity business written prior to 2 October 2002 has shareholder transfers equal to a fixed proportion of asset shares. UWP business written in With Profits Sub-fund is on a 100:0 basis.

Expenses charged to the with-profits benefit reserves

The total expenses charged to with-profits benefit reserves over 2009 are approximately £82m. The majority of this relates to renewal expenses as there is minimal new business written in With Profits Sub-fund.

Deductions are made to the asset shares in respect of expenses and commission and shareholder transfers. The difference between expenses, commission and shareholder transfers incurred and charges made are a credit to or deduction from the estate.

Sales and policy administration expenses are charged to asset shares in two main ways:

Actual expenses apply to With Profits Sub-fund conventional business

Asset shares are currently charged 100% of the MSA agreement. They are also charged the management investment fee and any custody fees. Any initial or renewal commission is deducted from the asset share.

Policy charges are applied to With Profits Sub-fund UWP business

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

The asset share is deducted the actual charges on the policy, e.g. a 1% annual management charge applies for stakeholder pensions. Also note that any surrender penalty would apply to the asset share on exit.

Expenses not charged to the with-profits benefits reserve

Any expenses on UWP Pensions business in excess of the stakeholder promise 1% cap is charged to the estate.

For UWP business written in With Profits Sub-fund the actual expenses are passed across to Non Profit Sub-fund along with the charges deducted from the asset shares, so no policy related expenses are accrued to the estate.

Shareholder transfers for With Profits Sub-fund conventional business are charged to the estate.

All development, regulatory and audit fees are not currently charged to asset shares, although this is reviewable in line with statements in the PPFMs.

(4) Guarantee Charges

A deduction of 0.75% p.a. from the with-profits benefit reserves for direct-written With Profits Sub-fund business was introduced on 1 May 2004 to help cover the cost of guarantees. Total charges made over 2009 are approximately £100m (£123m in 2008).

(5) Non-Insurance Risk Charges

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

(6) Claims ratios

Fund	Product Type	2007	2008	2009
With Profits Sub-fund	Conventional Life	100%	107%	111%
	Conventional Pensions	104%	113%	131%
	UWP Life	98%	104%	102%
	UWP Pensions	98%	108%	107%

These are estimates of claim amounts relative to asset share for the past three complete calendar years.

The figures above are estimates based on actual maturity and surrender payouts.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

(7) Gross investment return allocated to WPBR

Gross returns allocated to asset shares over 2009 are 8.58%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method**(1) Prospective assumptions**

Bonus reserve valuation (BRV) is used for approximately 10% of the with-profit benefits reserve. The key blocks of business valued in this way are:

- Conventional whole life contracts, where the calculation is based on a deterministic reserve including an allowance for Final Bonus;
- Paid-up Conventional Pensions, where the calculation uses stochastic final bonus rates consistent with unaltered policies;
- With-profit immediate annuities, where the calculation uses stochastic final bonus rates derived from the current WPIA bonus model.

The key assumptions behind the prospective valuation of with-profit benefits reserves are as follows:

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

(a) Economic Assumptions

The valuation of the BRV for the conventional Pension PUPs uses the stochastic valuation model used to value guarantee costs with term dependent risk free rate for both the earned rate and discount rate. In summary these are:

Term (years)	Rate (gilt +0.1%)
1	0.97%
5	3.12%
10	4.35%
15	4.80%

Future economic assumptions for the conventional whole life and with-profit immediate annuity business are:

Product Class	2009
With-profit Immediate Annuity	3.98%

The basis used for whole life business is that used for the regulatory valuation.

The rate used for immediate annuities is the flat risk free rate.

(b) Investment returns and risk adjustments.

The BRV is based on the risk free rate.

(c) Expense inflation:

See (e) below.

(d) Future Assumed Regular Bonus Rates

Product Class	2009
Conventional Pension PUPs	0%
Whole of Life	0% on sum assured, 0.5% on accrued bonuses
With-profit Immediate Annuity	2%

Final bonuses on paid-up pension contracts are based on the premium paying policy scales which are derived from projections of the asset shares under the stochastic model. As they vary under each simulation they have not been included here.

(e) Future Expense Assumptions

Product Class	2009	
	Renewal Expenses Per policy	Expense Inflation %
Conventional Pension PUPs	£37.05	3.31
With-profit Immediate Annuity	£17.98	3.31

The future expense assumptions used for whole life business is that used for the regulatory valuation. Expenses increase with inflation at the policy anniversary.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

(f) Future Assumed Lapse Rates

Product Class	Policy Duration						
	1	2	3	4	5	6	7+
%							
Conventional Pension PUPs	0	0	0	0	0	0	0
Conventional Pension PUPs – deferred annuities	2	2	2	2	2	2	2
With-profit Immediate Annuity	0	0	0	0	0	0	0

The lapse rate assumed for whole life business is that used for the regulatory valuation.

(g) Future mortality assumptions

Conventional pension PUPs: No mortality is assumed in deferment

Conventional Pension PUPs post-vesting:

31 December 2009	
Males	95.5% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	90% PCFA00 with 75% medium cohort improvement factors, minimum 1.0% pa, applicable from 2005

With-Profit Annuity:

31 December 2009	
Males	75% * PCMA00 with 100% medium cohort improvement factors, minimum 2% pa, applicable from 2005
Females	90% * PCFA00 with 75% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005

The mortality rate assumed for whole life business is that used for the regulatory valuation.

(2) Regulatory Reserves

The methodology for the calculation of these reserves is described in Appendix 9.4.

Miscellaneous Other

Not applicable

6. Costs of guarantees, options and smoothing

(1) Not applicable

(2)

(a) The calculation of the cost of guarantees, options and the cost of the mortgage promise has been performed using a stochastic model.

A description of the stochastic model is given below.

(b) **Grouping Basis**

All valuation methods use grouped policy data. Data has been divided as follows:

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

For conventional business:

- Product class (e.g. life endowment, conventional pensions, deferred annuities and GMP business)
- Life Endowment contracts are grouped by original term, outstanding term and also by eligibility to endowment promise.
- Conventional Pensions are grouped by premium type, sex, original term, outstanding term and GAO eligibility.
- Deferred annuities are grouped by premium type, sex, policy term, outstanding term, annuity escalation rate and source admin system
- GMP business is grouped by outstanding term, sex, GMP eligibility, in-the-moneyness of the guarantee and original term

For unitised with-profit business:

- Product class (e.g. life bonds, pensions)
- Life Bonds are split by bonus series, age band, entry year, joint life status, and guarantee type.
- Pensions are grouped by year of unit purchase, bonus series, outstanding term and guarantee type

For With Profits Sub-fund, we have grouped approximately 1 million policies into approximately 2200 grouped model points.

Validations

The total grouped policy benefit data is reconciled back to the individual policy benefit data. The aggregate asset shares are reconciled to the totals in Form 19. We also undertake a comparison of the grouped model points run on a deterministic basis within the stochastic model to the ungrouped data run through the embedded value model

- (c) The stochastic model directly models 90% of with profit business (as measured by asset share). Residual business, together with any associated guarantees, are modelled by scaling similar directly modelled business.
- (3) The principal changes to the valuation method for valuing the costs of guarantees, options or smoothing since the previous valuation have included:
- Improvements to the modelling of capital gains tax in asset share projections within the stochastic model
 - Improvements to the dynamic rules for managing the equity backing ratio and regular bonus rates to better reflect practice following a review of approach.

(4) Description of guarantees, options or smoothing being valued**(a) Stochastic Model - Description of guarantees, options or smoothing**

- (i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

Product Class	Planned deductions for cost of guarantees and options	Planned deductions for other costs	Contractual Guarantee costs	Non-Contractual Commitments	Cost of financial options	Smoothing costs
Conventional Life	63	0	191	766	0	0
Conventional Pensions	68	0	910	0	449	0
UWP Life	43	0	43	0	0	0
UWP Pensions	216	0	531	0	0	0
Misc	0	13	0	0	0	-195

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Planned Enhancements to WPBR

None

Planned Deductions to WPBR for guarantees and options

This represents the expected future value (from 1 January 2010) of the 0.75% p.a. charge made on direct-written With Profits Sub-fund asset shares. This charge has been made to help cover the future costs of guarantees within the fund. This charge was introduced 1 May 2004.

The aggregate level of the charge is restricted to be no greater than the aggregate costs of the guarantees in any scenario.

Planned Deductions to WPBR for other costs

This represents an allowance for a charge in respect of expenses incurred in the migration of business to the Admin Re platform, which is expected to be charged to Asset Shares.

Contractual Guarantee Costs

To assess the extent to which guarantees or options are in or out of the money we have compared the stochastic cost included in Form 19 against the cost on the deterministic 'central-estimate' basis using the risk-free rate.

Conventional Life

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Stochastic Reserve	£191m
Central Estimate	£1m
Option value	100%

Conventional life guarantees are almost completely out of the money.

Mortgage Endowment Promise

Stochastic Reserve	£766m
Central Estimate	£772m
Option value	-1%

The option value is negative as in some scenarios very good returns will mean we don't need to pay the full promise amount.

Conventional Pensions

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Stochastic Reserve	£540m
Central Estimate	£508m
Option value	6%

Conventional pension guarantees are very in-the-money.

In addition a reserve in respect of Guaranteed Minimum Pension (GMP) liabilities on Section 32 Transfer policies arises where the value of the GMP exceeds the greater of 100% of asset share and the cost of the basic sum assured plus any accrued bonuses. This reserve has also been calculated using the stochastic projection.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

	GMP
Stochastic Reserve	£370m
Central Estimate	£354m
Option value	4%

On those policies which have a GMP, the cost of this underpin is generally very in-the-money.

UWP Life

Stochastic Reserve	£43m
Central Estimate	£11m
Option value	75%

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection. Note that this includes the cost of any guaranteed bonus rates.

The UWP Life Bond guarantees are currently in the money in respect of certain years of purchase and for those years substantial volumes of business were sold.

UWP Pensions

Stochastic Reserve	£531m
Central Estimate	£259m
Option value	51%

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

The guarantees are in the money for many years of purchase, and the future guarantee of 4% per annum return requires an investment return in excess of 5.5% to support it.

Non-Contractual Commitments

This represents the cost of the mortgage endowment promise from conventional endowments (plus a small cost from unitised endowments). The amount paid under the promise is the difference between the mortgage amount and policy payout if returns on the fund after tax are 6% or more, or the amount as communicated to policyholders in other circumstances.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

Payment of the mortgage promise is conditional on the investment earnings achieved on the estate. These must be sufficient to pay the shortfall amounts falling due each year.

For the purposes of the valuation, we have assumed that the full promise amount would be paid at all times, with no reduction in those scenarios where the cost of the promise exceeds the investment earnings on the estate.

The payment of promise amounts also gives rise to additional transfers to shareholders.

Costs of Financial Options

This represents the cost of the guaranteed annuity option (GAO) attaching to conventional deferred cash pensions. Contracts provide for a basic cash amount plus accrued regular bonus and a final bonus. The policyholder then has the option to take this cash amount or to convert this into income at guaranteed rates written into the policy conditions.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

	GAO
Stochastic Reserve	£449m
Central Estimate	£431m
Option value	4%

Guaranteed annuity options are very deeply in the money

Smoothing Costs

The amount reported is designed to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date, consistent with statements in the PPFMs for With Profits Sub-fund.

(ii) Description of the asset model

The distribution was calculated using the following assumptions:

Risk-free rate:

- The Risk-free rate curve used in the model is shown below:

Outstanding term	Risk free annualised spot rate (%) – 2009	Risk free annualised spot rate (%) – 2008
1	0.97%	1.21%
2	1.60%	1.87%
3	2.19%	2.31%
4	2.70%	2.63%
5	3.12%	2.87%
6	3.47%	3.06%
7	3.75%	3.21%
8	3.98%	3.35%
9	4.18%	3.47%
10	4.35%	3.58%
12	4.60%	3.81%
15	4.80%	4.13%
20	4.86%	4.33%
25	4.78%	4.07%
30	4.69%	3.91%

- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Derivation of risk-free rate curve:

Typically market instruments can be used to demonstrate that gilt yields are lower than would be expected for a risk free instrument, and that this is down to extra return that can be earned from gilts from repo activity (or for other reasons).

Therefore the risk free rate is based on government bonds + 10bp, consistent with the approach used at 31 December 2008.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Interest Rate Model

A monthly Libor Market Model (LMM) is used.

The LMM has good analytical approximations to swaption prices and bond prices. The LMM provides a better fit across the swaption volatility surface than other models and also offers superior martingale performance.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

The LMM is a two factor log-normal model. It offers a rich universe of future yield curve shapes and it guarantees non negative interest rates.

Real interest rates are modelled using a 2-factor Vasicek model.

The Vasicek model is one of the simplest interest rate models. The model has been extended to two stochastic factors – this allows a richer universe of possible yield curve shapes and allows a degree of de-correlation between different parts of the yield curve. Under the Vasicek model it is possible to obtain negative interest rates. Unlike the nominal case, this is not a problem for real interest rates as it is possible to observe negative real rates in practice.

The inflation assumption is derived from the difference in modelled nominal and real interest rates.

Equity Model

Equity volatility is calibrated to equity implied volatility. The approach to calibration is to capture the volatility of the longest available option term

Exchange traded options generally only trade up to two year terms. However, this is not a very good proxy for the long term guarantees embedded in insurance contracts. Longer terms are available OTC from investment banks - the longest term available is usually 10 years. This data is collected from a panel of investment banks.

The equity model is for the excess return process. That is, the element of return in excess of cash.

A Local volatility model is used. The local volatility model allows the volatility to vary by term and strike. This allows the full implied volatility surface to be captured. The following sample UK equity volatilities have been produced from the ESG model:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	31.54%	29.40%	26.92%	24.41%	22.10%	20.42%	19.26%
3	29.74%	28.54%	27.18%	25.71%	24.19%	22.75%	21.65%
5	29.08%	28.07%	26.93%	25.77%	24.73%	23.82%	23.11%
10	28.77%	27.98%	27.25%	26.58%	26.00%	25.50%	25.09%
15	29.03%	28.48%	27.98%	27.54%	27.17%	26.88%	26.65%
20	29.26%	28.76%	28.36%	28.04%	27.76%	27.52%	27.31%

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using our best estimate assumptions as there are no meaningful option prices. The best estimate is 15%

Correlations

Correlations are controlled in two ways. For equity markets, correlations are defined by the exposures to common elements of the factor model. For other assets, correlations can be defined between the stochastic shocks to the returns. Shock correlations are not equivalent to return correlations. However, shock correlations can be used to target a particular return correlation.

Correlations between asset returns are targeted to best estimate assumptions. These targets have been derived by considering historical behaviour.

The target correlations used within the ESG are displayed below:

Equity Return Vs	Target
Property Returns	20%
Bond Returns	16%
Index-linked bond returns	15%
Short rate changes	-22%

Returns under the Accounts and Statements Rules

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Correlations between asset classes are not constant within the model and will differ from the above, but the above targets represent the level of correlation which the parameters of the model are chosen to reproduce in the long term

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****(iii) Option prices from asset model**

		0.75				1				1.5			
<i>n</i>	<i>K</i> Duration (<i>n</i>)	5	15	25	35	5	15	25	35	5	15	25	35
<i>r</i>	Annualised compound equivalent of the risk free rate assumed for the period (<i>r</i>)	3.13%	4.80%	4.79%	4.60%	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	857,322	494,636	310,723	207,109	x	x	x	x	x	x	x	x
2	FTSE All Share Index (<i>p</i> =1)	115,600	254,749	351,114	426,101	226,639	404,984	524,588	615,531	569,346	768,697	914,143	1,025,756
3	FTSE All Share Index (<i>p</i> =0.8)	107,258	203,232	254,807	286,105	211,463	324,199	380,890	414,399	532,533	619,600	668,676	695,157
4	Property (<i>p</i> =1)	30,198	114,467	189,585	263,642	131,811	250,834	349,928	438,265	522,380	622,358	738,196	838,335
5	Property (<i>p</i> =0.8)	25,116	74,504	110,323	144,720	115,406	174,856	215,996	253,316	481,392	466,745	491,341	514,934
6	15yr Risk-Free ZCBs (<i>p</i> =1)	19,225	28,634	22,624	35,192	92,277	96,994	97,590	147,170	499,911	500,566	507,679	548,199
7	15yr Risk-Free ZCBs (<i>p</i> =0.8)	16,074	16,178	9,052	8,214	78,848	53,253	29,631	31,294	455,298	311,794	229,185	215,402
8	15yr Corporate Bonds (<i>p</i> =1)	21,527	34,825	33,306	51,350	99,322	113,647	120,017	164,433	500,454	500,840	511,258	555,147
9	15yr Corporate Bonds (<i>p</i> =0.8)	18,057	19,518	12,555	13,062	85,382	64,615	43,224	46,690	456,436	320,943	243,772	230,552
10	Portfolio 1 (<i>p</i> =1)	61,363	166,524	253,543	325,103	161,900	305,098	413,182	499,889	526,714	663,748	791,351	897,334
11	Portfolio 1 (<i>p</i> =0.8)	54,893	122,936	169,080	201,700	146,938	229,347	280,313	314,587	487,067	513,881	550,886	575,634
12	Portfolio 2 (<i>p</i> =1)	58,391	150,650	226,225	290,609	155,831	279,340	373,274	452,712	520,863	629,823	737,085	832,979
13	Portfolio 2 (<i>p</i> =0.8)	51,954	109,343	148,749	176,928	141,525	209,125	250,794	280,925	480,678	481,071	503,247	524,445
14	Portfolio 3 (<i>p</i> =1)	25,534	79,145	135,513	190,501	110,450	193,655	268,704	338,777	504,417	554,979	632,407	713,529
15	Portfolio 3 (<i>p</i> =0.8)	21,290	48,140	73,671	96,403	96,263	128,404	156,569	182,061	461,488	397,419	395,858	407,264
16	Sterling Receiver Swaptions	4.75%	6.91%	5.84%	4.13%	6.17%	8.48%	6.97%	4.85%	7.48%	9.71%	7.81%	5.36%
		Swap Duration = 15 years				Swap Duration = 20 years				Swap Duration = 25 years			

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due *n* years after the valuation date.Rows 2 to 15 inclusive is completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable *n* years after the valuation date with strike price of $K * £1,000,000 * (1+r*p)^n$.

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds are assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable *n* years after the valuation date with swap durations on exercise of *L* years. The values are expressed as a percentage of nominal.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

The property put options are assumed to relate to a well diversified portfolio of UK commercial property.

A zero trend growth in property prices is assumed where this is relevant.

In each case the options are valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax is ignored in all calculations.

All options are assumed to be European-style.

Commentary on the results:

Our maturity value and no-MVR guarantees that are priced through this process have a discounted mean term of around 10 years. Results produced for guarantees longer than 20 years are of less relevance.

For Guaranteed Annuity Options our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

(iv) Initial Equity and Property Rental Yields

For UK, the initial equity yield is 3.44% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****(vi) Duration of significant guarantees**

The following tables show the durations of significant guarantees and promises for the with-profits funds. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

With Profits Sub-fund – Duration of guarantees

	Duration (yrs)	%																
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+	
Conventional Life																		
Base guarantee	5.5	2	11	11	18	12	16	13	5	1	-	1	1	1	0	1	7	100
Mortgage promise	4.3	5	11	11	18	13	19	14	9	-	-	-	0	-	0	-	-	100
Conventional Pensions																		
Base guarantee	8.9	3	5	6	6	5	8	7	7	7	7	6	6	6	5	4	12	100
GAR option	7.7	9	8	9	8	6	6	6	4	6	6	5	4	5	3	4	11	100
S32 GMP guarantee	9.1	4	4	5	5	5	6	6	6	9	6	8	7	6	6	4	12	100
Unitised Life:																		
Death guarantee	12.1	2	3	4	5	5	5	5	5	5	5	4	4	4	4	4	35	100
Partial surrender guarantee	7.2	8	9	9	9	9	8	7	6	5	4	4	3	3	3	2	11	100
Surrender guarantee	5.6	4	23	3	0	3	18	33	3	0	0	3	6	1	0	0	4	100
Unitised Pensions:																		
Base guarantee	13.6	1	2	3	3	3	4	5	4	4	3	5	2	7	4	6	43	100

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

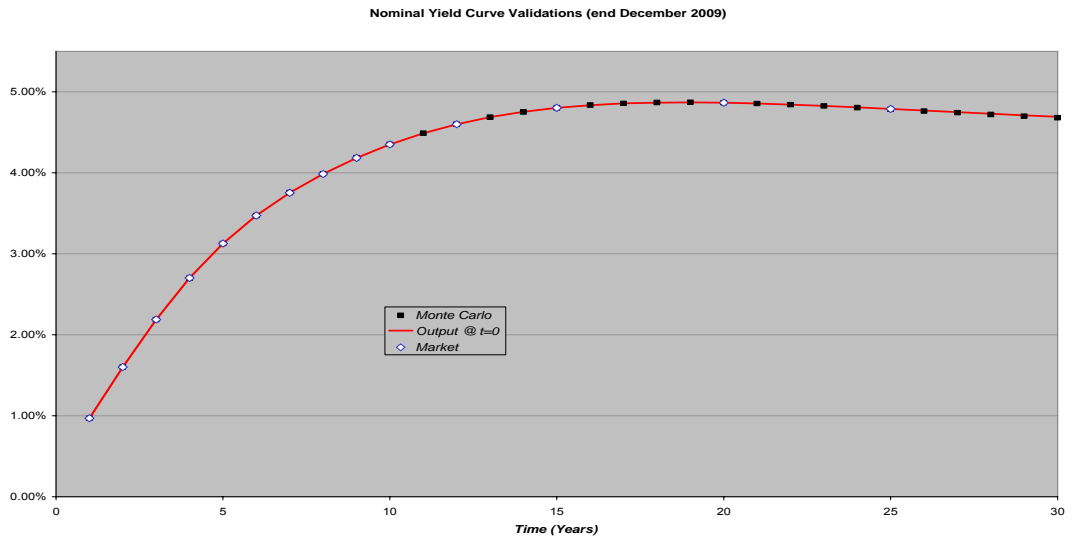
Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

The following illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validation



Market implied volatilities:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	32.50%	29.10%	25.88%	22.89%	20.29%	18.28%	16.95%
3	30.86%	28.75%	26.78%	24.92%	23.17%	21.59%	20.31%
5	30.32%	28.43%	26.74%	25.26%	24.04%	23.11%	22.46%
10	29.88%	28.67%	27.57%	26.57%	25.65%	24.83%	24.11%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	96	30	105	152	181	214	232
3	112	22	39	79	102	117	135
5	124	36	18	51	69	71	65
10	111	69	33	1	34	67	97

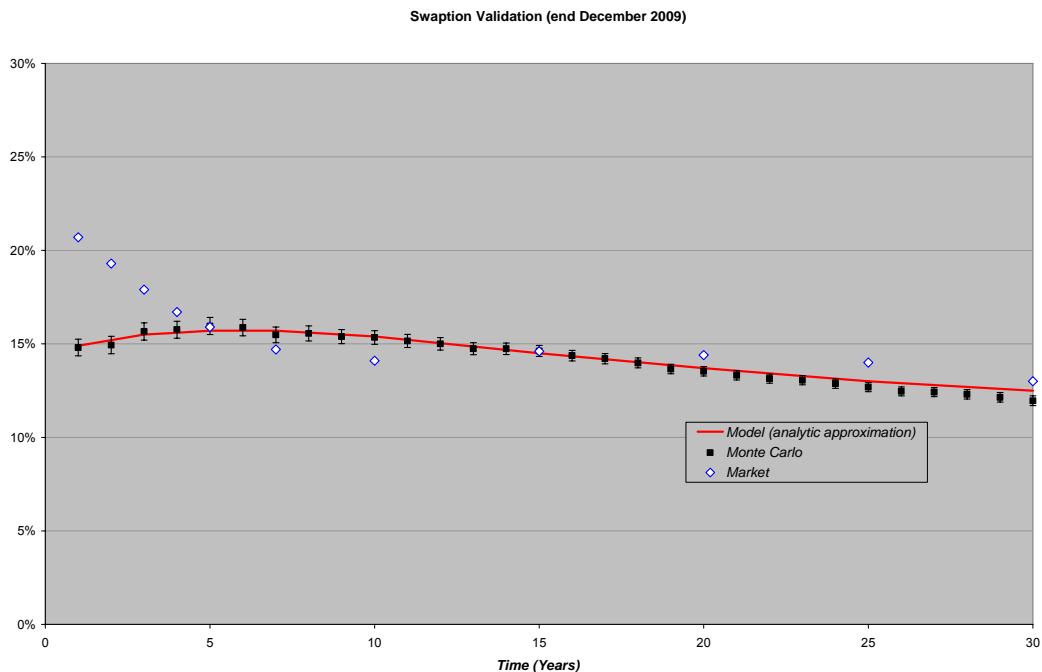
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Swaption implied volatilities



(vii) Nature of validations of asset model

The table below shows the discounted value of £1 invested on the valuation date and projected forward t years (t=5, 10, 15, 20) invested in equities and property. For a risk-neutral model, the expected result would be 100%.

t (year from valuation date)		5	10	15	20
Equities	5000 Simulation results	100.2%	100.6%	100.8%	100.9%
	standard error	0.3%	0.7%	1.1%	1.7%
Property	5000 Simulation results	100.0%	100.1%	99.8%	100.0%
	standard error	0.2%	0.3%	0.5%	0.6%

(viii) Number of projections

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations.

1,000 projections have been used to calculate realistic liabilities.

(b) Market costs of hedging - Description of guarantees, options or smoothing

No guarantees, options or smoothing costs have been valued using this method.

(c) Deterministic projections - Description of guarantees, options or smoothing

No guarantees, options or smoothing costs have been valued using this method.

(5) Management Actions

(a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

Projected Equity backing Ratio (EBR)

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**
Global business
Financial year ended **31 December 2009**

It is assumed that management will intervene and carry out switches (over and above any market movements) of assets backing asset shares. The aim of this approach is to maximise policyholder returns, whilst managing solvency within acceptable risk levels.

If equity/property performance was poor, solvency would reduce, leading to management action to reduce the exposure to these assets. The model contains limits on the maximum change that can be made per month and has upper and lower Equity Backing Ratio (EBR) bounds.

The EBR dynamic rule within the stochastic model takes into account the projected value of the future guarantees, available capital and asset shares. It then adopts a dynamic hedging approach to determine the EBR for the assets backing the asset share.

If projected asset shares are close to the projected value of the guarantees and the available capital is low, then we are less able to rely on equity/property assets, which leads to a lower EBR. However, if the projected assets shares are significantly in excess of the projected guarantees or if the available capital is high, then there is more scope to invest in equity/property and EBR can increase accordingly.

Regular Bonus Assumptions

The RB rate is set to ensure that a sufficient level of final bonus can be built up whilst also ensuring the RB rate has reasonable long term sustainability.

The stochastic model utilises a dynamic RB algorithm that depends on the projected asset share to projected guaranteed benefit relationship, along with the desired final bonus buffer and investment return assumption. This calculation also allows for a maximum per annum movement in the RB rate.

The RB algorithm has been compared with actual bonus declarations with satisfactory results.

The results produced by the application of this model are shown in 6.5(b)(i).

Guarantee Charges on asset shares

The model uses the current 0.75% guarantee charge on asset shares for With Profits Sub-fund business. Under the stress scenarios any change in guarantee charge is assumed to take effect from the valuation date.

Shareholder Transfers and tax

The model assumes that transfers to shareholders continue at the rate of one ninth of the cost of bonus on Conventional Business only.

Shareholder transfers and any additional tax due in With Profits Sub-fund are charged to the estate.

Mortality costs

Mortality profits and losses are passed on to the asset shares of Conventional policies in line with PPFM. The sum at risk is death benefit less asset share. The actual proportion is a proportion that varies by year of a standard mortality table.

Surrender costs

The current practice of the fund is to target surrender payouts at 100% of Asset Share. Consequently, no future surrender profit or loss is anticipated to emerge.

(b) **Best estimate of future proportions of assets backing the WPBR.**

- The projection allows for future EBR management action as discussed earlier in this document. The results reflect an average of the simulated positions.

(i) **Projection at risk free rate**

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**UWP Bonus Rates

Product	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life	1.25%	1.70%	2.28%
UWP Life with Gtee	2.50%	2.98%	3.34%
UWP Pension	1.25%	2.28%	2.79%
UWP Pension with Gtee	4.00%	4.09%	4.42%

Further notes on bonus rates:

- Units purchased before 1 January 1999 on Life policies written before 1 January 1995 have a guaranteed regular bonus rate of 2.5%;
- Units purchased before 1 January 1999 on Pensions policies written before 1 January 1995 have a guaranteed regular bonus rate of 4% p.a.

Assets Backing With-Profit Benefits Reserve

To the extent that the asset mix in the fund is different from the benchmark asset mix for the fund, it is assumed that the asset mix is reset to the benchmark immediately following the valuation date.

Consequently, the projections below are based on the benchmark asset share mix as at 31 December 2009:

Asset Class	31/12/2009	31/12/2014	31/12/2019
Equities	33.1%	40.4%	44.3%
Property	21.0%	25.7%	28.1%
Fixed Interest	38.6%	26.6%	20.2%
Cash	7.3%	7.3%	7.3%
Total Assets	100.0%	100.0%	100.0%
EBR	54.1%	66.1%	72.5%

(ii) **Projection at risk free rate plus 17.5%**UWP Bonus rates

Product	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life	1.25%	2.11%	2.76%
UWP Life with Gtee	2.50%	3.25%	3.69%
UWP Pension	1.25%	2.76%	3.37%
UWP Pension with Gtee	4.00%	4.19%	4.70%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2009	31/12/2014	31/12/2019
Equity	33.1%	42.5%	45.1%
Property	21.0%	27.0%	28.7%
Fixed Interest	38.6%	23.1%	18.9%
Cash	7.3%	7.3%	7.3%
Total Assets	100.0%	100.0%	100.0%
EBR	54.1%	69.5%	73.8%

(iii) **Projection at risk free rate minus 17.5%**

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**UWP Bonus rates

Product	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life	1.25%	1.23%	1.79%
UWP Life with Gtee	2.50%	2.75%	3.01%
UWP Pension	1.25%	1.77%	2.22%
UWP Pension with Gtee	4.00%	4.03%	4.22%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2009	31/12/2014	31/12/2019
Equity	33.1%	37.1%	42.8%
Property	21.0%	23.6%	27.2%
Fixed Interest	38.6%	32.0%	22.7%
Cash	7.3%	7.3%	7.3%
Total Assets	100.0%	100.0%	100.0%
EBR	54.1%	60.7%	69.9%

(6) Persistency and Mortality Assumptions

The lapse rates assumed in the projection of the asset shares and guaranteed benefits are based on own experience adjusted for anticipated trends.

NUL&P		Average surrender / paid-up rate for			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	4.2%	3.3%	3.5%	2.4%
CWP target cash endowment	surrender	4.2%	3.3%	3.5%	2.4%
UWP savings endowment	surrender	9.5%	9.5%	9.5%	9.5%
UWP target cash endowment	surrender	9.5%	9.5%	9.5%	9.5%
UWP bond	surrender	9.5%	9.5%	9.5%	9.5%
UWP bond	automatic	2%	2%	2%	2%
	withdrawals				
CWP pension regular premium	PUP	0%	0%	0%	0%
CWP pension regular premium	surrender	1.0%	1.0%	1.0%	1.0%
CWP pension single premium	surrender	1.0%	1.0%	1.0%	1.0%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	5.5%	5.5%	5.5%	3.5%
UWP indiv pension single premium	surrender	5.5%	5.5%	5.5%	3.5%

For UWP business we make no allowance for future premiums, so the PUP rate is not applicable.

At no-MVR date:

At the no-MVR date the model assumes that life UWP bond holders will exercise their option if their policy is in the money.

UWP Pensions policies are assumed to take their benefit on the chosen retirement date.

Policies which are already after their chosen retirement date are assumed to take their benefit during the next year.

Automatic partial withdrawals on bonds have no MVRs applied (subject to certain limits). The assumed Automatic Partial Withdrawal rates are 2.00% p.a.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****Mortality Assumptions**

Mortality assumptions for the Realistic Balance sheet are generally best-estimate assumptions.

Annuitant Mortality

For all immediate annuities and deferred annuities in payment we use the following annuitant mortality basis

	31 December 2009
Males	95.5% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	90% PCFA00 with 75% medium cohort improvement factors, minimum 1.0% pa, applicable from 2005

Guaranteed Annuity Option take-up rate

A take-up rate of 91% initially with an increase of 1% per annum until a take up rate of 95% is achieved has been assumed in respect of Guaranteed Annuity options attaching to pensions.

The take up rate is assumed irrespective of how in the money the option is.

The member's chosen normal retirement age has been used to determine the value of the Guaranteed Annuity Option.

(7) Policyholder Actions

Policyholder actions are covered by the static persistency and GAO take-up rates in the previous section, together with a dynamic overlay for certain classes of business. There is dynamic linking of policyholder behaviour in respect of no-MVR and 'money-back' guarantees for certain classes of business.

7. Financing Costs

There are no financing costs.

8. Other long-term insurance liabilities

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	191
Conventional Pensions	0	98
UWP Life	0	0
UWP Pensions	0	0
Miscellaneous	0	147
Total	0	437

Any other liabilities related to treating customers fairly

No liability is held in respect of any other liabilities related to treating customers fairly.

Any other long-term insurance liabilities

Shareholder transfers and the additional tax due on shareholder transfers are not chargeable to With Profits Sub-fund asset shares as set out in the demutualisation scheme. £289m is held in respect of these liabilities to the estate.

The following liabilities are held under the miscellaneous category.

£5m is held in respect of future pension transfer review costs.

£9m is held in respect of the funding for the Aviva staff pension scheme deficit.

£9m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

£23m is held to cover the cost of future expenses not charged to asset shares

£14m is held in respect of IBNR death claims and miscellaneous options attaching to With Profits Sub-fund policies.

£15m is included as a data provision on mortgage endowment contracts.

£13m is held to cover compensation costs other than those identified above.

£10m is included in respect of expenses relating to solvency 2

An additional liability of £50m is held as a contingency.

9. Realistic current liabilities

The realistic current liabilities include the following:

- Outstanding claims
- Creditors arising out of direct insurance business
- Amounts owed to credit institutions
- Creditors in relation to current tax liabilities
- Other creditors
- Accruals and deferred income

The realistic current liabilities at 31 December 2009 are £2,226m.

The realistic current liabilities are £7m lower than the regulatory liabilities. This reflects taking partial credit for assumed future income and capital gains for which tax due can be offset against an existing deferred tax asset.

10. Risk Capital Margin

(1)

Fund	RCM (£m)
With Profits Sub-fund	253.6

(a)

(i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Change in market values
UK Equities	-20.0%
OS Equities	-22.9%
Property	-12.5%

The overseas equity fall is set such that it has the same probability as UK equities falling 20%.

The fall in market values of equity and property is more onerous than the rise in market values.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+78bps	-78bps
long-term yield – level post-stress	5.23%	3.67%
long-term yield – % movement post-stress	+17.50%	-17.50%

The fall in fixed-interest yield scenario is more onerous.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

(iii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
With Profits Sub-fund	1.48%	-7.33%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

The swaps in With Profits Sub-fund have been stressed under the RCM calculation to allow for both spread widening and counter-party risk. In allowing for spread widening it is assumed that swaps move in line with the assumed credit rating of the counter party. The movement in swap value is based on movements of fixed interest of similar term and credit rating.

Our swaps are fully collateralised, so there is no counter-party default risk before any market movements. However if the swap value rises there is a risk that the counter-party defaults before it injects the required capital. We have assumed level of 5% in respect of the counter-party default risk.

No stress has been applied to any other assets in the credit risk scenario.

There is no reinsurance in the Fund.

- (iv) For the persistency test a 32.5% decrease in lapse rates is tested as this increases the fund's exposure to maturity guarantees.

% increase in realistic liabilities = 0.64%

- (v) Not applicable

(b) Management Actions under the stress tests

- (i) The following changes in management actions are assumed to be made under the stress tests.

Guarantee Charges

Under the stress tests the guarantee charges will be assumed to change to 1% for all With Profits Sub-fund business.

Mortgage Promise

Under the stress tests, we have assumed that full payments will be made under the terms of the Mortgage Endowment Promise.

Guaranteed Annuity Options

The initial take-up rate for guaranteed annuity options is assumed to increase from 91% to 95% as a result of the fall in fixed interest yields.

- (ii) Table showing the effects of the actions in 10(1)(b)(i):

	Effect of action (£m)
Guarantee Charges	120
Mortgage Promise	0
GAO take-up	-6
Total	114

- (iii) The same investment management rules governing any change in asset mix of the fund have been used for projection of assets in the stress tests as in the central scenario.
- (iv) In the stress test, the Guarantee Charge income, allowing for the increase in charge, is compared to the revised cost of guarantees in the fund. The Guarantee Charge has been restricted to be no greater than the cost of guarantees in any scenario, which complies with the requirements of INSPRU 1.3.188R.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

- (c) (i) The assets hypothecated to back the risk capital margin are set out in the following table

Assets backing RCM	£m	%
UK equities	0.0	0.0%
Overseas equities	0.0	0.0%
Land and buildings	0.0	0.0%
Approved fixed interest securities	253.6	100.0%
Other fixed interest securities	0.0	0.0%
All other assets	0.0	0.0%
Total	253.6	100.0%

- (ii) All assets backing the RCM are within the WP funds.

11. Tax**(1) Tax treatment in the with-profits benefit reserves**

Asset shares are credited with net of tax investment returns allowing for actual tax rates.

	2009
	%
Income tax	20
Capital gains tax	20
Franked income tax	-
Withholding tax	15

Capital gain tax is charged or relief credited, on unrealised gains or losses in each period allowing for the probability of the charge or relief materialising in future. The probability is assessed using a stochastic model. For 2009 returns the probability was 50% leading to a notional tax charge/credit of 10%.

(2) Tax treatment in future policy related liabilities

Current tax rates are assumed to continue in the future for all projections.

Corporation Tax	28%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

For asset share projections in the stochastic model, capital gains tax is levied on gains in each future period at 20% in simulations where there are sufficient cumulative indexed gains.

(3) Tax treatment in the realistic current liabilities

In the realistic regime allowance for deferred tax assets is made. The credit in relation to capital losses is reduced to allow for the probability of no future value being obtained for those capital losses. Discounting is applied for deferral of tax on deemed disposals on OEICs and any acquisition expense elements of the tax asset.

In the regulatory regime no allowance is made for deferred tax assets.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****12. Derivatives**

Security	Value (£m) at 31.12.09
Futures on Bonds - short term trading derivatives	(255)
Futures on Equities - short term trading derivatives	285
Mortgage Dollar Rolls - with US banks	65
Currency futures	(11)
Property swaps	746
Fixed Cashflow Swaps	37
Floating Cashflow Swaps	3
Credit Default Swaps	(3)
Asset Swap	(36)

The exposure to futures is part of Aviva Life & Pensions UK Limited portfolio management strategy, and the majority of futures expire no later than 31 March 2010. There are some Eurodollar futures which expire no later than 31 December 2010.

The Mortgage Dollar Rolls provide exposure to US Corporate Bonds.

The Property swaps are used to manage the property exposure in the fund

The Cashflow swaps are a partial hedge of the Guaranteed Annuity Option Liability..

13. Analysis of working capital

	£m
Working capital at 31/12/2008	1,167
Investment return on opening working capital	
Profits on assets backing liabilities	185
Economic assumption changes	170
Non-economic assumption changes	-3
Policyholder action assumption changes	0
Other experience variances	-33
Impact of new business	0
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	167
Miscellaneous liabilities	-92
Working capital at 31/12/2009	1,562

Notes

1. The profits on assets backing liabilities includes the reduction in guarantee costs arising from the release of time value in guarantees and options, returns on assets backing guarantees in excess of the movement in the cost of guarantees and the impact of yields increasing over the period and the excess return on corporate bonds backing guarantees, financial options and non-profit liabilities. It has not been possible to split return on working capital and return on guarantee costs so this has also been included in this line of the analysis.
2. The economic assumption impact is mainly driven by a significant reduction in equity and swaption volatility. This is partially offset by an increase in guarantees due to changes in current/future assumed asset mix.
3. There have been no changes to the key non-economic or policyholder action assumptions.
4. Experience variances include the impact of premiums, claims and expenses.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

5. The fund does not write significant volumes of new business.
6. Modelling changes and opening adjustments include
 - Changes to the dynamic EBR rule in the stochastic model
 - Improvements to the modelling of deferred tax
 - Including an approximate allowance for benefit from overseas equity diversification in assessment of guarantee costs
 - Allowance for realistic annuitant mortality assumptions in the non-profit profits calculation
7. The miscellaneous liabilities include a significant provision for the expected costs of a move to a new equity volatility model in 2010 and a reduction to allow for potential non-recoverability of past smoothing losses.
8. Note that the change in other liabilities from Form 19 line 47 is included in the analysis above.
9. The change in working capital arising purely from the change in line 51 cannot be quantified.

14. Optional Disclosure

The split and determination of what is classified as contractual and non-contractual obligations are covered in section 6.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

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

- (1) The **valuation date** is 31 December 2009.
- (2) The date of the previous valuation was 31 December 2008.
- (3) An interim valuation was carried out with an effective date of 30 June 2009 for the purposes of rule 9.3A.

2. Assets**(1) Economic assumptions for valuation of non-profit business**

The economic assumptions used to value future profits on non-profits business are as follows

	2009	2008
Gross investment return	Term dependent risk free rates	Term dependent risk free rates
Discount rate	Investment return plus 0.5% p.a.	Investment return plus 0.5% p.a.
Expense inflation	3.32%	1.87%
Tax rates	20%	20%

- The risk free rates used are the same as the rates used to determine guarantee costs, and shown in section 6(4)(a)(ii) below.
 - The additional 0.5% per annum in the discount rate provides an allowance for risk and uncertainty, and to give a margin to allow for the cost of any non-financial guarantees
 - The value of future profits on non-profit business includes the release of the LTICR in respect of non-profit business. In assessing this release an approximate allowance is made for tax and investment expenses.
- (2) Not applicable
 - (3) Not applicable
 - (4) Not applicable
 - (5) Not applicable

3. With-Profits Benefits Reserve Liabilities

(1) There are four main methods used to calculate the with-profits benefits reserve.

- Asset share (individual) (retrospective)
- Asset share (group) (retrospective)
- Bonus Reserve Valuation (prospective)
- Regulatory Reserve (prospective)

The majority of the with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM. A small amount of business is treated at an aggregate level using accounts and reserve information to derive the asset share.

The With Profit Benefit Reserve for With Profits Immediate Annuities is set to the bonus reserve valuation for:

- Business with entry years prior to 1984, where a BRV approach is used so that the With Profits Benefits reserve is aligned to the bonus setting process;
- Schemes with a guaranteed bonus rate of 5%, where a BRV approach using the guaranteed bonus rate is used, as this is in excess of the asset shares; and
- Policies where the BRV approach using a 0% guaranteed bonus rate gives a higher reserve than the asset share calculation.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**

The total amount of With Profit Benefit Reserve calculated by reference to the BRV approach is £308m.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

At 31 December 2009

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		12	156
Asset Share (individual)	133		
Regulatory Reserve	11		
Conventional Pensions		246	1,509
Asset Share (individual)	751		
Asset Share (group)	177		
Bonus Reserve Valuation	308		
Regulatory Reserve	28		
Miscellaneous Other		26	26
Total	1,407	284	1,691

Conventional life consists mainly of endowment business with £5m of whole life business. The WPBR consists of individual policy level asset shares for premium paying business, regulatory reserve of £6m for premium paying business where reliable asset shares are not available, and another £5m of regulatory reserve on paid-up policies where no historical premium payment information is available. Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date. Reinsurance of endowment business to OWPSF and NWPSF has reduced the asset share of this business in the PM fund by £168m.

Conventional pensions business consists of regular and single premium cash on retirement and deferred annuity business. Many of the pensions have a guaranteed annuity option (GAO) or minimum cash value at the normal retirement date. The majority of business has asset shares calculated at an individual policy basis with some approximations where reliable premium histories are unavailable. The asset shares for the DAF and PM Staff Superannuation Fund are calculated at an aggregate level and total £195m at 31 December 2009.

Regulatory reserves of £28m are held mainly in respect of with-profit annuity, executive pensions and self-employed retirement annuities where reliable asset shares are not available.

(2) Not applicable

4. With-profits benefits reserve – Retrospective method**(1) Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	63
Asset Share (grouped)	12
BRV	22
Regulatory Reserve	3
Miscellaneous Other	0
Total	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

The asset shares on a grouped basis relate mainly to the conventional pension DAF and PM staff superannuation schemes. The asset shares are an accumulation of premiums plus investment return, less claims and expenses at product level.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009****(2) Changes in valuation method**

- (a) There have been no significant changes to the valuation methodology during 2009
- (b) Not applicable.

(3) Allocation of expenses

- (a) See (b)
- (b) UKLS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.
- (c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission. Broadly speaking, all policy related expenses and commission are charged to asset shares.

	2009			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Initial expenses and commission	0	3.5	0.5	4
Renewal expenses and commission	3	18	2	23
Shareholder Transfers	0	6	0	6

The above tables approximately splits out the expenses incurred over 2009. Non-profit expenses are expenses relating to non-profit business within the fund. PM asset shares are charged all actual expenses incurred, charges for mortgage endowment mis-selling are deducted as an exit cost when calculating final bonus rates.

Asset shares for PM direct written business are not charged shareholder transfers.

Expenses charged to the with-profit funds

From 01/01/2009 a new Management Services agreement (MSA) is in place whereby per policy (annual) and per fund charges are made. The per fund charge is allowed for by using an estimate of the policies in force in a given year, by MSA category, and by fund. Changes in policy counts over the year will be monitored, and this will be amended to reflect the actual policy counts retrospectively.

For policies that have migrated on to the outsourced platform "Alpha", an additional per policy charge will apply. Furthermore, there is a trail fixed charge p.a. for the years 2009-2012.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers.

Commission and sales related expenses are also charged to the with-profit fund. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

Shareholder transfers are charged to the with-profit fund on a 90/10 basis.

Expenses charged to the with-profits benefit reserves

The total expenses charged to with-profits benefit reserves over 2009 are approximately £3m. Almost all of this relates to investment expenses and renewal expenses, as PM is not open to new business other than through increments to existing contracts.

Actual sales and policy administration fees are charged to asset shares on a cost plus basis.

Actual investment management fees are charged to asset shares.

Shareholder transfers are not charged to asset shares.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**

Expenses not charged to the with-profits benefits reserve

Shareholder transfers are charged to the estate. The tax on shareholder transfers is paid for by the shareholders.

(4) **Guarantee Charges**

No regular deduction is made from the with profits benefit reserve of policies in respect of the cost of guarantees. A one-off deduction is made to maturity payouts, as described in 6(4)(a).

(5) **Non-Insurance Risk Charges**

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

(6) **Claims ratios**

Fund	Product Type	2007	2008	2009
PM	Life	98%	107%	105%
PM	Pensions	99%	103%	103%

These are estimates of claim amounts relative to asset share for the past three complete calendar years.

The figures above for 2007 to 2009 are estimates based on actual maturity and surrender payouts. Figures for pensions policies are quoted relative to the asset share after any charge for projected Guarantee Annuity Option costs are applied. The 2007 figures for life policies are quoted relative to the asset share after any deduction for mortgage endowment mis-selling.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

(7) **Gross investment return allocated to WPBR**

Gross returns allocated to asset shares over 2009 are 11.27%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method

(1) **Prospective assumptions**

22% of the PM with-profit benefits reserve is made up of bonus reserves and 3% is made up of regulatory reserves. The key assumptions are:

- (a) & (b) Valuation interest rates are as outlined in Appendix 9.4.
- (c) Expense inflation assumption is 3.32%.
- (d) Future bonus rates are as described in section 3(1).
- (e) Expense assumptions are as outlined in Appendix 9.4.
- (f) No allowance is made for lapses.
- (g) Mortality bases are as outlined in Appendix 9.4.

(2) Not applicable

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009****6. Costs of guarantees, options and smoothing**

(1) Not applicable

(2)

(a) The calculation of the cost of guarantees, options and smoothing has been performed using a stochastic model with a few exceptions. The cost of guaranteed annuity options have been valued using a market value replication technique – this is described in section 6(4)(b). A description of the stochastic model is given below.

(b) Grouping Basis

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions)
- Entry Year
- Maturity Year

We have grouped approximately 130,000 individual model points into 5,200 grouped model points.

Validations

The total guaranteed amounts are reconciled back to the Regulatory valuation results. The aggregate asset shares are reconciled to the totals in Form 19.

(c) Not applicable.

(3) There have been no significant changes to valuation methods used for valuing the cost of guarantees, options or smoothing since the previous valuation.

(4) Description of guarantees, options or smoothing being valued**(a) Stochastic Model - Description of guarantees, options or smoothing**

(i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

Product Class	Planned enhancements to WPBR for cost of guarantees/options	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Non-Contractual Commitments	Smoothing costs
Conventional Life	1	0	1	0	0
Conventional Pens	12	0	21	0	0
Miscellaneous	0	9	0	0	19

Planned Enhancements to WPBR

When the fund is in surplus prior to adjustments, we allow for payouts on maturing policies of all classes to be enhanced. The level of the enhancement is calculated so that the net realistic working capital in the fund is zero. At 31 December 2009 the planned enhancements to WPBR totalled £14m.

Planned Deductions to WPBR for Cost of guarantees and options

When the fund is in deficit prior to adjustments, we allow for payouts on maturing policies of classes that have a Guaranteed Annuity Option to be charged a proportion of the realistic cost of providing for the Guaranteed Annuity Options attaching to many of the policies. The

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**

proportion of the cost is calculated so that the net realistic working capital in the fund is zero, and the charge is no greater than 10% of the asset share.

When the fund is in deficit prior to adjustments, payouts on maturing Endowment policies are charged the cost of any compensation payable in respect of mis-selling of Mortgage Endowments.

At 31 December 2009, there were no planned deductions.

Planned Deductions to WPBR for other costs

This represents the expected charge to Asset Shares in respect of expenses incurred in the migration of business to the Admin Re platform.

Contractual Guarantee Costs

To assess the extent to which guarantees or options are in or out of the money we have compared the stochastic cost included in Form 19 against the cost on the deterministic 'central-estimate' basis using the risk-free rate.

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Conventional Life

Stochastic Reserve	=	£1m
Central Estimate	=	£0.1m
Option Value	=	91%

Conventional life guarantees are mostly out of the money.

Conventional Pensions

Stochastic Reserve	=	£22m
Central Estimate	=	£19m
Option Value	=	13%

Conventional pensions guarantees are largely in the money.

Some pension policies have Guaranteed Annuity Rate options. The methodology for these reserves is covered in 6(4)(b).

Smoothing Costs

The amount reported is designed to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date, consistent with statements in the PPFM for PM.

(ii) **Description of the asset model**

The distribution was calculated using the following assumptions:

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**Risk-free rate:

- Risk-free rate curve as shown below –

Outstanding term	Risk free annualised spot rate (%) – 2009	Risk free annualised spot rate (%) – 2008
1	0.97%	1.21%
2	1.60%	1.87%
3	2.19%	2.31%
4	2.70%	2.63%
5	3.12%	2.87%
6	3.47%	3.06%
7	3.75%	3.21%
8	3.98%	3.35%
9	4.18%	3.47%
10	4.35%	3.58%
12	4.60%	3.81%
15	4.80%	4.13%
20	4.86%	4.33%
25	4.78%	4.07%
30	4.69%	3.91%

- The discount rate was set equal to the risk-free rate.
- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Derivation of risk-free rate curve:

Typically market instruments can be used to demonstrate that gilt yields are lower than would be expected for a risk free instrument, and that this is down to extra return that can be earned from gilts from repo activity (or for other reasons).

The risk free rate is based on government bonds + 10bp, consistent with the approach used at 31 December 2008.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Form of probability distribution:

The lognormal model was assumed for the prices of all assets.

Derivation of Equity/Property volatility:*UK Equity*

UK equity volatility assumption was derived from a time-varying deterministic model from an external provider. This model has been calibrated to implied volatilities on at-the-money options as at 31 December 2009. The following table shows specimen volatilities from the model.

Specimen volatilities

Term	1	2	5	7	10	15	20	25	30
UK Equity volatility	24.30%	25.60%	26.30%	26.40%	26.80%	27.40%	27.90%	28.40%	29.20%

Our economic scenario model uses a level equity volatility assumption across all terms. We have therefore applied the guarantee profile for each liability class to the time varying volatilities to obtain an average volatility for that liability class. The overall UK equity volatility for the fund was set equal to the weighted average of the equity volatility for each liability class. This method gives a volatility assumption of 27.0% (34.0% at 31 December 2008).

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009***Overseas Equity*

The difference between UK and overseas volatility for significant territories was applied to the UK assumption calculated above.

Property volatility

There are no meaningful option prices so a best estimate approach is used. The best estimate is 15.0%.

Derivation of bond volatility:*Gilts*

The table below shows sample swaption implied volatilities for an option term of 20 years, swap maturity as shown.

Swap maturity	Implied volatility (%)
1	20.7
5	15.9
10	14.1
15	14.6
20	14.4
25	14.0

For the purposes of our model, we have used an implied volatility of 15.94% at all durations.

Our model requires a price volatility assumption. The price volatility is calculated using the yield volatility combined with the discounted mean term of the assets, to give price volatilities as follows.

DMT	Price volatility (%)
1	0.61
2	1.23
3	1.85
5	3.11
7	4.38
10	6.31

We would reduce the outstanding term of the fixed interest investments as the in-force business ran off. From the above it can be seen that this would result in reducing price volatility over time. However, the model cannot utilise time dependant volatility, so we adjust the fixed volatility level to reflect the decline.

We have then calculated the average volatility for all guarantee terms, using the guarantee profile, to give a volatility assumption of 3.50%. The volatility used includes a small margin to allow for inevitable approximations involved in the above approach.

Corporate Bond and Overseas Bond volatility

Separate asset classes are set up for corporate and overseas bonds. These have different correlations with the returns on UK gilts.

There are spreads between swaps, corporate bonds, gilts and overseas bonds. These spreads move over time so one class of asset may be more or less volatile than the others.

We have therefore set the price volatility assumption for Corporate and Overseas bonds to be 2% in excess of that of UK gilts.

In summary the price volatility assumptions are:

	Volatility
Gilts	3.50%
Other Fixed Interest	5.50%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**Correlation between different asset classes:

- Correlation between asset classes was taken from internal historic data. The table below shows the figures used at 31 December 2009.

	UK Equities	Property	European Equities	UK government bonds	Corporate Bonds	Cash
UK Equities	1.00	0.20	0.79	0.17	0.15	0.10
Property	0.20	1.00	0.22	0.07	0.03	-0.33
European Equities	0.79	0.22	1.00	0.37	0.28	-0.10
UK government bonds	0.17	0.07	0.37	1.00	0.97	0.11
Corporate Bonds	0.15	0.03	0.28	0.97	1.00	0.12
Cash	0.10	-0.33	-0.10	0.11	0.12	1.00

Inflation:

Future inflation is assumed to be the difference between nominal and real government bond yield curves at the weighted average term of expected future expenses.

Asset mix/EBR management:

The initial asset mix was equal to the benchmark mix for the asset share investments in With-Profit funds as at 31 December 2009. The resulting asset mix is shown below, together with the volatility parameters for each class:

Class	Actual asset mix	Volatility
UK	10.6%	27.0%
Property	2.8%	15.0%
Europe	1.9%	28.1%
US	0.0%	30.0%
Japan	0.0%	29.6%
Pacific Basin	0.0%	33.3%
Emerging markets	0.0%	43.0%
UK gov bonds	14.1%	3.5%
Corporate bonds	66.7%	5.5%
Global bonds	0.0%	5.5%
Cash	3.9%	0.0%
TOTAL	100.0%	

Management of the EBR within the stochastic return projector is discussed in 6(5)(a).

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009****(iii) Option prices from asset model**

ROW	Asset type	n	K=0.75				K=1				K=1.5			
			5	15	25	35	5	15	25	35	5	15	25	35
		r	3.12%	4.80%	4.78%	4.60%	3.12%	4.80%	4.78%	4.60%	3.12%	4.80%	4.78%	4.60%
		p:												
1	Risk-free zero coupon bond		857,420	495,168	310,889	207,028	x	x	x	x	x	x	x	x
2	FTSE AllShare	1	84,336	236,779	320,254	386,911	215,975	399,061	500,006	576,661	584,268	782,086	897,044	990,215
3	FTSE AllShare	0.8	74,907	181,840	221,242	247,040	197,747	312,239	351,964	374,834	547,263	626,986	647,120	658,530
4	Property	1	34,858	96,039	144,225	189,069	135,302	226,084	289,879	340,210	525,943	598,317	657,866	719,472
5	Property	0.8	29,832	60,198	78,281	93,233	118,664	152,850	169,076	179,647	484,910	441,617	419,655	413,333
6	15 yr risk free ZCB	1	11,116	50,104	85,947	122,045	93,520	165,632	218,992	260,435	507,576	549,129	592,645	644,522
7	15 yr risk free ZCB	0.8	8,708	24,912	35,971	46,356	77,292	97,485	107,873	113,576	464,383	384,536	347,117	333,780
8	15 yr corporate	1	16,750	61,405	100,958	138,596	105,341	180,177	236,590	280,546	512,184	560,079	608,248	661,902
9	15 yr corporate	0.8	13,601	33,239	46,191	57,482	88,967	111,064	123,542	129,852	469,480	397,813	364,380	353,477
10	65% FTSE AllShare, 35% Property	1	54,086	146,878	210,120	264,109	169,221	289,899	368,335	431,317	545,989	662,999	744,574	821,339
11	65% FTSE AllShare, 35% Property	0.8	47,212	103,036	130,432	149,541	151,813	211,393	237,499	253,569	507,175	508,827	504,426	507,536
12	65% FTSE AllShare, 35% ZCB	1	48,807	123,421	179,491	226,940	166,592	273,820	346,917	402,014	552,754	664,191	744,172	812,438
13	65% FTSE AllShare, 35% ZCB	0.8	42,070	78,687	98,002	111,463	148,703	190,984	208,465	215,919	513,363	503,581	490,898	482,420
14	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	1	23,129	72,665	114,920	154,183	120,549	201,156	259,437	305,119	519,680	585,327	638,437	695,101
15	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	0.8	19,025	40,467	54,134	65,075	103,693	127,300	139,212	144,826	478,250	423,784	392,633	380,279
			L = 15				L = 20				L = 25			
16	Receiver swaptions		5.57%	9.93%	10.07%	6.89%	8.23%	12.95%	11.96%	8.08%	11.09%	15.20%	13.32%	8.75%

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due n years after the valuation date.

Rows 2 to 15 inclusive has been completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of $K * £1,000,000 * (1+r*p)^n$.

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds should be assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values are expressed as a percentage of nominal.

The property put options assumed relate to a well diversified portfolio of UK commercial property.

A zero trend growth in property prices is assumed where this is relevant.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**

In each case the options are valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax is ignored in all calculations.

All options are assumed to be European-style.

Commentary on the results:

This is a combined table for 6.4(a)(iii) and 6.4(b)(iii).

Our maturity value guarantees that are priced through this process have a discounted mean term of around 11 years. Results produced for guarantees longer than 20 years are of less relevance.

For GAOs our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

(iv) Initial Equity and Property Rental Yields

The model assumes risk-neutral approach with drift of the total expected return equal to the risk free rate. A best estimate split of return between income and capital gains is assumed when calculating the assumed tax rate (see section 11).

(v) UK risk free rates are applied throughout.**(vi) Duration of significant guarantees**

The following table shows the durations of significant guarantees in the PM Fund. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

Year	Proportion of Maturity Guarantee Costs arising in Year (%)	
	Conventional Life	Conventional Pensions
2010	3	2
2011	36	4
2012	33	4
2013	16	5
2014	3	5
2015	2	5
2016	3	5
2017	1	5
2018	1	6
2019	0	5
2020	1	5
2021	0	5
2022-2026	0	23
2027-2031	0	15
2032+	0	6
Total	100	100
Duration (yrs)	2.8	11.4

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**

Validation of the asset model involves comparing the results of the model with Black-Scholes prices.

The output of the matrix approach has been compared to that of the Black-Scholes pricing formula (given appropriate portfolio volatility levels). The output of the matrix approach will only do this when management action is not incorporated. A selection of the results is shown below:

ROW	r (Continuous)	p	K=0.75				K=1				K=1.5			
			5	15	25	35	5	15	25	35	5	15	25	35
			3.08%	4.69%	4.67%	4.50%	3.08%	4.69%	4.67%	4.50%	3.08%	4.69%	4.67%	4.50%
2	FTSE AllShare: matrix approach	1	84,336	236,779	320,254	386,911	215,975	399,061	500,006	576,661	584,268	782,086	897,044	990,215
2	FTSE AllShare: Black-Scholes valuation	1	104,838	235,929	321,199	385,079	237,248	398,923	500,324	575,519	608,051	781,856	899,000	987,641
	Difference / MV(0)		-2.1%	0.1%	-0.1%	0.2%	-2.1%	0.0%	0.0%	0.1%	-2.4%	0.0%	-0.2%	0.3%
4	Property: matrix approach	1	34,858	96,039	144,225	189,069	135,302	226,084	289,879	340,210	525,943	598,317	657,866	719,472
4	Property: Black-Scholes valuation	1	31,238	98,141	148,381	189,401	133,185	228,546	292,339	342,745	522,417	599,620	664,328	718,888
	Difference / MV(0)		0.4%	-0.2%	-0.4%	0.0%	0.2%	-0.2%	-0.2%	-0.3%	0.4%	-0.1%	-0.6%	0.1%
10	65% FTSE, 35% Property: matrix approach	1	54,086	146,878	210,120	264,109	169,221	289,899	368,335	431,317	545,989	662,999	744,574	821,339
10	65% FTSE, 35% Property: B-S valuation	1	55,748	147,608	212,317	263,512	170,825	291,378	370,517	431,897	548,625	663,312	749,788	819,553
	Difference / MV(0)		-0.2%	-0.1%	-0.2%	0.1%	-0.2%	-0.1%	-0.2%	-0.1%	-0.3%	0.0%	-0.5%	0.2%

- The table above shows that the model is capable of producing Black-Scholes prices. For an all equity portfolio, the comparison to Black Scholes at short durations can be improved by increasing the number of bands used to group returns in the model. However, given the low equity backing ratio in the PM fund there will be no distortion of results from using the current bands. The table implies that the number of simulations used and the width of the banding within the matrix approach do not distort the results.

(vii) Nature of validations of asset model

The model projects total return credited to asset share, not income and gains on assets. Therefore no explicit comparison of the NPV of the projection of income/gains has been made. Instead, the table below shows the discounted value of £1 invested on the valuation date and projected forward t years (t=5, 10, 15, 20). For a risk-neutral model, the result would be 1. The table shows how the results depend on the number of simulations used.

t (years from valuation date)	5	10	15	20
100 Sims result	0.988	0.990	0.950	1.037
1000 Sims result	1.012	1.017	1.004	1.019
5000 Sims result	1.012	1.011	1.005	1.005
10000 Sims result	1.004	1.004	0.999	0.995
Distribution result	0.998	1.004	1.000	0.997

The final line shows the results based on using the actual distribution required by our matrix approach to the calculation of the costs of guarantees. This table implies that the number of simulations (as used by the model) is sufficient for convergence

- (viii) 10,000 projections of asset share returns have been made to construct the probability distribution used to value the guarantees.

(b) Market costs of hedging - Description of guarantees, options or smoothing

The approach used to value Guaranteed Annuity Options on conventional pensions increases the deterministic (intrinsic cost) of the option to allow for the limited option value. The increase is based on the implied option value of other GAO business in the company.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

This implied option value is small, as most of the Guaranteed Annuity Options are in the money at interest rates up to about 9%.

An uplift factor of 6.8% has been used at all durations, which includes an allowance for the variability of investment return prior to retirement.

Costs of Financial Options

This represents the cost of the Guaranteed Annuity options attaching to conventional pensions policies.

In the Provident Mutual Fund, any part of the cost of the option that is not met by the estate can be charged back to the asset shares of Conventional Pensions business (subject to certain conditions being met). When this happens, the cost of the Guaranteed Annuity Options also falls (because policy payouts that depend on the level of asset share will fall).

Similarly, if any excess is available once the cost of guarantees has been met, this will serve to increase the cost of Guaranteed Annuity Options.

The table below shows how the cost of the GAO is constructed.

Cost of annuity rate guarantees	£m
Base GAO cost	174
Uplift (6.8%)	12
Adjustment after increase to AS	2
Form 19 reserve	188

The next table shows the split of maturity dates on contracts that have Guaranteed Annuity Options.

Split of Guaranteed Annuity Option Maturity Dates	
Year	Percentage
2010	14%
2011	8%
2012	7%
2013	6%
2014	6%
2015	5%
2016	6%
2017	5%
2018	5%
2019	5%
2020	4%
2021	4%
2022 - 2026	15%
2027 and later	10%
Total	100%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**

(c) **Deterministic projections - Description of guarantees, options or smoothing**

No guarantees, options or smoothing costs have been valued using this method.

(5) **Management Actions**

- (a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

Projected Equity Backing Ratio

Management is assumed to intervene and carry out switches (in addition to any impact from market movements) of investments supporting asset shares when investment returns are particularly strong or weak.

The logic for this is that the main aim of investment policy is to provide the highest long-term returns given acceptable levels of solvency risk.

A substantial amount of our fixed interest portfolio is intended to be held to maturity. Therefore investment performance above or below expectation is largely a function of simulated performance for equity and property.

If equity/property performance is poor, then solvency would deteriorate, hence management action would be to reduce the equity/property content of the fund.

The converse is also true; however, increasing the EBR is constrained to the extent of the investment philosophy where a large proportion of our existing holding of bonds will be held to provide a duration match of the liabilities.

Regular Bonus Assumptions

In the stochastic model, the regular bonus on all policies is assumed to be zero in future.

For with-profit immediate annuities, a Bonus Reserve Valuation is used in cases where the guarantee cost would be material.

Guarantee Charges on asset shares

The model uses no charge to asset share in respect of guarantees.

Any planned deductions in respect of the GAO liability on conventional pensions, and in respect of the mortgage endowment mis-selling costs on endowments are calculated separately.

Allocation of non-profit profits to asset share

It is assumed that no future non profit profits are allocated to asset shares, in line with the PPFM.

Shareholder Transfers and tax

The model assumes that transfers to shareholders continue at the rate of 10% of the cost of bonus.

Shareholder transfers in the PM fund are met by the estate. Additional tax due on these is a shareholder liability and is not met by the WP fund.

Mortality costs

Mortality profits and losses are passed on to the asset shares in line with the PPFM. The deduction made is sum at risk times actual proportion of deaths. The sum at risk is death benefit less asset share. The actual proportion is a proportion that varies by year of a standard mortality table.

Surrender costs

The current practice of the fund is to target surrender payouts at 100% of Asset Share. Consequently, no future surrender profit or loss is anticipated to emerge.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009****(b) Best estimate of future proportions of assets backing the WPBR.**

The projection allows for future EBR management action as discussed earlier in this document. The results reflect an average of the simulated positions.

(i) Projection at risk free rate

To the extent that the asset mix in the fund is different from the benchmark asset mix for the fund, it is assumed that the asset mix is reset to the benchmark immediately following the valuation date.

Consequently, the projections below are based on the benchmark asset share mix as at 31 December 2009.

The fund does not have any Unitised With-Profits business.

Assets Backing With-Profit Benefits Reserve

Asset class	31/12/2009	31/12/2014	31/12/2019
UK equities	10.6%	6.0%	5.4%
Overseas equities	1.9%	1.1%	1.0%
Land and buildings	2.8%	1.3%	1.1%
Approved fixed interest securities	14.1%	15.3%	15.4%
Other fixed interest securities	66.7%	72.2%	72.9%
All other assets	3.9%	4.2%	4.3%
Total assets	100.0%	100.0%	100.0%
EBR	15.3%	8.3%	7.4%

(ii) Projection at risk free rate plus 17.5%Assets Backing With-Profit Benefits Reserve

Asset class	31/12/2009	31/12/2014	31/12/2019
UK equities	10.6%	6.2%	6.5%
Overseas equities	1.9%	1.1%	1.2%
Land and buildings	2.8%	1.5%	1.5%
Approved fixed interest securities	14.1%	15.2%	15.1%
Other fixed interest securities	66.7%	71.8%	71.5%
All other assets	3.9%	4.2%	4.2%
Total assets	100.0%	100.0%	100.0%
EBR	15.3%	8.8%	9.2%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009****(iii) Projection at risk free rate minus 17.5%**Assets Backing With-Profit Benefits Reserve

Asset class	31/12/2009	31/12/2014	31/12/2019
UK equities	10.6%	3.7%	3.0%
Overseas equities	1.9%	0.7%	0.6%
Land and buildings	2.8%	0.8%	0.6%
Approved fixed interest securities	14.1%	15.8%	16.0%
Other fixed interest securities	66.7%	74.7%	75.4%
All other assets	3.9%	4.4%	4.4%
Total assets	100.0%	100.0%	100.0%
EBR	15.3%	5.1%	4.1%

(6) Persistency and Mortality Assumptions

The persistency assumptions used in the calculation of maturity and GAO costs are shown in the following table.

Product class	Lapse rate (% pa)
Endowments	1.5
Executive Pension	2.0
Individual Pension	1.0
Personal Pension	1.5
Self Employed Retirement Annuity	1.4

Mortality Assumptions

Mortality assumptions for the Realistic Balance sheet are generally based on own experience adjusted for anticipated trends.

Annuitant Mortality

	31 December 2009
Males	95% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	105% PCFA00 with 75% medium cohort improvement factors, minimum 1.0% pa, applicable from 2005

Guaranteed Annuity Option take-up rate

An initial take-up rate of 77% has been assumed in respect of Guaranteed Annuity options attaching to pensions. The take-up rates increase by 1% every year from 2011 onwards, until an ultimate level of 95% is reached.

A fixed take up rate is assumed irrespective of how in the money the option is.

A maturity age of 60 has been used to determine the value of the Guaranteed Annuity Option

(7) Policyholder Actions

Policyholder actions are primarily covered by the static persistency and GAO take-up rates in the previous section. There is no dynamic linking of these decisions relative to the value of the options under each particular scenario.

7. Financing Costs

There are no financing costs

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009****8. Other long-term insurance liabilities**

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Life Shareholder Transfers	0	10
Pensions Shareholder Transfers	0	24
Miscellaneous	0	54
Total	0	88

Any other liabilities related to treating customers fairly

No liability is held in respect of any other liabilities related to treating customers fairly.

Any other long-term insurance liabilities

£34m is held in respect of the shareholder transfers which are charged to the estate.

£2m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

£18m is held to cover estimated compensation costs for known product governance issues other than mortgage endowment mis-selling.

£19m is held to cover expenses in relation to the Heritage migration project

An additional liability of £15m is held as a contingency.

9. Realistic current liabilities

The realistic current liabilities include the following:

- Provisions for inter company transfers from internal reinsurance
- Outstanding Claims
- Other creditors
- Accruals and deferred income

The realistic and regulatory current liabilities at 31 December 2009 are £137m.

10. Risk Capital Margin

(1)

Fund	RCM (£m)
PM	0

The RCM for the Fund is calculated to be zero.

(a)

- (i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Fall in market values
UK Equities	20.0%
OS Equities	20.0%
Property	12.5%

The fall in market values of equity and property is more onerous than the rise in market values.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+78bps	-78bps
long-term yield – level post-stress	5.23%	3.67%
long-term yield - % movement post-stress	+17.50%	-17.50%

The fall in fixed-interest yield scenario is more onerous.

(iii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
PM	1.20%	-5.95%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

The swaps in the fund have been stressed under the RCM calculation to allow for both spread widening and counter-party risk. In allowing for spread widening it is assumed that swaps move in line with AA rated bonds. The movement in swap value is based on movements of fixed interest of similar term and credit rating.

Our swaps are fully collateralised, so there is no counter-party default risk before any market movements. However if the swap value rises there is a risk that the counter-party defaults before it injects the required capital. We have assumed level of 5% in respect of the counter-party default risk.

The total change in the value of the swaps arising from both stresses is 2%.

No stress has been applied to any other assets in the credit risk scenario.

There is no material reinsurance in the Fund.

(iv) For the persistency test a 32.5% decrease in lapse rates is tested. This increases realistic liabilities by 0.5%, as a result of an increase in GAO and other guarantee costs

(v) Not applicable

(b) Management Actions under the stress tests

(i) The following changes in management actions are assumed to be made under the stress tests.

Charge to payouts

Under the stress test, any deficit in fund will be covered by a charge to payouts for maturing policies of classes that have a Guaranteed Annuity Option, subject to a maximum charge of 10% of asset share.

Where this is exceeded, a charge to payouts of up to 10% of asset shares is assumed to be introduced to the other contracts issued by the fund.

In addition, the cost of compensation payments in respect of Mortgage Endowment Misselling would be charged to payouts of all Endowment policies.

Guaranteed Annuity Options

The initial take-up rate for guaranteed annuity options is assumed to increase from 77% to 82% as a result of the fall in fixed interest yields. The take-up rate then increases by 1% every year from 2011 onwards, until an ultimate level of 95% is reached.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009**

- (ii) A total charge to payouts of £14m would be required in the stress test, compared to an increase to payouts of £14m in the central scenario.

The cost of Guaranteed Annuity Options increases by £14m.

- (iii) The same investment management rules governing any change in asset mix of the fund have been used for the projection of assets in the stress tests as in the central scenario.
- (iv) In the stress test, the charge to payouts is less than the cost of Guaranteed Annuity Options, which complies with the requirements of INSPRU 1.3.188R.

(c)

- (i) The RCM in the fund is zero.
- (ii) Not Applicable

11. Tax

(1) Tax treatment in the with-profits benefit reserves

Tax on investment returns is assumed to be 20% in line with PM asset shares being predominantly invested in fixed interest securities.

(2) Tax treatment in future policy related liabilities

Current tax rates are assumed to continue in the future for all projections.

Corporation Tax	28%
Income Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

(3) Tax treatment in the realistic current liabilities

In the realistic regime allowance for deferred tax assets can be made. In the regulatory regime no allowance can be made. However, the effect of this on the fund is not material.

12. Derivatives

Security	Value at 31 December 2009 £m
Cashflow Swaps	148

The exposure to swaps in the PM fund is a partial hedge of the Guaranteed Annuity Option liability. It is expected that these will be unwound as liabilities fall due.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**

Global business

Financial year ended **31 December 2009****13. Analysis of working capital**

	£m
Published Working capital at 31/12/2008	0
Zeroisation impact	8
Working capital at 31/12/2008	-8
Investment return on opening working capital	0
Profits on assets backing liabilities	9
Economic assumption changes	-8
Non-economic assumption changes	-22
Policyholder action assumption changes	16
Other experience variances	-22
Impact of new business	3
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	38
Miscellaneous liabilities	-14
Working capital at 31/12/2009	16
Zeroisation impact	-16
Published Working capital at 31/12/2009	0

Notes:

1. The profit on assets backing liabilities includes the change in guarantee costs arising from returns greater than the projected rates as at 31 December 2008, the impact of the change in Risk Free Rate during 2009 and the excess return on corporate bonds backing guarantees, financial options and non-profit liabilities.
2. Experience variances include the impact of premiums, claims and expenses.
3. Non-economic assumption changes relates to a strengthening of the annuitant mortality assumptions.
4. Policyholder action assumption changes relates to a decrease in the assumed take up rate for Guaranteed Annuity Option policies.
5. The fund is closed to new business – the impact of new business relates to increments on existing policies.
6. The modelling changes and opening adjustments include a variety of minor changes, the most significant of which is an allowance for charges in unit linked PAF and BRAF business.
7. Note that the change in other liabilities from line 47 is included in the analysis above
8. The change in working capital arising purely from the change in line 51 cannot be quantified.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

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

- (1) The **valuation date** is 31 December 2009.
- (2) This is the first valuation for this fund. The fund was one of the funds created on 1 October 2009 from the fund transfer and estate reattribution of the with-profit funds of CGNU Life Assurance Limited (CGNU), Commercial Union Life Assurance Company Limited (CULAC) and Norwich Union Life (RBS) Limited.

The date of the previous valuation for CGNU and CULAC was 31 December 2008.

- (3) An interim valuation for CGNU and CULAC was carried out with an effective date of 30 June 2009 for the purposes of rule 9.3A.

2. Assets**(1) Economic assumptions for valuation of non-profit business**

The economic assumptions used to value future profits on non-profits business are as follows:

	2009	2008
Gross investment return <ul style="list-style-type: none"> • Annuities • Other non-profit business 	Risk free rate plus 0.5% p.a. Risk free rate	Not applicable
Discount rate	Investment return plus 0.5% p.a.	Not applicable
Expense inflation	3.32%	Not applicable
Tax rates	20%	Not applicable

- The gross investment return used is derived from the yield on matching assets less an allowance for risk. For annuities the matching assets include some non-gilt fixed interest securities. For other business, the matching assets are entirely gilts.
 - The risk free rates used are the same as the rates used to determine guarantee costs, and shown in section 6(4)(a)(ii) below
 - The additional 0.5% per annum in the discount rate provides an allowance for risk and uncertainty, and to give a margin to allow for the cost of any non-financial guarantees
 - The value of future profits on non-profit business includes the release of the LTICR in respect of non-profit business. In assessing this release an approximate allowance is made for tax and investment expenses.
 - There are no equivalent assumptions for the previous financial year as this is the first valuation for this fund.
- (2) Not applicable
- (3) Not applicable
- (4) Not applicable
- (5) Not applicable

3. With-Profits Benefits Reserve Liabilities

- (1) There are four main methods used to calculate the with-profits benefits reserve.
- Asset share (individual) (retrospective)
 - Asset share (group) (retrospective)
 - Bonus Reserve Valuation (prospective)
 - Regulatory Reserve (prospective)

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

The majority of the with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM.

Where asset shares are not currently calculated, or where they are unreliable as a starting point for deriving future bonuses, then either bonus reserve valuations (BRV) or regulatory reserves are used. BRVs are the discounted value of future expected benefits, premium and expenses allowing for best estimate future lapse and mortality assumptions. BRVs are used for the following classes of business:

- Conventional paid up policies (PUP).
- Conventional Whole Life policies.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

At 31 December 2009

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		660	4,022
Asset Share (individual)	2,916		
BRV	426		
Regulatory Reserve	20		
Conventional Pensions		274	878
Asset Share (individual)	431		
BRV	112		
Regulatory Reserve	61		
UWP Life (inc. Overseas)		1,471	13,036
Asset Share (individual)	11,520		
Regulatory Reserve	45		
UWP Pensions (inc. Overseas)		366	2,895
Asset Share (individual)	2,402		
Asset Share (group)	110		
Regulatory Reserve	17		
UWP Stakeholder		33	771
Asset Share (individual)	738		
Regulatory Reserve			
Miscellaneous Other	-11	-435	-446
Total	18,786	2,370	21,156

The BRV figure of £426m for conventional life relates mainly to the WPBR for the whole life policies, which are now entirely BRV. The remaining £7m of this figure relates to the BRV used for endowment PUP policies.

Asset shares for all stakeholder business and all UWP business sold from 1 October 2001 are calculated using policy charges rather than actual expenses. All other asset shares are charged actual expenses.

Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date. Low cost whole life policies also provide a minimum death benefit over a pre-specified term. The whole-life with-profits benefit reserve is £429m. Conventional new business is not now actively sold. Reinsurance of endowment business from PM has increased the asset share of Conventional Life by £148m.

Conventional pensions provide a guaranteed basic sum assured at maturity plus accrued regular bonuses, plus any final bonus due. Conventional pensions consist of individual and group pensions that provide either for cash or for annuity at retirement. Cash schemes usually have a guaranteed minimum annuity payable at retirement. Annuity schemes usually have a guaranteed minimum cash value at

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

retirement. Conventional pensions are not now actively sold. £16m worth of the conventional Red Plan liability uses a discounted benefit basis (BRV).

Conventional pensions also includes £25m of single premium with-profit annuity business which provides a level of income equal to a basic amount, plus accrued regular bonus, plus a discretionary top-up bonus. Customers can also select a future anticipated level of regular bonus. This increases the initial annuity amount payable, but the annuity amount reduces by the anticipated amount each year such that the total annuity payable would be level if the actual regular bonus rate equalled the anticipated rate. There is also a guaranteed minimum annuity amount attaching to this contract. With-profit annuity new business is now written by Aviva Life & Pensions UK Limited With-Profits Sub-fund.

UWP Life mainly consists of unitised bonds with £53m of unitised endowments. UWP units increase in value at the declared regular bonus rates and cannot reduce at the contractual maturity dates or at contract-specific no-MVR dates. There are no contractual no-MVR dates on ex CULAC Bonds. Any final bonus due is added at policy exit. The value on exit can be subject to an MVR if exit is not at one of the contractual no-MVR dates. UWP units purchased prior to 1 February 1994 have a guaranteed minimum regular bonus rate of 3% p.a.

On Portfolio Bonds purchased since 30 January 2006 a guarantee on premiums exists amounting to the premiums invested plus RPI growth to the encashment date, if encashment is at least five years after purchase.

Here follows a table of the various no-MVR spot rate guarantees that apply to the Aviva Life & Pensions UK Limited written UWP bonds.

UWP Life Bonds	Date Sold	No-MVR Anniversary
GA investment Bond	1990-93	None
GA Portfolio Bond	16/3/93-1/10/98	None
CGU Portfolio Bond	1/10/98-2/10/2000	No MVR on 10th 15th 20th etc
NU Portfolio Bond, Flexibond, Bond 2000	2/10/2000-24/6/01	No MVR on 10th 15th 20th etc
NU Portfolio Bond, Flexibond, Bond 2000	25/6/01-16/1/02	No MVR on 10th
NU Portfolio Bond, Flexibond, Bond 2000	16/1/02- 2/7/03	Money back on 10th
NU Portfolio	3/7/03 – 8/2/04	Money back on 10th
NU Portfolio	9/2/04 onwards	Money back on 5th
NU Portfolio (with RPI Guarantee)	30/1/2006-26/04/08	RPI any point on or after 5th
Aviva Life International Ltd RPI Bond	30/1/2006-30/04/09	RPI any point on or after 5th
NU Portfolio (with CPI Guarantee)	27/4/2008-30/04/09	CPI any point on or after 5th
Aviva With Profit Guarantee Fund	30/11/2009 onwards	Money back on 5th

There is also the guarantee that MVRs will not apply on any automatic partial withdrawals selected from outset (subject to certain limits).

UWP Pensions consists mainly of individual and Group personal pensions and pension single premium bonds. As for UWP Life, UWP units increase in value at the declared regular bonus rates and cannot reduce on death, at the selected retirement date and at age 75. Any final bonus due is added at policy exit. The value on exit can be subject to an MVR if not at the selected retirement date. No-MVR guarantees apply at the selected retirement date and at age 75. Ex CGNU UWP units purchased prior to 22 January 1996 have a guaranteed minimum regular bonus rate of 4%. Ex CULAC UWP pension units purchased up to 31 December 1992 have a minimum guaranteed regular bonus of 4% p.a.

UWP Stakeholder policies have charges capped at 1% p.a. The 1% charge is taken through unit cancellation. A no-MVR guarantee applies at the selected retirement age and at age 75.

UWP Overseas business consists of single premium bonds and regular and single premium pensions business sold in Ireland, Germany and France. The WPBR for French branch business (£116m) is Asset Share, whilst German (£5m) and Irish pensions (£8m) have a regulatory reserve.

The future policy related liabilities are based on market-consistent stochastic projections of the guaranteed benefits and asset shares. Calculations are carried out at product class level split by entry year and maturity year with projections allowing for assumed future persistency levels.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

'Miscellaneous other' consists of reserves held to cover other liabilities of the fund that cannot be assigned to certain product types such as Pension transfer review reserves and reserves for future development and audit fees and global adjustments. This category also includes charges that will accrue to the estate from charge-based contracts. These charges exceed the sum of other liabilities included in this category by £435m.

- (2) Not applicable
 (3) See (1)
 (4) See (1)

4. With-profits benefits reserve – Retrospective method**(1) Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	95
Asset Share (grouped)	1
BRV	3
Regulatory Reserve	1
Miscellaneous Other	0
Total	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

The asset shares calculated on a grouped basis relate to two UWP pension contracts (Sterling Group plan – UWP and Deposit Admin variants). The asset shares are grouped as follows:

- Product
- Bid Value of Units by year of unit purchase

Factors have then been applied to each of these groupings based on asset share to BVU ratios for sample model points. Sample model points are representative of the policies within each group allowing for factors such as average premium size and age.

(2) Changes in valuation method

- (a) There have been no significant changes have been made to the valuation method.
 (b) Not applicable.

(3) Allocation of expenses

- (a) See (b)
 (b) UKLS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.
 (c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission. Broadly, some policies are charged sales and administration expenses incurred by the fund, some follow this approach but have the overall charge capped, and a third group has defined charges.

Other expenses, or the difference between the expense and the charge to asset share, fall to the estate.

	2009			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	3	6	0	9
Renewal expenses and commission	37	-14	1	23
Shareholder Transfers	15	18	0	33

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**
Global business
Financial year ended **31 December 2009**

The above table approximately splits out the expenses incurred over Oct-Dec 2009.

Non-profit expenses are expenses relating to non-profit business within the fund. For Unitised asset shares calculated on a charge basis, the expenses charged to asset shares are the relevant charges on policies. This will include additional allocation percentages as applicable, so that, for example, any excess allocation percentage above 100% of premium will give rise to negative expenses charged to the asset share in the table above.

Expenses charged to the with-profit funds

From 01/01/2009 a new Management Services agreement (MSA) is in place whereby per policy (annual) and per fund charges are made. The per fund charge is allowed for by using an estimate of the policies in force in a given year, by MSA category, and by fund. Changes in policy counts over the year will be monitored, and this will be amended to reflect the actual policy counts retrospectively.

For policies that have migrated on to the outsourced platform “Alpha”, an additional per policy charge will apply. Furthermore, there is a trail fixed charge p.a. for the years 2009-2012.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers and are reviewed on at least an annual basis.

Commission and sales related expenses are also charged to the with-profits funds. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

The with-profit funds also incur other non policy-related expenses such as for development expenses, audit fees and mis-selling expenses. These are charged to the with-profit fund as laid out in each fund’s PPFM.

Total expenses to each fund are reported and reviewed on a monthly basis.

Shareholder transfers are charged to the with-profits funds. Most conventional business is written on a 90/10 basis with transfers equal to 1/9th of the cost of bonus. Most UWP business written by Aviva Life & Pensions UK Limited is written on a 90/10 basis, some more recent single premium bond new business has been written on a 91/9 and 92/8 basis.

Expenses charged to the with-profits benefit reserves

The total expenses charged to with-profits benefit reserves over October-December 2009 are approximately £40m with an additional £15m of shareholder transfers charged. The majority of this relates to renewal expenses, most new business is UWP business sold on a charges basis with the majority of the charges being the annual management charge which is charged to asset shares over the life time of the policy.

Deductions are made to the asset shares in respect of expenses and commission and shareholder transfers. The difference between expenses, commission and shareholder transfers incurred and charges made are a credit to or deduction from the estate.

Sales and policy administration expenses are charged to asset shares in three main ways:

- Actual expenses incurred
- Actual expenses incurred, subject to an overall cap
- Policy charges applied

Actual expenses apply to the following product groups:

- Ex CGNU Life conventional business
- Ex CULAC UWP business (excluding £428m of individual personal pensions from their 2009 migration dates)
- Ex CGNU Life UWP written implicit charge business sold prior to 1 October 2001 (implicit charge refers to bonuses being net of expenses)

In addition, all UWP Personal Pensions issued prior to 1 December 2000 have the deductions made in respect of expenses capped at 1% p.a. as part of the ‘stakeholder promise’.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

Asset shares are currently charged 100% of the MSA agreement. They are also charged the management investment fee and any custody fees. Any initial or renewal commission is deducted from the asset share. Shareholder transfers are also charged to the asset share.

Policy charges are applied to the following product groups:

- Ex CGNU Life written UWP implicit charge business sold 1 October 2001 onwards (implicit charge refers to bonuses being net of expenses)
- Ex CGNU Life UWP explicit charge business (2000 onwards individual pensions, stakeholder pensions and explicitly charged bonds; explicit charge bonuses are gross of expenses)
- Ex CULAC written UWP explicit charge individual pensions (from the 2009 migration date)

Expenses not charged to the with-profits benefits reserve

For ex CGNU UWP explicit charge business the difference between the actual expenses charged to the fund and the charges taken from the asset shares are accrued to the estate.

Any expenses on UWP Pensions business in excess of the stakeholder promise 1% cap is charged to the estate.

Additional tax on shareholder transfers for Aviva Life & Pensions UK Limited business is charged to the estate.

All development, regulatory and audit fees are not currently charged to asset shares, although this is reviewable in line with statements in the PPFMs.

(4) Guarantee Charges

Inflation protection bonds introduced in 2007 have a guarantee charge of 0.7% p.a. for a 10 year period.

The With Profit Guaranteed Fund introduced in 2009 has a charge of 0.7% p.a. for a 5 year period.

There are certain Aviva Life International Ltd bonds which also have a guarantee charge (0.5% p.a. for a 10 year period).

The total charge made over October-December 2009 was £3.7m.

(5) Non-Insurance Risk Charges

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

(6) Claims ratios

Product Type	2009
Conventional Life	99%
Conventional Pensions	144%
UWP Life	106%
UWP Pensions	100%
UWP Stakeholder	103%

These are estimates of claim amounts relative to asset share for the period October to December 2009.

The figures above are estimates based on actual maturity and surrender payouts.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

(7) Gross investment return allocated to WPBR

Gross returns allocated to asset shares in ex CGNU and ex CULAC With-Profits Funds over January – September 2009 were 5.59%.

Gross returns allocated to asset shares in the NWPSF over October – December 2009 were 3.45%

Asset shares for the NWPSF are credited investment returns based on the combined assets backing the asset shares of the fund. The rates quoted above apply to all policies.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

A return of 3.45% was also used in respect of business reinsured from Provident Mutual Sub-Fund into the NWPSF.

5. With-profits benefits reserve – Prospective method**(1) Prospective assumptions**

Bonus reserve valuation (BRV) is used for 3% (£538m) of the with-profit benefits reserve. A high proportion of the with-profit benefit reserve is in respect of conventional whole life policies (2%).

The prospective assumptions are as follows:

(a) Economic Assumptions

Future earned rate: ex CGNU Whole Life	3.74%
Future earned rate: ex CULAC Whole Life	3.54%
Future earned rate: Pensions	4.10%
Discount rate (benefits): ex CGNU Whole Life	3.74%
Discount rate (benefits): ex CULAC Whole Life	3.54%
Discount rate (premium, expenses): ex CGNU Whole Life	3.56%
Discount rate (premium, expenses): ex CULAC Whole Life	3.47%
Discount rate: Pensions	4.10%
Expense Inflation:	3.32%

The future earned rates used (net rates for life products), are consistent with the rates used in the discounting to obtain a risk-neutral estimate of future cashflows.

(b) Investment returns and risk adjustments

The earned rate used is equal to the risk free rate for all asset classes, with no risk adjustment. These rates are shown in the table above.

(c) Expense inflation

Per-policy expenses inflate each calendar at retail price index.

(d) Future Assumed Regular Bonus Rates

ex CGNU Whole Life bonus series	SA	Bonus
Series 6	0.50%	2.00%
Series 5	3.5% Simple	
Series 4	2.70% Compound	
Series 3	3.35% Simple	
ex CULAC Product Class		
Conventional Whole Life	0%	1.5%
Conventional Pension	0%	0%

(e) Future Expense Assumptions

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Product Class	Renewal Expenses 2010 £m
Conventional Whole Life	£11.87
ex CGNU Conventional Individual Pension	£80.51
ex CGNU Conventional Group Pension	£54.80
ex PBF Individual Deferred Annuity	£36.53
ex CULAC Conventional Pension	£33.39

(f) Future Assumed Lapse Rates

Product Class	Policy Duration								
	%	1	2	3	4	5	6	7	8+
Conventional Whole Life		4	4	3	3	3	2	2	2
Conventional Pension		1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

(g) Future mortality assumptions

Conventional whole life: 127%AMN00 Sel1/127%AFN00 Sel1

Conventional pensions: 100%AMN00 Sel1/100%AFN00 Sel1

(2) **Regulatory Reserves**

Regulatory Reserves cover less than 1% of the with-profit benefits reserve. The classes of business covered by this include CWP pensions, UWP German and Irish Pensions business, and other miscellaneous business. The methodology for the calculation of these reserves is described in Appendix 9.4.

6. Costs of guarantees, options and smoothing

(1) Not applicable

(2)

(a) The calculation of the cost of guarantees, options and smoothing and the cost of the mortgage promise has been performed using a stochastic model with a few exceptions.

The cost of section 32 guaranteed minimum pensions and a relatively small proportion of the cost of guaranteed annuity options have been valued using a market value replication technique – this is described in section 6(4)(b).

A description of the stochastic model is given below.

(b) **Grouping Basis**

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions)
- Life Endowment contracts are grouped by original term, outstanding term and also by eligibility to endowment promise.
- Conventional Pensions are grouped by premium type, original term, premium term and outstanding term.

For unitised with-profit business:

- Product class (e.g. life bonds, individual pensions, stakeholder pensions, trustee investment plans)
- Life Bonds are split by bonus series, age band, entry year and quarter, joint life status, and lapse class. Individual Pensions are grouped by age band, original term, outstanding term,

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

bonus series and by paid up status. Five year age bands are used from age 45 to 95, and females are allowed for by making a 4 year age deduction.

- Stakeholder/Stakeholder Friendly Pensions are grouped by original term, outstanding term, premium escalation rate, paid up status and by split of surplus between policyholders and shareholders (e.g. 90/10 versus 100/0)
- Trustee investment plans are grouped by entry year, bonus series and frequency of regular withdrawals.
- Group Deferred Annuities are grouped by age at entry, sex, GAO rate and escalation rate.

For NWPSF and OWPSF combined, we have grouped approximately 1.2 million individual model points into 13,800 grouped model points.

Validations

The total grouped policy benefit data is reconciled back to the individual policy benefit data. The aggregate asset shares are reconciled to the totals in Form 19. We also undertake a comparison of the grouped model points run on a deterministic basis within the stochastic model to the ungrouped data run through the embedded value model.

- (c) The stochastic model directly models over 92% of with profit business (as measured by asset share). Residual business, together with any associated guarantees, are modeled by scaling similar directly modelled business.
- (3) Not applicable. This is the first valuation for this fund..
- (4) **Description of guarantees, options or smoothing being valued**
- (a) **Stochastic Model - Description of guarantees, options or smoothing**
- (i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

Product Class	Planned Enhancements to WPBR	Planned Deductions to WPBR for Guarantee costs	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Cost of Financial Options	Smoothing costs
Conventional life	94	0	0	505	0	0
Conventional Pensions	17	0	0	133	120	0
UWP life (incl. Overseas)	335	90	0	1135	0	0
UWP Pensions	70	0	0	236	0	0
UWP Stakeholder	0	0	0	33	0	0
Misc	0	0	11	4	0	-91

Planned Enhancements to WPBR

The Company announced its intention to make an enhancement to policyholder benefits from the free reserves of the fund (known as the Special Distribution). The Special Distribution is to be made in three tranches over 2008, 2009 and 2010. The realistic liability for planned enhancements to WPBR is in respect of the third tranche.

For UWP Life, the cost of an additional 0.5% p.a. regular bonus on Loyalty Fund units is also included.

Planned Deductions to WPBR for Guarantee costs

This amount represents expected charges for guarantees on RPI-linked and CPI-linked UWP life contracts sold during 2007, 2008 and 2009.

Planned Deductions to WPBR for Other costs

There is also an allowance for a charge in respect of expenses incurred in the migration of business to the Admin Re platform, which is expected to be charged to Asset Shares.

Contractual Guarantee Costs

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2009**

In addition to the figures in the table below there is £23m of contractual Guarantee Costs relating to Section 32 Guaranteed Minimum Pension costs, which are valued using a non-stochastic method (see 6(4) (b))

To assess the extent to which guarantees or options are in or out of the money we have compared the stochastic cost included in Form 19 against the cost on the deterministic 'central-estimate' basis using the risk-free rate.

Conventional Life

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Stochastic Reserve	£186m
Central Estimate	£39m
Option value	79%

The option value is the proportion of the total stochastic cost that exceeds the central-estimate cost. Conventional Life guarantees remain largely out of the money.

Mortgage Endowment Promise

Stochastic Reserve	£319m
Central Estimate	£333m
Option value	-4%

This represents the cost of the mortgage endowment promise from conventional endowments. The amount reserved for is the difference between the mortgage amount and policy payout if returns on the fund after tax are 6% or more, from the end of 1999 to the maturity date of the policy, or the amount as communicated to policyholders in other circumstances.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

The payment of promise amounts also gives rise to additional transfers to shareholders.

The option value is negative as in some scenarios very good returns will mean we don't need to pay the full promise amount.

Conventional Pensions

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection. The costs of providing for any guaranteed annuity options is covered under the cost of financial options, although the cost of providing deferred annuities is included here.

Stochastic Reserve	£133m
Central Estimate	£104m
Option value	22%

Conventional pension guarantees are largely in the money.

UWP life

This represents

- the cost of the payouts exceeding 100% of asset share due to no-MVR guarantee under the stochastic projection;
- the cost of the single premium increased with inflation exceeding 100% of asset share for inflation protected bonds in line with the product terms; and
- the cost of other guarantees on death, partial withdrawal and maturity exceeding 100% of asset share.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Type of guarantee	No-MVR Guarantee on Bond surrenders	RPI or CPI Guarantee on Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£484m	£567m	£84m
Central Estimate	£456m	£269m	£31m
Option value	6%	53%	63%

The no-MVR guarantees are particularly in the money for the relatively large volume of policies taken out in the period from 1998 to 2001.

The RPI and CPI guarantees have significant time value due to stock market performance since the inception date of these policies.

UWP pensions

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

Stochastic Reserve	£213m
Central Estimate	£86m
Option value	60%

UWP Pension guarantees are still somewhat out of the money

UWP Stakeholder pensions

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

Stochastic Reserve	£33m
Central Estimate	£0m
Option value	99%

Stakeholder pension guarantees are virtually all out of the money

Costs of Financial Options

This represents the cost of the guaranteed annuity option (GAO) attaching to conventional deferred cash pensions. Contracts provide for a basic cash amount plus accrued regular bonus and a final bonus. The policyholder then has the option to take this cash amount or to convert this into income at guaranteed rates written into the policy conditions.

	CWP GAO	UWP GAO
Stochastic Reserve	£74m	£39m
Central Estimate	£71m	£38m
Option value	4%	3%

Guaranteed annuity options are very deeply in the money.

A small reserve is also held for cash options on deferred annuities. For these, the policyholder has the option to take the defined deferred annuity benefit or convert this into cash at guaranteed rates written into the policy conditions.

	CWP Cash Option
Stochastic Reserve	£6m
Central Estimate	£0m
Option value	100%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

These guaranteed cash options are almost completely out of the money.

Smoothing Costs

The amount reported is designed to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date, consistent with statements in the PPFM for both NWPSF and OWPSF.

(ii) **Description of the asset model**

The distribution was calculated using the following assumptions:

Risk-free rate:

- The Risk-free rate curve used in the model is shown below:

Outstanding term	Risk free annualised spot rate (%) – 2009	Risk free annualised spot rate (%) – 2008
1	0.97%	1.21%
2	1.60%	1.87%
3	2.19%	2.31%
4	2.70%	2.63%
5	3.12%	2.87%
6	3.47%	3.06%
7	3.75%	3.21%
8	3.98%	3.35%
9	4.18%	3.47%
10	4.35%	3.58%
12	4.60%	3.81%
15	4.80%	4.13%
20	4.86%	4.33%
25	4.78%	4.07%
30	4.69%	3.91%

- The discount rate was set equal to the risk-free rate as above.
- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Derivation of risk-free rate curve:

Typically market instruments can be used to demonstrate that gilt yields are lower than would be expected for a risk free instrument, and that this is down to extra return that can be earned from gilts from repo activity (or for other reasons).

Therefore the risk free rate is based on government bonds + 10bp, consistent with the approach used at 31 December 2008.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Interest Rate Model

A monthly Libor Market Model (LMM) is used.

The LMM has good analytical approximations to swaption prices and bond prices. The LMM provides a better fit across the swaption volatility surface than other models and also offers superior martingale performance.

The LMM is a two factor log-normal model. It offers a rich universe of future yield curve shapes and it guarantees non negative interest rates.

Real interest rates are modelled using a 2-factor Vasicek model.

The Vasicek model is one of the simplest interest rate models. The model has been extended to two stochastic factors – this allows a richer universe of possible yield curve shapes and

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

allows a degree of de-correlation between different parts of the yield curve. Under the Vasicek model it is possible to obtain negative interest rates. Unlike the nominal case, this is not a problem for real interest rates as it is possible to observe negative real rates in practice.

The inflation assumption is derived from the difference in modelled nominal and real interest rates.

Note for business where guarantees are linked to the movement in the Consumer Prices Index (CPI) the inflation assumption is as above less 0.7% per annum to reflect historically inflation has been lower on this measure than that derived from the Retail Prices Index (RPI).

Equity Model

Equity volatility is calibrated to equity implied volatility. The approach to calibration is to capture the volatility of the longest available option term

Exchange traded options generally only trade up to two year terms. However, this is not a very good proxy for the long term guarantees embedded in insurance contracts. Longer terms are available OTC from investment banks - the longest term available is usually 10 years. This data is collected from a panel of investment banks.

The equity model is for the excess return process. That is, the element of return in excess of cash.

A Local volatility model is used. The local volatility model allows the volatility to vary by term and strike. This allows the full implied volatility surface to be captured. The following sample UK equity volatilities have been produced from the ESG model:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	31.54%	29.40%	26.92%	24.41%	22.10%	20.42%	19.26%
3	29.74%	28.54%	27.18%	25.71%	24.19%	22.75%	21.65%
5	29.08%	28.07%	26.93%	25.77%	24.73%	23.82%	23.11%
10	28.77%	27.98%	27.25%	26.58%	26.00%	25.50%	25.09%
15	29.03%	28.48%	27.98%	27.54%	27.17%	26.88%	26.65%
20	29.26%	28.76%	28.36%	28.04%	27.76%	27.52%	27.31%

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using our best estimate assumptions as there are no meaningful option prices. The best estimate is 15%

Correlations

Correlations are controlled in two ways. For equity markets, correlations are defined by the exposures to common elements of the factor model. For other assets, correlations can be defined between the stochastic shocks to the returns. Shock correlations are not equivalent to return correlations. However, shock correlations can be used to target a particular return correlation.

Correlations between asset returns are targeted to best estimate assumptions. These targets have been derived by considering historical behaviour.

The target correlations used within the ESG are displayed below:

Returns under the Accounts and Statements Rules

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Equity Return Vs	Target
Property Returns	20%
Bond Returns	16%
Index-linked bond returns	15%
Short rate changes	-22%

Correlations between asset classes are not constant within the model and will differ from the above, but the above targets represent the level of correlation which the parameters of the model are chosen to reproduce in the long term

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****(iii) Option prices from asset model**

		0.75				1				1.5			
<i>n</i>	<i>Duration (n)</i>	5	15	25	35	5	15	25	35	5	15	25	35
<i>r</i>	<i>Annualised compound equivalent of the risk free rate assumed for the period (r)</i>	3.13%	4.80%	4.79%	4.60%	x	x	x	x	x	x	x	x
1	<i>Risk-Free Zero Coupon Bond</i>	857,322	494,636	310,723	207,109	x	x	x	x	x	x	x	x
2	<i>FTSE All Share Index (p=1)</i>	115,600	254,749	351,114	426,101	226,639	404,984	524,588	615,531	569,346	768,697	914,143	1,025,756
3	<i>FTSE All Share Index (p=0.8)</i>	107,258	203,232	254,807	286,105	211,463	324,199	380,890	414,399	532,533	619,600	668,676	695,157
4	<i>Property (p=1)</i>	30,198	114,467	189,585	263,642	131,811	250,834	349,928	438,265	522,380	622,358	738,196	838,335
5	<i>Property (p=0.8)</i>	25,116	74,504	110,323	144,720	115,406	174,856	215,996	253,316	481,392	466,745	491,341	514,934
6	<i>15yr Risk-Free ZCBs (p=1)</i>	19,225	28,634	22,624	35,192	92,277	96,994	97,590	147,170	499,911	500,566	507,679	548,199
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	16,074	16,178	9,052	8,214	78,848	53,253	29,631	31,294	455,298	311,794	229,185	215,402
8	<i>15yr Corporate Bonds (p=1)</i>	21,527	34,825	33,306	51,350	99,322	113,647	120,017	164,433	500,454	500,840	511,258	555,147
9	<i>15yr Corporate Bonds (p=0.8)</i>	18,057	19,518	12,555	13,062	85,382	64,615	43,224	46,690	456,436	320,943	243,772	230,552
10	<i>Portfolio 1 (p=1)</i>	61,363	166,524	253,543	325,103	161,900	305,098	413,182	499,889	526,714	663,748	791,351	897,334
11	<i>Portfolio 1 (p=0.8)</i>	54,893	122,936	169,080	201,700	146,938	229,347	280,313	314,587	487,067	513,881	550,886	575,634
12	<i>Portfolio 2 (p=1)</i>	58,391	150,650	226,225	290,609	155,831	279,340	373,274	452,712	520,863	629,823	737,085	832,979
13	<i>Portfolio 2 (p=0.8)</i>	51,954	109,343	148,749	176,928	141,525	209,125	250,794	280,925	480,678	481,071	503,247	524,445
14	<i>Portfolio 3 (p=1)</i>	25,534	79,145	135,513	190,501	110,450	193,655	268,704	338,777	504,417	554,979	632,407	713,529
15	<i>Portfolio 3 (p=0.8)</i>	21,290	48,140	73,671	96,403	96,263	128,404	156,569	182,061	461,488	397,419	395,858	407,264
16	<i>Sterling Receiver Swaptions</i>	4.75%	6.91%	5.84%	4.13%	6.17%	8.48%	6.97%	4.85%	7.48%	9.71%	7.81%	5.36%
		<i>Swap Duration = 15 years</i>				<i>Swap Duration = 20 years</i>				<i>Swap Duration = 25 years</i>			

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due *n* years after the valuation date.Rows 2 to 15 inclusive were completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable *n* years after the valuation date with strike price of $K \times £1,000,000 \times (1+r \times p)^n$.

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds should be assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable *n* years after the valuation date with swap durations on exercise of *L* years. The values are expressed as a percentage of nominal.

The property put options are assumed to relate to a well diversified portfolio of UK commercial property.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

A zero trend growth in property prices is assumed where this is relevant.

In each case the options should be valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax should be ignored in all calculations.

All options should be assumed to be European-style.

Commentary on the results:

This is a combined table for 6(4)(a)(iii) and 6(4)(b)(iii).

Our maturity value, no-MVR and IPG guarantees that are priced through this process have a discounted mean term of around 7 years. Results produced for guarantees longer than 20 years are of less relevance.

For Guaranteed Annuity Options our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

(iv) Initial Equity and Property Rental Yields

For UK, the initial equity yield is 3.44% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****(vi) Duration of significant guarantees**

The following tables show the durations of significant guarantees and promises for the with-profits funds. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

Duration of guarantees

	Duration (yrs)	%																
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+	
Conventional Life																		
Base guarantee	6.3	2	5	8	15	12	11	11	8	7	5	4	5	4	2	1	1	100
Mortgage promise	7.8	1	2	5	6	6	9	12	13	13	11	5	6	6	4	1	1	100
Conventional Pensions																		
Base guarantee	8.8	10	4	5	5	6	7	6	7	6	5	5	5	5	4	3	16	100
GAR option	12.1	4	6	6	6	7	7	3	3	3	3	3	3	3	3	2	38	100
Unitised Life																		
Partial surrender	8.0	13	9	8	8	7	6	6	5	4	4	3	3	3	2	2	17	100
No-MVR (surrender)	0.8	69	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
Money-back (surrender)	6.8	-	0	7	4	9	17	2	26	23	11	-	-	-	-	-	-	100
Inflation protected (surrender)	9.7	-	1	4	8	10	10	9	8	7	6	5	5	4	3	3	17	100
Unitised Pensions excl Stk																		
Base guarantee	11.6	3	5	0	5	10	5	1	12	0	4	7	4	-	11	0	32	100
GAR option	8.0	9	7	10	7	4	12	2	8	7	3	6	5	3	5	2	13	100
Stakeholder																		
Base guarantee	13.5	0	3	-	-	14	-	0	15	-	-	14	-	-	15	-	39	100

Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

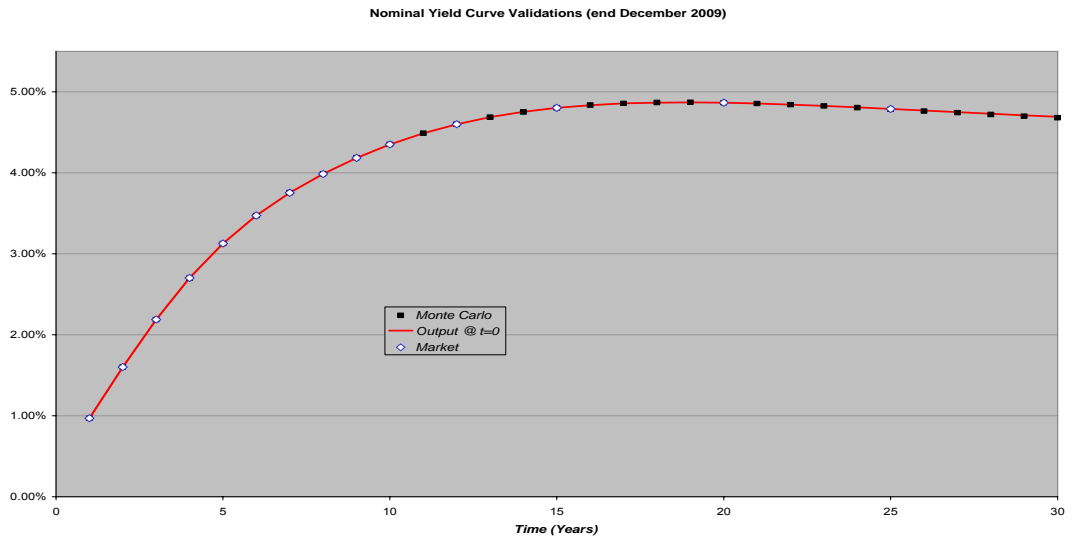
Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

The following illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validation



Market implied volatilities:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	32.50%	29.10%	25.88%	22.89%	20.29%	18.28%	16.95%
3	30.86%	28.75%	26.78%	24.92%	23.17%	21.59%	20.31%
5	30.32%	28.43%	26.74%	25.26%	24.04%	23.11%	22.46%
10	29.88%	28.67%	27.57%	26.57%	25.65%	24.83%	24.11%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	96	30	105	152	181	214	232
3	112	22	39	79	102	117	135
5	124	36	18	51	69	71	65
10	111	69	33	1	34	67	97

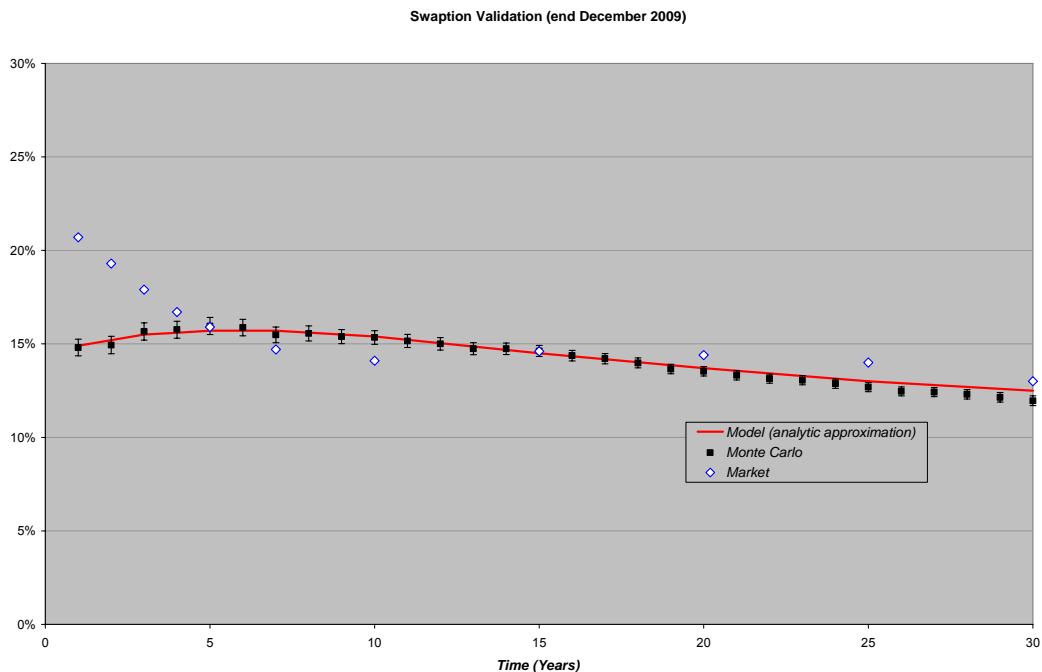
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Swaption implied volatilities



(vii) **Nature of validations of asset model**

The table below shows the discounted value of £1 invested on the valuation date and projected forward t years (t=5, 10, 15, 20) invested in equities and property. For a risk-neutral model, the expected result would be 100%.

t (year from valuation date)		5	10	15	20
Equities	5000 Simulation results	100.2%	100.6%	100.8%	100.9%
	standard error	0.3%	0.7%	1.1%	1.7%
Property	5000 Simulation results	100.0%	100.1%	99.8%	100.0%
	standard error	0.2%	0.3%	0.5%	0.6%

(viii) **Number of projections**

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations.

5,000 projections have been used to calculate realistic liabilities.

(b) **Market costs of hedging - Description of guarantees, options or smoothing**

A small reserve for GMP guarantees on Section 32 Transfer policies is held. This reserve has been calculated as the statutory provision, with an adjustment to allow for future bonuses together with a 15% uplift. These costs have been included in the figures quoted in 6(4)(a)(i).

Note the GMP liabilities are calculated using an annuity vesting rate based on the average duration of liabilities rather than a curve.

The cost of these guarantees are shown below.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Cost of annuity rate guarantees	£m
Base cost of GMP gtee on S32	20
Uplift (15%)	3
Total	23

The duration of all guarantees is shown in the table given in 6.4(a)(vi) (where significant).

(c) Deterministic projections - Description of guarantees, options or smoothing

No guarantees, options or smoothing costs have been valued using this method.

(5) Management Actions

- a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

Projected Equity backing Ratio (EBR)

It is assumed that management will intervene and carry out switches (over and above any market movements) of assets backing asset shares. The aim of this approach is to maximise policyholder returns, whilst managing solvency within acceptable risk levels.

If equity/property performance was poor, solvency would reduce, leading to management action to reduce the exposure to these assets. The model contains limits on the maximum change that can be made per month and has upper and lower Equity Backing Ratio (EBR) bounds.

The EBR dynamic rule within the stochastic model takes into account the projected value of the future guarantees, available capital and asset shares. It then adopts a dynamic hedging approach to determine the EBR for the assets backing the asset share.

If projected asset shares are close to the projected value of the guarantees and the available capital is low, then we are less able to rely on equity/property assets, which leads to a lower EBR. However, if the projected assets shares are significantly in excess of the projected guarantees or if the available capital is high, then there is more scope to invest in equity/property and EBR can increase accordingly.

Regular Bonus Assumptions

The RB rate is set to ensure that a sufficient level of final bonus can be built up whilst also ensuring the RB rate has reasonable long term sustainability.

The stochastic model utilises a dynamic RB algorithm that depends on the projected asset share to projected guaranteed benefit relationship, along with the desired final bonus buffer and investment return assumption. This calculation also allows for a maximum per annum movement in the RB rate.

The RB algorithm has been compared with actual bonus declarations with satisfactory results.

The results produced by the application of this model are shown in 6.5(b)(i).

Guarantee Charges on asset shares

The model uses a 0.7% guarantee charge for UWP life business written with either an RPI or a CPI inflation-protection guarantee, where this guarantee charge is applicable.

There are certain Aviva Life International Ltd bonds which also have a guarantee charge (0.5% p.a. for a 10 year period).

Allocation of non-profit profits to asset share

At the date of the valuation all future profits expected from Non Profits business has been allocated to asset shares. Hence, no future allocation has been included in respect of Non Profits business in the New With-Profits Sub-Fund.

Shareholder Transfers and tax

The model assumes that transfers to shareholders continue at the current proportions of the cost of bonus.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Shareholder transfers and the associated tax are assumed to be charged to asset shares or the estate in line with the PPFM. For shareholder transfer payments arising from Mortgage Endowment Promise and from the special distribution referred to in 6.4.(a)(i), both shareholder transfer and tax will be charged to the estate.

Mortality costs

Mortality profits and losses are passed on to the asset shares in line with the PPFM.

Surrender costs

The current practice of the fund is to target surrender payouts at 100% of Asset Share. Consequently, no future surrender profit or loss is anticipated to emerge.

b) Best estimate of future proportions of assets backing the WPBR.

- The projection allows for future EBR and bonus rate management action as discussed earlier in this document. The results reflect an average of the simulated positions.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**(i) **Projection at risk free rate**UWP Bonus Rates

Product ex CGNU	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.75%	2.80%	3.17%
UWP Life (implicit charged): Units purchased on policies written post 30/09/98	1.75%	2.13%	2.55%
UWP Life (explicit charged)	2.75%	3.08%	3.70%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.25%	3.01%	3.63%
UWP Pension (implicit charged): Units purchased on policies written post 30/09/98	2.25%	3.02%	3.73%
UWP Pension (explicit charged)	3.25%	4.03%	4.42%
UWP Pension (Stakeholder)	2.75%	4.05%	4.48%

Product ex CULAC	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (Direct Written)	2.50%	3.13%	3.49%
UWP Pension (Direct Written)	4.00%	4.24%	4.90%

- Units purchased on Pensions policies before 1 January 1993 have a guaranteed regular bonus rate of 4% pa.

Assets Backing With-Profit Benefits Reserve

The projections below are based on the actual asset share mix as at 31 December 2009:

Asset Class	31/12/2009	31/12/2014	31/12/2019
Equities	38.2%	46.3%	48.3%
Property	20.2%	24.5%	25.6%
Fixed Interest	38.5%	26.4%	23.4%
Cash	3.0%	2.8%	2.8%
Total Assets	100.0%	100.0%	100.0%
EBR	58.5%	70.8%	73.8%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****(ii) Projection at risk free rate plus 17.5%**

UWP Bonus Rates

Product ex CGNU	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.75%	3.23%	3.67%
UWP Life (implicit charged): Units purchased on policies written post 30/09/98	1.75%	2.60%	3.06%
UWP Life (explicit charged)	2.75%	3.56%	4.25%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.25%	3.48%	4.21%
UWP Pension (implicit charged): Units purchased on policies written post 30/09/98	2.25%	3.48%	4.31%
UWP Pension (explicit charged)	3.25%	4.56%	5.03%
UWP Pension (Stakeholder)	2.75%	4.58%	5.09%

Product ex CULAC	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (Direct Written)	2.50%	3.55%	4.00%
UWP Pension (Direct Written)	4.00%	4.41%	5.25%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2009	31/12/2014	31/12/2019
Equity	38.2%	47.1%	48.5%
Property	20.2%	24.9%	25.7%
Fixed Interest	38.5%	25.2%	23.0%
Cash	3.0%	2.8%	2.8%
Total Assets	100.0%	100.0%	100.0%
EBR	58.5%	72.0%	74.2%

(iii) Projection at risk free rate minus 17.5%

UWP Bonus Rates

Product ex CGNU	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.75%	2.39%	2.69%
UWP Life (implicit charged): Units purchased on policies written post 30/09/98	1.75%	1.70%	2.10%
UWP Life (explicit charged)	2.75%	2.59%	3.15%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.25%	2.54%	3.08%
UWP Pension (implicit charged): Units purchased on policies written post 30/09/98	2.25%	2.54%	3.16%
UWP Pension (explicit charged)	3.25%	3.49%	3.80%
UWP Pension (Stakeholder)	2.75%	3.52%	3.85%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Product ex CULAC	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (Direct Written)	2.50%	2.70%	3.00%
UWP Pension (Direct Written)	4.00%	4.12%	4.60%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2009	31/12/2014	31/12/2019
Equity	38.2%	45.1%	47.9%
Property	20.2%	23.9%	25.4%
Fixed Interest	38.5%	28.2%	24.0%
Cash	3.0%	2.8%	2.8%
Total Assets	100.0%	100.0%	100.0%
EBR	58.5%	69.0%	73.3%

(6) Persistency and Mortality Assumptions

The lapse rates assumed in the projection of the asset shares and guaranteed benefits are based on own experience adjusted for anticipated trends. The following table shows the static assumptions, the model incorporates a dynamic overlay to these rates.

ex CGNU		Average surrender / paid-up rate for the			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	14.40%	5.80%	4.40%
CWP target cash endowment	surrender	n/a	14.40%	5.80%	4.40%
UWP savings endowment	surrender	n/a	n/a	n/a	n/a
UWP target cash endowment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	2.85%	12.49%	11.70%	9.5%
UWP bond	automatic withdrawals	100% of current	100% of current	100% of current	100% of current
CWP pension regular premium	PUP	0.00%	0.00%	0.00%	0.00%
CWP pension regular premium	surrender	1.00%	1.00%	1.00%	1.00%
CWP pension single premium	surrender	1.00%	1.00%	1.00%	1.00%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	3.50%	3.50%	3.50%	3.50%
UWP indiv pension single premium	surrender	3.50%	3.50%	3.50%	3.50%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

ex CULAC		Average surrender / paid-up rate for the policy			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	8.0%	5.8%	4.4%
CWP target cash endowment	surrender	n/a	8.0%	5.8%	4.4%
UWP savings endowment	surrender	n/a	n/a	n/a	n/a
UWP target cash endowment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	2.85%	14.80%	10.20%	9.50%
UWP bond	automatic withdrawals	100% of current	100% of current	100% of current	100% of current
CWP pension regular premium	PUP	0.0%	0.0%	0.0%	0.0%
CWP pension regular premium	surrender	1.5%	1.5%	1.5%	1.5%
CWP pension single premium	surrender	1.5%	1.5%	1.5%	1.5%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	1.50%	1.50%	1.50%	1.50%
UWP indiv pension single premium	surrender	1.50%	1.50%	1.50%	1.50%

For UWP business we make no allowance for future premiums, so the PUP rate is not applicable.

UWP endowment business is not modelled as the amount of business is not material.

At no-MVR date:

At the no-MVR date the stochastic model assumes that life UWP bond holders will exercise their option if their policy is in the money.

Mortality Assumptions

Mortality assumptions for the Realistic Balance sheet are generally best-estimate.

Annuitant Mortality

For all immediate annuities and deferred annuities in payment we use the following annuitant mortality basis

	31 December 2009
Males	95.5% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	90% PCFA00 with 75% medium cohort improvement factors, minimum 1.0% pa, applicable from 2005

Guaranteed Annuity Option take-up rate

An initial take-up rate of 81% for ex CGNU and 88% for ex CULAC has been assumed in respect of Guaranteed Annuity options attaching to pensions. The take-up rates increase by 1% every year from 2011 onwards, until an ultimate level of 95% is reached.

A fixed take up rate is assumed irrespective of how in the money the option is.

A maturity age of 65 has been used to determine the value of the Guaranteed Annuity Option

Deferred Annuity with cash option

The ex CGNU SEDA business with a guaranteed cash option is modelled stochastically with a 100% take-up rate in simulations where the cash option is more valuable than the secured annuity amount.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****(7) Policyholder Actions**

Policyholder actions are covered by the static persistency and GAO take-up rates in the previous section, together with a dynamic overlay for certain classes of business. There is dynamic linking of policyholder behaviour in respect of no-MVR, Inflation-protection and 'money-back' guarantees for certain classes of business.

7. Financing Costs

There are no financing costs.

8. Other long-term insurance liabilities

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	61
Conventional Pensions	0	4
UWP Life (incl. Overseas)	0	91
UWP Pensions	0	59
UWP Stakeholder	0	0
Miscellaneous	0	-337
Total	0	-122

Any other liabilities related to treating customers fairly

No liability is held in respect of any other liabilities related to treating customers fairly.

Any other long-term insurance liabilities

The product split gives a breakdown of the £215m held in respect of the future tax due on shareholder transfers and future shareholder transfers in respect of the special distribution, mortgage endowment promise and arising on explicitly charged business.

The following liabilities are held under the miscellaneous category.

£10m is held in respect of future pension transfer review costs.

£9m is held in respect of the funding for the Aviva staff pension scheme deficit.

£13m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

£11m is held to cover compensation costs other than those identified above.

£48m is held to cover the cost of future expenses not charged to asset shares

£10m is included for Mortgage Endowment Promise data provisions,

£24m is included for Mortgage Endowment Legal Risk provision,

£9m is included in respect of expenses relating to solvency 2

A credit of £471m is held in respect of the difference between the present value of charges to be deducted from UWP asset shares on a charges basis compared to the future renewal expenses. This credit implicitly includes an allowance for recovery of initial expenses already incurred on this business.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****9. Realistic current liabilities**

The realistic current liabilities include the following:

- Outstanding claims
- Creditors arising out of direct insurance business
- Amounts owed to credit institutions
- Creditors in relation to current tax liabilities
- Other creditors
- Accruals and deferred income

The realistic current liabilities at 31 December 2009 are £1,283m.

The realistic current liabilities are £56m lower than the regulatory liabilities. This reflects taking partial credit for assumed future income and capital gains for which tax due can be offset against an existing deferred tax asset.

10. Risk Capital Margin

(1)

Fund	RCM (£m)
NWPSF	478.6

(a)

(i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Change in market values
UK Equities	20.0%
OS Equities	22.7%
Property	12.5%

The overseas equity rise is set such that it has the same probability as UK equities rising 20%.

A rise in market values of equity and property is more onerous than a fall in market values.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+78bps	-78bps
long-term yield – level post-stress	5.23%	3.67%
long-term yield - % movement post-stress	+17.5%	-17.5%

For NWPSF, the fall in fixed-interest yield scenario is more onerous.

(iii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
NWPSF	1.31%	-7.00%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

In addition, an allowance for reinsurance default risk was increased from £2.6m to £4.4m in the stress scenario.

No stress has been applied to any other assets in the credit risk scenario.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

- (iv) For the persistency test a 32.5% decrease in lapse rates is tested as this increases the fund's exposure to maturity guarantees.

$$\% \text{ increase in realistic liabilities} = 0.54\%$$

- (v) Not applicable

(b) Management Actions under the stress tests

- (i) The following additional changes in management actions and other assumptions are assumed to be made under the stress tests.

Guaranteed Annuity Options

The initial take-up rate for guaranteed annuity options is assumed to increase from 81% to 86% for ex CGNU and from 88% to 93% for ex CULAC as a result of the fall in fixed interest yields. The take-up rate then increases by 1% every year from 2011 onwards, until an ultimate level of 95% is reached.

- (ii) Table showing the effects of the actions in 10(1)(b)(i):

	Effect of action (£m)
GAO take-up	-5.3
Total	-5.3

- (iii) The same investment management rules governing any change in asset mix of the fund have been used for the projection of assets in the stress tests as in the central scenario.

- (iv) Under the stress tests the guarantee charges are assumed to be unchanged.

(c) Assets backing Risk Capital Margin

- (i) The assets hypothecated to back the risk capital margin are set out in the following table.

Assets backing RCM	£m	%
UK equities	45.1	9.42%
Overseas equities	4.1	0.85%
Land and buildings	3.1	0.65%
Approved fixed interest securities	426.2	89.05%
Other fixed interest securities	0.0	0.00%
All other assets	0.1	0.03%
Total	478.6	100.00%

All assets backing the RCM are within the Reattributed Inherited Estate External Support Account (RIEESA) which forms part of Non-Profit Sub-Fund 1.

- (ii) Not applicable

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****11. Tax****(1) Tax treatment in the with-profits benefit reserves**

Asset shares are credited with net of tax investment returns allowing for actual tax rates.

	2009
	%
Income tax	20
Capital gains tax	20
Franked income tax	-
Withholding tax	15

Capital gain tax is charged or relief credited, on unrealised gains or losses in each period allowing for the probability of the charge or relief materialising in future. The probability is assessed using a stochastic model. For 2009 returns the probability was 50% leading to a notional tax charge/credit of 10%.

(2) Tax treatment in future policy related liabilities

Current tax rates are assumed to continue in the future for all projections.

Corporation Tax	28%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

For asset share projections in the stochastic model, capital gains tax is levied on gains in each future period at 20% in simulations where there are sufficient cumulative indexed gains.

(3) Tax treatment in the realistic current liabilities

In the realistic regime allowance for deferred tax assets is made. The credit in relation to capital losses is reduced to allow for the probability of no future value being obtained for those capital losses. Discounting is applied for deferral of tax on deemed disposals on OEICs and any acquisition expense elements of the tax asset.

In the regulatory regime no allowance is made for deferred tax assets..

12. Derivatives

Security	Value (£m) at 31.12.09
Futures on Bonds - short term trading derivatives	951
Futures on Equities - short term trading derivatives	839
Mortgage Dollar Rolls - with US banks	65
Currency Futures	(14)
Property swaps	(148)
Credit Default swaps	7

The exposure to futures is part of Aviva Life & Pensions UK Limited portfolio management strategy, and the majority of futures expire no later than 31 March 2010. There are some Eurodollar futures which expire no later than 31 December 2010.

The Mortgage Dollar Rolls provide exposure to US Corporate Bonds.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

The Property swaps are used to manage property exposure in the fund

The Fixed interest and Cashflow swaps provide extra exposure to UK Corporate Bonds.

13. Analysis of working capital

	£m
Working capital at 01/10/2009	0
Investment return on opening working capital	0
Profits on assets backing liabilities	87
Economic assumption changes	-50
Non-economic assumption changes	-16
Policyholder action assumption changes	0
Other experience variances	-11
Impact of new business	-1
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	28
Miscellaneous liabilities	3
Special distribution	0
Transfer to RIEESA	-40
Working capital at 31/12/2009	0

Notes:

1. The profits on assets backing liabilities includes the release of time value in guarantees, the impacts of assets backing guarantee costs increasing by more than the cost of the guarantees and unwind of the discount rate used for calculating guarantee costs. There is also a positive impact from assets backing non-profit liabilities increasing by more than the liabilities
2. The economic assumption impact is mainly driven by changes to asset mix increasing the equity content of asset shares, a reduction to rate used to value non-profit profits reflecting reduced credit spreads and an increase to stochastic uplift applied to BRVs. A reduction to equity volatility assumptions partially offsets the reduction in working capital.
3. The non-economic assumption changes is the impact of declared bonus rates at 31/12/2009 being different from those assumed in the stochastic model.
4. There have been no changes to policyholder action assumption changes.
5. Experience variances include the impact of premiums, claims, and expenses.
6. Impact of new business written in Q4 of 2009 is negligible.
7. Modelling changes and opening adjustments include
 - Restate to the cost of eliminating 2008 and 2009 new business subsidy
 - Developments to the dynamic regular bonus rate rules in the stochastic model
8. Note that the change in other liabilities from Form 19 line 47 is included in the analysis above.
9. The change in working capital arising purely from the change in Form 19 line 51 cannot be quantified.
10. The opening working capital reflects the opening position of the New With-Profits Sub-Fund following creation as a result of the transfer of business from CGNU Life assurance Limited, Commercial Union Life Assurance Company Limited and Norwich Union Life (RBS) Limited to Aviva UK Life & Pensions Ltd.
11. The resulting surplus is transferred from the New With-Profits Sub-Fund to the RIEESA as a repayment of the contingent loan made to the sub-fund as part of the fund reattribution.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

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

- (1) The **valuation date** is 31 December 2009.
- (2) This is the first valuation for this fund. The fund was one of the funds created on 1 October 2009 from the fund transfer and estate reattribution of the with-profit funds of CGNU Life Assurance Limited (CGNU), Commercial Union Life Assurance Company Limited (CULAC) and Norwich Union Life (RBS) Limited.

The date of the previous valuation for CGNU and CULAC was 31 December 2008.

- (3) An interim valuation for CGNU and CULAC was carried out with an effective date of 30 June 2009 for the purposes of rule 9.3A.

2. Assets**(1) Economic assumptions for valuation of non-profit business**

The economic assumptions used to value future profits on non-profits business are as follows

	2009	2008
Gross investment return <ul style="list-style-type: none"> • Annuities • Other non-profit business 	Risk free rate plus 0.5% p.a. Risk free rate	Not applicable
Discount rate	Investment return plus 0.5% p.a.	Not applicable
Expense inflation	3.32%	Not applicable
Tax rates	20%	Not applicable

- The gross investment return used is derived from the yield on matching assets less an allowance for risk. For annuities the matching assets include some non-gilt fixed interest securities. For other business, the matching assets are entirely gilts
- The risk free rates used are the same as the rates used to determine guarantee costs, and shown in section 6(4)(a)(ii) below
- The additional 0.5% per annum in the discount rate provides an allowance for risk and uncertainty, and to give a margin to allow for the cost of any non-financial guarantees
- The value of future profits on non-profit business includes the release of the LTICR in respect of non-profit business. In assessing this release an approximate allowance is made for tax and investment expenses.
- There are no equivalent assumptions for the previous financial year as this is the first valuation for this fund.

(2) Not applicable

(3) Not applicable

(4) Not applicable

(5) Not applicable

3. With-Profits Benefits Reserve Liabilities

- (1) There are four main methods used to calculate the with-profits benefits reserve.

- Asset share (individual) (retrospective)
- Asset share (group) (retrospective)
- Bonus Reserve Valuation (prospective)
- Regulatory Reserve (prospective)

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

The majority of the with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM.

Where asset shares are not currently calculated, or where they are unreliable as a starting point for deriving future bonuses, then either bonus reserve valuations (BRV) or regulatory reserves are used. BRVs are the discounted value of future expected benefits, premium and expenses allowing for best estimate future lapse and mortality assumptions. BRVs are used for the following classes of business:

- Conventional paid up policies (PUP).
- Conventional Whole Life policies.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

At 31 December 2009

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		129	663
Asset Share (individual)	476		
BRV	55		
Regulatory Reserve	3		
Conventional Pensions		41	148
Asset Share (individual)	50		
BRV	44		
Regulatory Reserve	13		
UWP Life (inc. Overseas)		155	1,400
Asset Share (individual)	1,241		
Regulatory Reserve	4		
UWP Pensions (inc. Overseas)		68	548
Asset Share (individual)	449		
Asset Share (group)	24		
Regulatory Reserve	7		
UWP Stakeholder		4	102
Asset Share (individual)	98		
Regulatory Reserve			
Miscellaneous Other	-1	-54	-55
Total	2,463	343	2,806

The BRV figure of £55m for conventional life relates mainly to the WPBR for the whole life policies, which are now entirely BRV. The remaining £1m of this figure relates to the BRV used for endowment PUP policies.

Asset shares for all stakeholder business and all UWP business sold from 1 October 2001 are calculated using policy charges rather than actual expenses. All other asset shares are charged actual expenses.

Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date. Low cost whole life policies also provide a minimum death benefit over a pre-specified term. The whole-life with-profits benefit reserve is £56m. Conventional new business is not now actively sold. Reinsurance of endowment business from PM has increased the asset share of Conventional Life by £20m.

Conventional pensions provide a guaranteed basic sum assured at maturity plus accrued regular bonuses, plus any final bonus due. Conventional pensions consist of individual and group pensions that provide either for cash or for annuity at retirement. Cash schemes usually have a guaranteed minimum annuity payable at retirement. Annuity schemes usually have a guaranteed minimum cash value at

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

retirement. Conventional pensions are not now actively sold. £2m worth of the conventional Red Plan liability uses a discounted benefit basis (BRV).

Conventional pensions also includes single premium with-profit annuity business which provides a level of income equal to a basic amount, plus accrued regular bonus, plus a discretionary top-up bonus. Customers can also select a future anticipated level of regular bonus. This increases the initial annuity amount payable, but the annuity amount reduces by the anticipated amount each year such that the total annuity payable would be level if the actual regular bonus rate equalled the anticipated rate. There is also a guaranteed minimum annuity amount attaching to this contract. With-profit annuity new business is now written by Aviva Life & Pensions UK Limited With-Profits Sub-fund.

UWP Life mainly consists of unitised bonds with £19m of unitised endowments. UWP units increase in value at the declared regular bonus rates and cannot reduce at the contractual maturity dates or at contract-specific no-MVR dates. There are no contractual no-MVR dates on ex CULAC Bonds. Any final bonus due is added at policy exit. The value on exit can be subject to an MVR if exit is not at one of the contractual no-MVR dates. UWP units purchased prior to 1 February 1994 have a guaranteed minimum regular bonus rate of 3% p.a.

On Portfolio Bonds purchased since 30 January 2006 a guarantee on premiums exists amounting to the premiums invested plus RPI growth to the encashment date, if encashment is at least five years after purchase.

Here follows a table of the various no-MVR spot rate guarantees that apply to Aviva Life & Pensions UK Limited written UWP bonds.

UWP Life Bonds	Date Sold	No-MVR Anniversary
GA investment Bond	1990-93	None
GA Portfolio Bond	16/3/93-1/10/98	None
CGU Portfolio Bond	1/10/98-2/10/2000	No MVR on 10 th 15 th 20 th etc
NU Portfolio Bond, Flexibond, Bond 2000	2/10/2000-24/6/01	No MVR on 10 th 15 th 20 th etc
NU Portfolio Bond, Flexibond, Bond 2000	25/6/01-16/1/02	No MVR on 10 th
NU Portfolio Bond, Flexibond, Bond 2000	16/1/02- 2/7/03	Money back on 10 th
NU Portfolio	3/7/03 – 8/2/04	Money back on 10 th
NU Portfolio	9/2/04 onwards	Money back on 5 th
NU Portfolio (with RPI Guarantee)	30/1/2006-26/04/08	RPI any point on or after 5 th
Aviva Life International Ltd RPI Bond	30/1/2006-30/04/09	RPI any point on or after 5 th
NU Portfolio (with CPI Guarantee)	27/4/2008-30/04/09	CPI any point on or after 5 th
Aviva With Profit Guarantee Fund	30/11/2009 onwards	Money back on 5 th

There is also the guarantee that MVRs will not apply on any automatic partial withdrawals selected from outset (subject to certain limits).

UWP Pensions consists mainly of individual and Group personal pensions and pension single premium bonds. As for UWP Life, UWP units increase in value at the declared regular bonus rates and cannot reduce on death, at the selected retirement date and at age 75. Any final bonus due is added at policy exit. The value on exit can be subject to an MVR if not at the selected retirement date. No-MVR guarantees apply at the selected retirement date and at age 75. Ex CGNU UWP units purchased prior to 22 January 1996 have a guaranteed minimum regular bonus rate of 4%. Ex CULAC UWP pension units purchased up to 31 December 1992 have a minimum guaranteed regular bonus of 4% p.a.

UWP Stakeholder policies have charges capped at 1% p.a. The 1% charge is taken through unit cancellation. A no-MVR guarantee applies at the selected retirement age and at age 75.

UWP Overseas business consists of single premium bonds and regular and single premium pensions business sold in Ireland, Germany and France. The WPBR for French branch business (£30m) is Asset Share, whilst German (£2m) and Irish pensions (£3m) have a regulatory reserve.

The future policy related liabilities are based on market-consistent stochastic projections of the guaranteed benefits and asset shares. Calculations are carried out at product class level split by entry year and maturity year with projections allowing for assumed future persistency levels.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

'Miscellaneous other' consists of reserves held to cover other liabilities of the fund that cannot be assigned to certain product types such as Pension transfer review reserves and reserves for future development and audit fees and global adjustments. This category also includes charges that will accrue to the estate from charge-based contracts. These charges exceed the sum of other liabilities included in this category by £54m.

- (2) Not applicable
 (3) See (1)
 (4) See (1)

4. With-profits benefits reserve – Retrospective method**(1) Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	94
Asset Share (grouped)	1
BRV	4
Regulatory Reserve	1
Miscellaneous Other	0
Total	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

The asset shares calculated on a grouped basis relate to two UWP pension contracts (Sterling Group plan – UWP and Deposit Admin variants). The asset shares are grouped as follows:

- Product
- Bid Value of Units by year of unit purchase

Factors have then been applied to each of these groupings based on asset share to BVU ratios for sample model points. Sample model points are representative of the policies within each group allowing for factors such as average premium size and age.

(2) Changes in valuation method

- (a) There have been no significant changes have been made to the valuation method.
 (b) Not applicable.

(3) Allocation of expenses

- (a) See (b)
 (b) UKLS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.
 (c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission. Broadly, some policies are charged sales and administration expenses incurred by the fund, some follow this approach but have the overall charge capped, and a third group has defined charges.

Other expenses, or the difference between the expense and the charge to asset share, fall to the estate.

	2009			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	0.5	0.5	0	1
Renewal expenses and commission	5	-1	0	4
Shareholder Transfers	2	4	0	6

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**
Global business
Financial year ended **31 December 2009**

The above table approximately splits out the expenses incurred over Oct-Dec 2009.

Non-profit expenses are expenses relating to non-profit business within the fund. For Unitised asset shares calculated on a charge basis, the expenses charged to asset shares are the relevant charges on policies. This will include additional allocation percentages as applicable, so that, for example, any excess allocation percentage above 100% of premium will give rise to negative expenses charged to the asset share in the table above.

Expenses charged to the with-profit funds

From 01/01/2009 a new Management Services agreement (MSA) is in place whereby per policy (annual) and per fund charges are made. The per fund charge is allowed for by using an estimate of the policies in force in a given year, by MSA category, and by fund. Changes in policy counts over the year will be monitored, and this will be amended to reflect the actual policy counts retrospectively.

For policies that have migrated on to the outsourced platform “Alpha”, an additional per policy charge will apply. Furthermore, there is a trail fixed charge p.a. for the years 2009-2012.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers and are reviewed on at least an annual basis.

Commission and sales related expenses are also charged to the with-profits funds. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

The with-profit funds also incur other non policy-related expenses such as for development expenses, audit fees and mis-selling expenses. These are charged to the with-profit fund as laid out in each fund’s PPFM.

Total expenses to each fund are reported and reviewed on a monthly basis.

Shareholder transfers are charged to the with-profits funds. Most conventional business is written on a 90/10 basis with transfers equal to 1/9th of the cost of bonus. Most UWP business written by Aviva Life & Pensions UK Limited is written on a 90/10 basis, some more recent single premium bond new business has been written on a 91/9 and 92/8 basis.

Expenses charged to the with-profits benefit reserves

The total expenses charged to with-profits benefit reserves over October-December 2009 are approximately £5m with an additional £2m of shareholder transfers charged. The majority of this relates to renewal expenses, most new business is UWP business sold on a charges basis with the majority of the charges being the annual management charge which is charged to asset shares over the life time of the policy.

Deductions are made to the asset shares in respect of expenses and commission and shareholder transfers. The difference between expenses, commission and shareholder transfers incurred and charges made are a credit to or deduction from the estate.

Sales and policy administration expenses are charged to asset shares in three main ways:

- Actual expenses incurred
- Actual expenses incurred, subject to an overall cap
- Policy charges applied

Actual expenses apply to the following product groups:

- Ex CGNU Life conventional business
- Ex CULAC UWP business (excluding £428m of individual personal pensions from their 2009 migration dates)
- Ex CGNU Life UWP written implicit charge business sold prior to 1 October 2001 (implicit charge refers to bonuses being net of expenses)

In addition, all UWP Personal Pensions issued prior to 1 December 2000 have the deductions made in respect of expenses capped at 1% p.a. as part of the ‘stakeholder promise’.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Asset shares are currently charged 100% of the MSA agreement. They are also charged the management investment fee and any custody fees. Any initial or renewal commission is deducted from the asset share. Shareholder transfers are also charged to the asset share.

Policy charges are applied to the following product groups:

- Ex CGNU Life written UWP implicit charge business sold 1 October 2001 onwards (implicit charge refers to bonuses being net of expenses)
- Ex CGNU Life UWP explicit charge business (2000 onwards individual pensions, stakeholder pensions and explicitly charged bonds; explicit charge bonuses are gross of expenses)
- Ex CULAC written UWP explicit charge individual pensions (from the 2009 migration date)

Expenses not charged to the with-profits benefits reserve

For ex CGNU UWP explicit charge business the difference between the actual expenses charged to the fund and the charges taken from the asset shares are accrued to the estate.

Any expenses on UWP Pensions business in excess of the stakeholder promise 1% cap is charged to the estate.

Additional tax on shareholder transfers for Aviva Life & Pensions UK Limited business is charged to the estate.

All development, regulatory and audit fees are not currently charged to asset shares, although this is reviewable in line with statements in the PPFMs.

(4) Guarantee Charges

Inflation protection bonds introduced in 2007 have a guarantee charge of 0.7% p.a. for a 10 year period.

The With Profit Guaranteed Fund introduced in 2009 has a charge of 0.7% p.a. for a 5 year period.

There are certain Aviva Life International Ltd bonds which also have a guarantee charge (0.5% p.a. for a 10 year period).

The total charge made over October-December 2009 was £0.5m.

(5) Non-Insurance Risk Charges

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

(6) Claims ratios

Product Type	2009
Conventional Life	96%
Conventional Pensions	150%
UWP Life	101%
UWP Pensions	98%
UWP Stakeholder	103%

These are estimates of claim amounts relative to asset share for the period October to December 2009.

The figures above are estimates based on actual maturity and surrender payouts.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

(7) Gross investment return allocated to WPBR

Gross returns allocated to asset shares in ex CGNU and ex CULAC With-Profits Funds over January – September 2009 were 5.59%.

Gross returns allocated to asset shares in the OWPSF over October – December 2009 were 3.45%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Asset shares for the OWPSF are credited investment returns based on the combined assets backing the asset shares of the fund. The rates quoted above apply to all policies.

A return of 3.45% was also used in respect of business reinsured from Provident Mutual Sub-Fund into the OWPSF.

5. With-profits benefits reserve – Prospective method**(1) Prospective assumptions**

Bonus reserve valuation (BRV) is used for 4% (£99m) of the with-profit benefits reserve. A high proportion of the with-profit benefit reserve is in respect of conventional whole life policies (2%).

The prospective assumptions are as follows:

(a) Economic Assumptions

Future earned rate: ex CGNU Whole Life	3.74%
Future earned rate: ex CULAC Whole Life	3.54%
Future earned rate: Pensions	4.10%
Discount rate (benefits): ex CGNU Whole Life	3.74%
Discount rate (benefits): ex CULAC Whole Life	3.54%
Discount rate (premium, expenses): ex CGNU Whole Life	3.56%
Discount rate (premium, expenses): ex CULAC Whole Life	3.47%
Discount rate: Pensions	4.10%
Expense Inflation:	3.32%

The future earned rates used (net rates for life products), are consistent with the rates used in the discounting to obtain a risk-neutral estimate of future cashflows.

(b) Investment returns and risk adjustments

The earned rate used is equal to the risk free rate for all asset classes, with no risk adjustment. These rates are shown in the table above.

(c) Expense inflation

Per-policy expenses inflate each calendar at retail price index.

(d) Future Assumed Regular Bonus Rates

ex CGNU Whole Life bonus series	SA	Bonus
Series 6	0.50%	2.00%
Series 5	3.5% Simple	
Series 4	2.70% Compound	
Series 3	3.35% Simple	
ex CULAC Product Class		
Conventional Whole Life	0%	1.5%
Conventional Pension	0%	0%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

(e) Future Expense Assumptions

Product Class	Renewal Expenses 2010 £m
Conventional Whole Life	£11.87
ex CGNU Conventional Individual Pension	£80.51
ex CGNU Conventional Group Pension	£54.80
ex PBF Individual Deferred Annuity	£36.53
ex CULAC Conventional Pension	£33.39

(f) Future Assumed Lapse Rates

Product Class	Policy Duration								
	%	1	2	3	4	5	6	7	8+
Conventional Whole Life	4	4	3	3	3	2	2	2	2
Conventional Pension	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

(g) Future mortality assumptions

Conventional whole life: 127%AMN00 Sel1/127%AFN00 Sel1.

Conventional pensions: 100%AMN00 Sel1/100%AFN00 Sel1

(2) **Regulatory Reserves**

Regulatory Reserves cover 1% of the with-profit benefits reserve. The classes of business covered by this include CWP pensions, UWP German and Irish Pensions business, and other miscellaneous business. The methodology for the calculation of these reserves is described in Appendix 9.4.

6. Costs of guarantees, options and smoothing

(1) Not applicable

(2)

(a) The calculation of the cost of guarantees, options and smoothing and the cost of the mortgage promise has been performed using a stochastic model with a few exceptions.

The cost of section 32 guaranteed minimum pensions and a relatively small proportion of the cost of guaranteed annuity options have been valued using a market value replication technique – this is described in section 6(4)(b).

A description of the stochastic model is given below.

(b) **Grouping Basis**

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions)
- Life Endowment contracts are grouped by original term, outstanding term and also by eligibility to endowment promise.
- Conventional Pensions are grouped by premium type, original term, premium term and outstanding term.

For unitised with-profit business:

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

- Product class (e.g. life bonds, individual pensions, stakeholder pensions, trustee investment plans)
- Life Bonds are split by bonus series, age band, entry year and quarter, joint life status, and lapse class. Individual Pensions are grouped by age band, original term, outstanding term, bonus series and by paid up status. Five year age bands are used from age 45 to 95, and females are allowed for by making a 4 year age deduction.
- Stakeholder/Stakeholder Friendly Pensions are grouped by original term, outstanding term, premium escalation rate, paid up status and by split of surplus between policyholders and shareholders (e.g. 90/10 versus 100/0)
- Trustee investment plans are grouped by entry year, bonus series and frequency of regular withdrawals.
- Group Deferred Annuities are grouped by age at entry, sex, GAO rate and escalation rate.

For NWPSF and OWPSF combined, we have grouped approximately 1.2 million individual model points into 13,800 grouped model points.

Validations

The total grouped policy benefit data is reconciled back to the individual policy benefit data. The aggregate asset shares are reconciled to the totals in Form 19. We also undertake a comparison of the grouped model points run on a deterministic basis within the stochastic model to the ungrouped data run through the embedded value model.

- (c) The stochastic model directly models over 88% of with profit business (as measured by asset share). Residual business, together with any associated guarantees, are modelled by scaling similar directly modelled business.
- (3) Not applicable. This is the first valuation for this fund.

(4) Description of guarantees, options or smoothing being valued**(a) Stochastic Model - Description of guarantees, options or smoothing**

- (i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

Product Class	Planned Enhancements to WPBR	Planned Deductions to WPBR for Guarantee costs	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Cost of Financial Options	Smoothing costs
Conventional life	15	0	0	101	0	0
Conventional Pensions	3	0	0	24	13	0
UWP life (incl. Overseas)	36	12	0	122	0	0
UWP Pensions	13	0	0	41	0	0
UWP Stakeholder	0	0	0	4	0	0
Misc	0	0	1	0	0	-12

Planned Enhancements to WPBR

The Company announced its intention to make an enhancement to policyholder benefits from the free reserves of the fund (known as the Special Distribution). The Special Distribution is to be made in three tranches over 2008, 2009 and 2010. The realistic liability for planned enhancements to WPBR is in respect of the third tranche.

For UWP Life, the cost of an additional 0.5% p.a. regular bonus on Loyalty Fund units is also included.

Planned Deductions to WPBR for Guarantee costs

This amount represents expected charges for guarantees on RPI-linked and CPI-linked UWP life contracts sold during 2007, 2008 and 2009.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Planned Deductions to WPBR for Other costs

There is also an allowance for a charge in respect of expenses incurred in the migration of business to the Admin Re platform, which is expected to be charged to Asset Shares.

Contractual Guarantee Costs

In addition to the figures in the table below there is £3.5m of contractual Guarantee Costs relating to Section 32 Guaranteed Minimum Pension costs, which are valued using a non-stochastic method (see 6(4) (b))

To assess the extent to which guarantees or options are in or out of the money we have compared the stochastic cost included in Form 19 against the cost on the deterministic 'central-estimate' basis using the risk-free rate.

Conventional Life

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Stochastic Reserve	£32m
Central Estimate	£6m
Option value	81%

The option value is the proportion of the total stochastic cost that exceeds the central-estimate cost. Conventional Life guarantees remain largely out of the money

Mortgage Endowment Promise

Stochastic Reserve	£69m
Central Estimate	£73m
Option value	-6%

This represents the cost of the mortgage endowment promise from conventional endowments. The amount reserved for is the difference between the mortgage amount and policy payout if returns on the fund after tax are 6% or more, from the end of 1999 to the maturity date of the policy, or the amount as communicated to policyholders in other circumstances.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

The payment of promise amounts also gives rise to additional transfers to shareholders.

The option value is negative as in some scenarios very good returns will mean we don't need to pay the full promise amount.

Conventional Pensions

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection. The costs of providing for any guaranteed annuity options is covered under the cost of financial options, although the cost of providing deferred annuities is included here.

Stochastic Reserve	£24m
Central Estimate	£20m
Option value	16%

Conventional pension guarantees are largely in the money.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**UWP life

This represents

- the cost of the payouts exceeding 100% of asset share due to no-MVR guarantee under the stochastic projection;
- the cost of the single premium increased with inflation exceeding 100% of asset share for inflation protected bonds in line with the product terms; and
- the cost of other guarantees on death, partial withdrawal and maturity exceeding 100% of asset share.

Type of guarantee	No-MVR Guarantee on Bond surrenders	RPI or CPI Guarantee on Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£43m	£70m	£9m
Central Estimate	£40m	£33m	£3m
Option value	6%	53%	66%

The no-MVR guarantees are particularly in the money for the relatively large volume of policies taken out in the period from 1998 to 2001.

The RPI and CPI guarantees have significant time value due to stock market performance since the inception date of these policies.

UWP pensions

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection

Stochastic Reserve	£38m
Central Estimate	£14m
Option value	62%

UWP Pension guarantees are still somewhat out of the money.

UWP Stakeholder pensions

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

Stochastic Reserve	£4m
Central Estimate	£0m
Option value	99%

Stakeholder pension guarantees are virtually all out of the money

Costs of Financial Options

This represents the cost of the guaranteed annuity option (GAO) attaching to conventional deferred cash pensions. Contracts provide for a basic cash amount plus accrued regular bonus and a final bonus. The policyholder then has the option to take this cash amount or to convert this into income at guaranteed rates written into the policy conditions.

	CWP GAO	UWP GAO
Stochastic Reserve	£11m	£1m
Central Estimate	£10m	£1m
Option value	8%	4%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Guaranteed annuity options are very deeply in the money.

A small reserve is also held for cash options on deferred annuities. For these, the policyholder has the option to take the defined deferred annuity benefit or convert this into cash at guaranteed rates written into the policy conditions.

	CWP Cash Option
Stochastic Reserve	£1m
Central Estimate	£0m
Option value	100%

These guaranteed cash options are almost completely out of the money.

Smoothing Costs

The amount reported is designed to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date, consistent with statements in the PPFM for both NWPSF and OWPSF.

(ii) Description of the asset model

The distribution was calculated using the following assumptions:

Risk-free rate:

- The Risk-free rate curve used in the model is shown below:

Outstanding term	Risk free annualised spot rate (%) – 2009	Risk free annualised spot rate (%) – 2008
1	0.97%	1.21%
2	1.60%	1.87%
3	2.19%	2.31%
4	2.70%	2.63%
5	3.12%	2.87%
6	3.47%	3.06%
7	3.75%	3.21%
8	3.98%	3.35%
9	4.18%	3.47%
10	4.35%	3.58%
12	4.60%	3.81%
15	4.80%	4.13%
20	4.86%	4.33%
25	4.78%	4.07%
30	4.69%	3.91%

- The discount rate was set equal to the risk-free rate as above.
- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Derivation of risk-free rate curve:

Typically market instruments can be used to demonstrate that gilt yields are lower than would be expected for a risk free instrument, and that this is down to extra return that can be earned from gilts from repo activity (or for other reasons).

Therefore the risk free rate is based on government bonds + 10bp, consistent with the approach used at 31 December 2008.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Interest Rate Model

A monthly Libor Market Model (LMM) is used.

The LMM has good analytical approximations to swaption prices and bond prices. The LMM provides a better fit across the swaption volatility surface than other models and also offers superior martingale performance.

The LMM is a two factor log-normal model. It offers a rich universe of future yield curve shapes and it guarantees non negative interest rates.

Real interest rates are modelled using a 2-factor Vasicek model.

The Vasicek model is one of the simplest interest rate models. The model has been extended to two stochastic factors – this allows a richer universe of possible yield curve shapes and allows a degree of de-correlation between different parts of the yield curve. Under the Vasicek model it is possible to obtain negative interest rates. Unlike the nominal case, this is not a problem for real interest rates as it is possible to observe negative real rates in practice.

The inflation assumption is derived from the difference in modelled nominal and real interest rates.

Note for business where guarantees are linked to the movement in the Consumer Prices Index (CPI) the inflation assumption is as above less 0.7% per annum to reflect historically inflation has been lower on this measure than that derived from the Retail Prices Index (RPI).

Equity Model

Equity volatility is calibrated to equity implied volatility. The approach to calibration is to capture the volatility of the longest available option term

Exchange traded options generally only trade up to two year terms. However, this is not a very good proxy for the long term guarantees embedded in insurance contracts. Longer terms are available OTC from investment banks - the longest term available is usually 10 years. This data is collected from a panel of investment banks.

The equity model is for the excess return process. That is, the element of return in excess of cash.

A Local volatility model is used. The local volatility model allows the volatility to vary by term and strike. This allows the full implied volatility surface to be captured. The following sample UK equity volatilities have been produced from the ESG model:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	31.54%	29.40%	26.92%	24.41%	22.10%	20.42%	19.26%
3	29.74%	28.54%	27.18%	25.71%	24.19%	22.75%	21.65%
5	29.08%	28.07%	26.93%	25.77%	24.73%	23.82%	23.11%
10	28.77%	27.98%	27.25%	26.58%	26.00%	25.50%	25.09%
15	29.03%	28.48%	27.98%	27.54%	27.17%	26.88%	26.65%
20	29.26%	28.76%	28.36%	28.04%	27.76%	27.52%	27.31%

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using our best estimate assumptions as there are no meaningful option prices. The best estimate is 15%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Correlations

Correlations are controlled in two ways. For equity markets, correlations are defined by the exposures to common elements of the factor model. For other assets, correlations can be defined between the stochastic shocks to the returns. Shock correlations are not equivalent to return correlations. However, shock correlations can be used to target a particular return correlation.

Correlations between asset returns are targeted to best estimate assumptions. These targets have been derived by considering historical behaviour.

The target correlations used within the ESG are displayed below:

Equity Return Vs	Target
Property Returns	20%
Bond Returns	16%
Index-linked bond returns	15%
Short rate changes	-22%

Correlations between asset classes are not constant within the model and will differ from the above, but the above targets represent the level of correlation which the parameters of the model are chosen to reproduce in the long term

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****(iii) Option prices from asset model**

		0.75				1				1.5			
<i>n</i>	<i>Duration (n)</i>	5	15	25	35	5	15	25	35	5	15	25	35
<i>r</i>	<i>Annualised compound equivalent of the risk free rate assumed for the period (r)</i>	3.13%	4.80%	4.79%	4.60%	x	x	x	x	x	x	x	x
1	<i>Risk-Free Zero Coupon Bond</i>	857,322	494,636	310,723	207,109	x	x	x	x	x	x	x	x
2	<i>FTSE All Share Index (p=1)</i>	115,600	254,749	351,114	426,101	226,639	404,984	524,588	615,531	569,346	768,697	914,143	1,025,756
3	<i>FTSE All Share Index (p=0.8)</i>	107,258	203,232	254,807	286,105	211,463	324,199	380,890	414,399	532,533	619,600	668,676	695,157
4	<i>Property (p=1)</i>	30,198	114,467	189,585	263,642	131,811	250,834	349,928	438,265	522,380	622,358	738,196	838,335
5	<i>Property (p=0.8)</i>	25,116	74,504	110,323	144,720	115,406	174,856	215,996	253,316	481,392	466,745	491,341	514,934
6	<i>15yr Risk-Free ZCBs (p=1)</i>	19,225	28,634	22,624	35,192	92,277	96,994	97,590	147,170	499,911	500,566	507,679	548,199
7	<i>15yr Risk-Free ZCBs (p=0.8)</i>	16,074	16,178	9,052	8,214	78,848	53,253	29,631	31,294	455,298	311,794	229,185	215,402
8	<i>15yr Corporate Bonds (p=1)</i>	21,527	34,825	33,306	51,350	99,322	113,647	120,017	164,433	500,454	500,840	511,258	555,147
9	<i>15yr Corporate Bonds (p=0.8)</i>	18,057	19,518	12,555	13,062	85,382	64,615	43,224	46,690	456,436	320,943	243,772	230,552
10	<i>Portfolio 1 (p=1)</i>	61,363	166,524	253,543	325,103	161,900	305,098	413,182	499,889	526,714	663,748	791,351	897,334
11	<i>Portfolio 1 (p=0.8)</i>	54,893	122,936	169,080	201,700	146,938	229,347	280,313	314,587	487,067	513,881	550,886	575,634
12	<i>Portfolio 2 (p=1)</i>	58,391	150,650	226,225	290,609	155,831	279,340	373,274	452,712	520,863	629,823	737,085	832,979
13	<i>Portfolio 2 (p=0.8)</i>	51,954	109,343	148,749	176,928	141,525	209,125	250,794	280,925	480,678	481,071	503,247	524,445
14	<i>Portfolio 3 (p=1)</i>	25,534	79,145	135,513	190,501	110,450	193,655	268,704	338,777	504,417	554,979	632,407	713,529
15	<i>Portfolio 3 (p=0.8)</i>	21,290	48,140	73,671	96,403	96,263	128,404	156,569	182,061	461,488	397,419	395,858	407,264
16	<i>Sterling Receiver Swaptions</i>	4.75%	6.91%	5.84%	4.13%	6.17%	8.48%	6.97%	4.85%	7.48%	9.71%	7.81%	5.36%
		<i>Swap Duration = 15 years</i>				<i>Swap Duration = 20 years</i>				<i>Swap Duration = 25 years</i>			

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due *n* years after the valuation date.Rows 2 to 15 inclusive were completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable *n* years after the valuation date with strike price of $K * £1,000,000 * (1+r*p)^n$.

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds should be assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable *n* years after the valuation date with swap durations on exercise of *L* years. The values are expressed as a percentage of nominal.

The property put options are assumed to relate to a well diversified portfolio of UK commercial property.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

A zero trend growth in property prices is assumed where this is relevant.

In each case the options should be valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax should be ignored in all calculations.

All options should be assumed to be European-style.

Commentary on the results:

This is a combined table for 6(4)(a)(iii) and 6(4)(b)(iii).

Our maturity value, no-MVR and IPG guarantees that are priced through this process have a discounted mean term of around 9 years. Results produced for guarantees longer than 20 years are of less relevance.

For Guaranteed Annuity Options our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

(iv) Initial Equity and Property Rental Yields

For UK, the initial equity yield is 3.44% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****(vi) Duration of significant guarantees**

The following tables show the durations of significant guarantees and promises for the with-profits funds. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

Duration of guarantees

	Duration (yrs)	%																
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+	
Conventional Life																		
Base guarantee	7.7	1	3	5	9	9	9	10	9	8	6	6	8	8	5	1	1	100
Mortgage promise	8.9	0	1	3	3	4	6	10	13	13	12	7	8	9	7	2	1	100
Conventional Pensions																		
Base guarantee	10.7	8	3	3	4	5	3	4	5	6	5	5	5	6	6	5	28	-
GAR option	12.5	2	5	5	4	6	6	6	3	3	3	3	7	3	3	3	39	100
Unitised Life																		
Partial surrender	7.9	12	9	9	8	7	7	6	5	4	4	3	3	3	2	2	17	100
No-MVR (surrender)	0.8	67	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100
Money-back (surrender)	6.9	-	0	6	5	11	14	2	27	24	12	-	-	-	-	-	-	100
Inflation protected (surrender)	9.8	-	1	4	8	10	10	9	8	7	6	5	5	4	3	3	17	100
Unitised Pensions excl Stk																		
Base guarantee	14.6	1	3	0	3	4	3	0	10	0	4	6	5	-	11	0	49	100
GAR option	10.6	5	1	1	6	1	9	-	2	9	3	2	4	10	21	14	10	100
Stakeholder																		
Base guarantee	13.5	0	3	-	-	14	-	0	15	-	-	14	-	-	15	-	39	100

Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

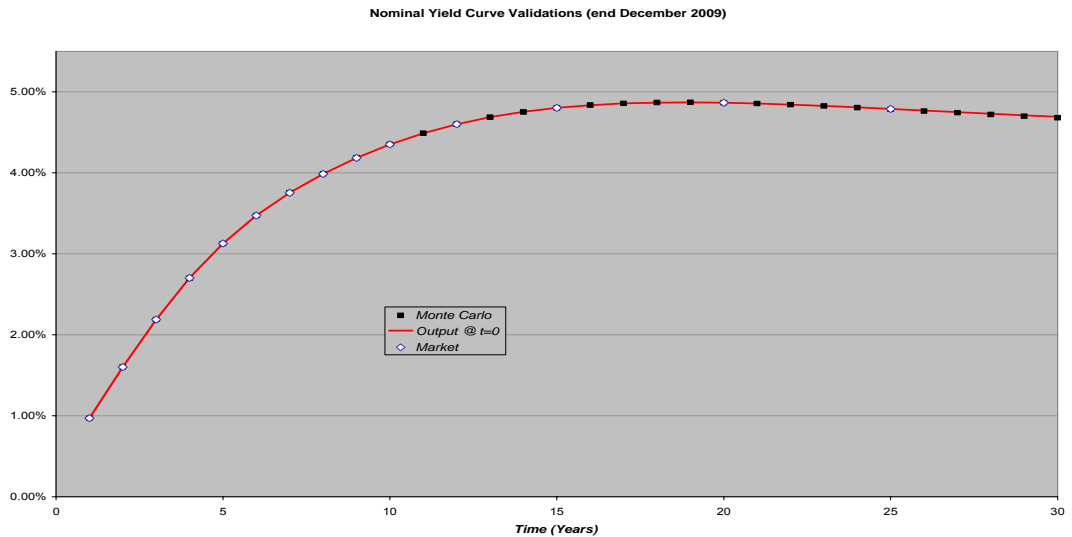
Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

The following illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validation



Market implied volatilities:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	32.50%	29.10%	25.88%	22.89%	20.29%	18.28%	16.95%
3	30.86%	28.75%	26.78%	24.92%	23.17%	21.59%	20.31%
5	30.32%	28.43%	26.74%	25.26%	24.04%	23.11%	22.46%
10	29.88%	28.67%	27.57%	26.57%	25.65%	24.83%	24.11%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	96	30	105	152	181	214	232
3	112	22	39	79	102	117	135
5	124	36	18	51	69	71	65
10	111	69	33	1	34	67	97

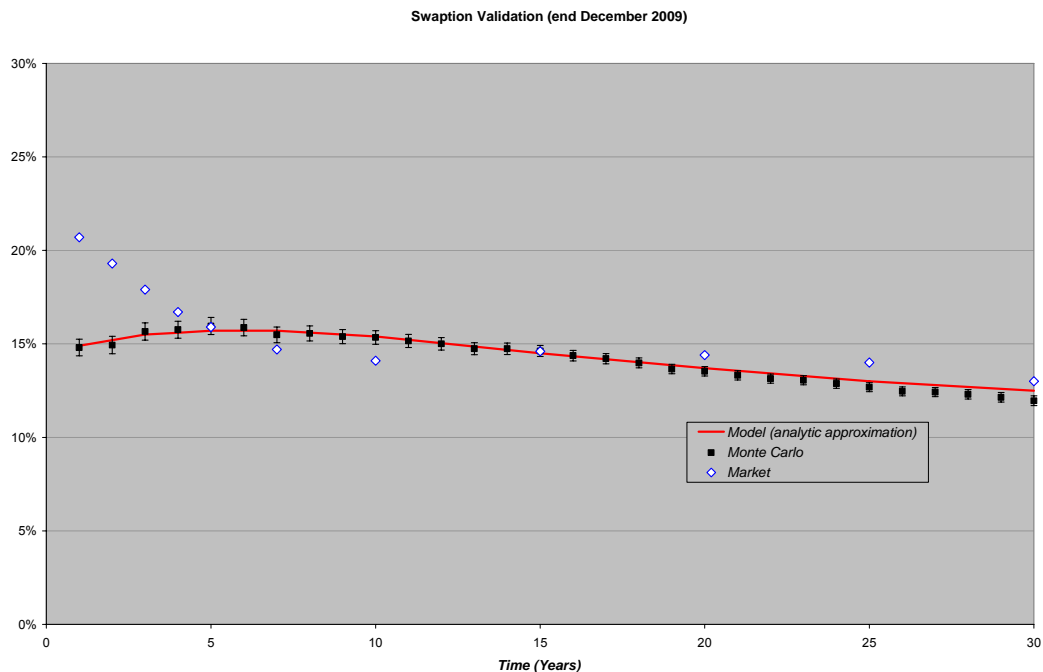
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Swaption implied volatilities



(vii) **Nature of validations of asset model**

The table below shows the discounted value of £1 invested on the valuation date and projected forward t years (t=5, 10, 15, 20) invested in equities and property. For a risk-neutral model, the expected result would be 100%.

t (year from valuation date)		5	10	15	20
Equities	5000 Simulation results	100.2%	100.6%	100.8%	100.9%
	standard error	0.3%	0.7%	1.1%	1.7%
Property	5000 Simulation results	100.0%	100.1%	99.8%	100.0%
	standard error	0.2%	0.3%	0.5%	0.6%

(viii) **Number of projections**

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations.

5,000 projections have been used to calculate realistic liabilities.

(b) **Market costs of hedging - Description of guarantees, options or smoothing**

A small reserve for GMP guarantees on Section 32 Transfer policies is held. This reserve has been calculated as the statutory provision, with an adjustment to allow for future bonuses together with a 15% uplift. These costs have been included in the figures quoted in 6(4)(a)(i).

Note the GMP liabilities are calculated using an annuity vesting rate based on the average duration of liabilities rather than a curve.

The cost of these guarantees are shown below.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Cost of annuity rate guarantees	£m
Base cost of GMP gtee on S32	3.0
Uplift (15%)	0.5
Total	3.5

The duration of all guarantees is shown in the table given in 6.4(a)(vi) (where significant).

(c) Deterministic projections - Description of guarantees, options or smoothing

No guarantees, options or smoothing costs have been valued using this method.

(5) Management Actions

- a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

Projected Equity backing Ratio (EBR)

It is assumed that management will intervene and carry out switches (over and above any market movements) of assets backing asset shares. The aim of this approach is to maximise policyholder returns, whilst managing solvency within acceptable risk levels.

If equity/property performance was poor, solvency would reduce, leading to management action to reduce the exposure to these assets. The model contains limits on the maximum change that can be made per month and has upper and lower Equity Backing Ratio (EBR) bounds.

The EBR dynamic rule within the stochastic model takes into account the projected value of the future guarantees, available capital and asset shares. It then adopts a dynamic hedging approach to determine the EBR for the assets backing the asset share.

If projected asset shares are close to the projected value of the guarantees and the available capital is low, then we are less able to rely on equity/property assets, which leads to a lower EBR. However, if the projected assets shares are significantly in excess of the projected guarantees or if the available capital is high, then there is more scope to invest in equity/property and EBR can increase accordingly.

Regular Bonus Assumptions

The RB rate is set to ensure that a sufficient level of final bonus can be built up whilst also ensuring the RB rate has reasonable long term sustainability.

The stochastic model utilises a dynamic RB algorithm that depends on the projected asset share to projected guaranteed benefit relationship, along with the desired final bonus buffer and investment return assumption. This calculation also allows for a maximum per annum movement in the RB rate.

The RB algorithm has been compared with actual bonus declarations with satisfactory results.

The results produced by the application of this model are shown in 6.5(b)(i).

Guarantee Charges on asset shares

The model uses a 0.7% guarantee charge for UWP life business written with either an RPI or a CPI inflation-protection guarantee, where this guarantee charge is applicable.

There are certain Aviva Life International Ltd bonds which also have a guarantee charge (0.5% p.a. for a 10 year period).

Allocation of non-profit profits to asset share

At the date of the valuation all future profits expected from Non Profits business has been allocated to asset shares. Hence, no future allocation has been included in respect of Non Profits business in the Old With-Profits Sub-Fund.

Shareholder Transfers and tax

The model assumes that transfers to shareholders continue at the current proportions of the cost of bonus.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Shareholder transfers and the associated tax are assumed to be charged to asset shares or the estate in line with the PPFM. For shareholder transfer payments arising from Mortgage Endowment Promise and from the special distribution referred to in 6.4.(a)(i), both shareholder transfer and tax will be charged to the estate.

Mortality costs

Mortality profits and losses are passed on to the asset shares in line with the PPFM.

Surrender costs

The current practice of the fund is to target surrender payouts at 100% of Asset Share. Consequently, no future surrender profit or loss is anticipated to emerge.

b) Best estimate of future proportions of assets backing the WPBR.

- The projection allows for future EBR and bonus rate management action as discussed earlier in this document. The results reflect an average of the simulated positions.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**(i) **Projection at risk free rate**UWP Bonus Rates

Product ex CGNU	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.75%	2.80%	3.17%
UWP Life (implicit charged): Units purchased on policies written post 30/09/98	1.75%	2.13%	2.55%
UWP Life (explicit charged)	2.75%	3.08%	3.70%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.25%	3.01%	3.63%
UWP Pension (implicit charged): Units purchased on policies written post 30/09/98	2.25%	3.02%	3.73%
UWP Pension (explicit charged)	3.25%	4.03%	4.42%
UWP Pension (Stakeholder)	2.75%	4.05%	4.48%

Product ex CULAC	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (Direct Written)	2.50%	3.13%	3.49%
UWP Pension (Direct Written)	4.00%	4.24%	4.90%

- Units purchased on Pensions policies before 1 January 1993 have a guaranteed regular bonus rate of 4% pa.

Assets Backing With-Profit Benefits Reserve

The projections below are based on the actual asset share mix as at 31 December 2009:

Asset Class	31/12/2009	31/12/2014	31/12/2019
Equities	38.2%	46.3%	48.3%
Property	20.2%	24.5%	25.6%
Fixed Interest	38.5%	26.4%	23.4%
Cash	3.0%	2.8%	2.8%
Total Assets	100.0%	100.0%	100.0%
EBR	58.5%	70.8%	73.8%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009****(ii) Projection at risk free rate plus 17.5%**

UWP Bonus Rates

Product ex CGNU	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.75%	3.23%	3.67%
UWP Life (implicit charged): Units purchased on policies written post 30/09/98	1.75%	2.60%	3.06%
UWP Life (explicit charged)	2.75%	3.56%	4.25%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.25%	3.48%	4.21%
UWP Pension (implicit charged): Units purchased on policies written post 30/09/98	2.25%	3.48%	4.31%
UWP Pension (explicit charged)	3.25%	4.56%	5.03%
UWP Pension (Stakeholder)	2.75%	4.58%	5.09%

Product ex CULAC	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (Direct Written)	2.50%	3.55%	4.00%
UWP Pension (Direct Written)	4.00%	4.41%	5.25%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2009	31/12/2014	31/12/2019
Equity	38.2%	47.1%	48.5%
Property	20.2%	24.9%	25.7%
Fixed Interest	38.5%	25.2%	23.0%
Cash	3.0%	2.8%	2.8%
Total Assets	100.0%	100.0%	100.0%
EBR	58.5%	72.0%	74.2%

(iii) Projection at risk free rate minus 17.5%

UWP Bonus Rates

Product ex CGNU	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.75%	2.39%	2.69%
UWP Life (implicit charged): Units purchased on policies written post 30/09/98	1.75%	1.70%	2.10%
UWP Life (explicit charged)	2.75%	2.59%	3.15%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.25%	2.54%	3.08%
UWP Pension (implicit charged): Units purchased on policies written post 30/09/98	2.25%	2.54%	3.16%
UWP Pension (explicit charged)	3.25%	3.49%	3.80%
UWP Pension (Stakeholder)	2.75%	3.52%	3.85%

Product ex CULAC	31-Dec-09	31-Dec-14	31-Dec-19
UWP Life (Direct Written)	2.50%	2.70%	3.00%
UWP Pension (Direct Written)	4.00%	4.12%	4.60%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2009	31/12/2014	31/12/2019
Equity	38.2%	45.1%	47.9%
Property	20.2%	23.9%	25.4%
Fixed Interest	38.5%	28.2%	24.0%
Cash	3.0%	2.8%	2.8%
Total Assets	100.0%	100.0%	100.0%
EBR	58.5%	69.0%	73.3%

(6) Persistency and Mortality Assumptions

The lapse rates assumed in the projection of the asset shares and guaranteed benefits are based on own experience adjusted for anticipated trends. The following table shows the static assumptions, the model incorporates a dynamic overlay to these rates.

ex CGNU		Average surrender / paid-up rate for the			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	14.40%	5.80%	4.40%
CWP target cash endowment	surrender	n/a	14.40%	5.80%	4.40%
UWP savings endowment	surrender	n/a	n/a	n/a	n/a
UWP target cash endowment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	2.85%	12.49%	11.70%	9.5%
UWP bond	automatic withdrawals	100% of current	100% of current	100% of current	100% of current
CWP pension regular premium	PUP	0.00%	0.00%	0.00%	0.00%
CWP pension regular premium	surrender	1.00%	1.00%	1.00%	1.00%
CWP pension single premium	surrender	1.00%	1.00%	1.00%	1.00%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	3.50%	3.50%	3.50%	3.50%
UWP indiv pension single premium	surrender	3.50%	3.50%	3.50%	3.50%

ex CULAC		Average surrender / paid-up rate for the policy			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	8.0%	5.8%	4.4%
CWP target cash endowment	surrender	n/a	8.0%	5.8%	4.4%
UWP savings endowment	surrender	n/a	n/a	n/a	n/a
UWP target cash endowment	surrender	n/a	n/a	n/a	n/a
UWP bond	surrender	2.85%	14.80%	10.20%	9.50%
UWP bond	automatic withdrawals	100% of current	100% of current	100% of current	100% of current
CWP pension regular premium	PUP	0.0%	0.0%	0.0%	0.0%
CWP pension regular premium	surrender	1.5%	1.5%	1.5%	1.5%
CWP pension single premium	surrender	1.5%	1.5%	1.5%	1.5%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	1.50%	1.50%	1.50%	1.50%
UWP indiv pension single premium	surrender	1.50%	1.50%	1.50%	1.50%

For UWP business we make no allowance for future premiums, so the PUP rate is not applicable.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

UWP endowment business is not modelled as the amount of business is not material.

At no-MVR date:

At the no-MVR date the stochastic model assumes that life UWP bond holders will exercise their option if their policy is in the money.

Mortality Assumptions

Mortality assumptions for the Realistic Balance sheet are generally best-estimate.

Annuitant Mortality

For all immediate annuities and deferred annuities in payment we use the following annuitant mortality basis

	31 December 2009
Males	95.5% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	90% PCFA00 with 75% medium cohort improvement factors, minimum 1.0% pa, applicable from 2005

Guaranteed Annuity Option take-up rate

An initial take-up rate of 81% for ex CGNU and 88% for ex CULAC has been assumed in respect of Guaranteed Annuity options attaching to pensions. The take-up rates increase by 1% every year from 2011 onwards, until an ultimate level of 95% is reached.

A fixed take up rate is assumed irrespective of how in the money the option is.

A maturity age of 65 has been used to determine the value of the Guaranteed Annuity Option

Deferred Annuity with cash option

The ex CGNU SEDA business with a guaranteed cash option is modelled stochastically with a 100% take-up rate in simulations where the cash option is more valuable than the secured annuity amount.

(7) Policyholder Actions

Policyholder actions are covered by the static persistency and GAO take-up rates in the previous section, together with a dynamic overlay for certain classes of business. There is dynamic linking of policyholder behaviour in respect of no-MVR, Inflation-protection and 'money-back' guarantees for certain classes of business.

7. Financing Costs

There are no financing costs.

8. Other long-term insurance liabilities

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	13
Conventional Pensions	0	1
UWP Life (incl. Overseas)	0	10
UWP Pensions	0	14
UWP Stakeholder	0	0
Miscellaneous	0	-40
Total	0	-4

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Any other liabilities related to treating customers fairly

No liability is held in respect of any other liabilities related to treating customers fairly.

Any other long-term insurance liabilities

The product split gives a breakdown of the £37m held in respect of the future tax due on shareholder transfers and future shareholder transfers in respect of the special distribution, mortgage endowment promise and arising on explicitly charged business.

The following liabilities are held under the miscellaneous category.

£1.3m is held in respect of future pension transfer review costs.

£1.0m is held in respect of the funding for the Aviva staff pension scheme deficit.

£1.8m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

£1.0m is held to cover compensation costs other than those identified above.

£7.7m is held to cover the cost of future expenses not charged to asset shares

£2.2m is included for Mortgage Endowment Promise data provisions,

£5.2m is included for Mortgage Endowment Legal Risk provision,

£1.2m is included in respect of expenses relating to solvency 2

A credit of £62m is held in respect of the difference between the present value of charges to be deducted from UWP asset shares on a charges basis compared to the future renewal expenses. This credit implicitly includes an allowance for recovery of initial expenses already incurred on this business.

9. Realistic current liabilities

The realistic current liabilities include the following:

- Outstanding claims
- Creditors arising out of direct insurance business
- Amounts owed to credit institutions
- Creditors in relation to current tax liabilities
- Other creditors
- Accruals and deferred income

The realistic current liabilities at 31 December 2009 are £124m.

The realistic current liabilities are £7m lower than the regulatory liabilities. This reflects taking partial credit for assumed future income and capital gains for which tax due can be offset against an existing deferred tax asset.

10. Risk Capital Margin

(1)

Fund	RCM (£m)
OWPSF	71.6

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

- (a)
(i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Change in market values
UK Equities	20.0%
OS Equities	22.7%
Property	12.5%

The overseas equity rise is set such that it has the same probability as UK equities rising 20%.

A rise in market values of equity and property is more onerous than a fall in market values.

- (ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+78bps	-78bps
long-term yield – level post-stress	5.23%	3.67%
long-term yield - % movement post-stress	+17.5%	-17.5%

For OWPSF, the fall in fixed-interest yield scenario is more onerous.

- (iii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
OWPSF	1.32%	-6.95%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

In addition, an allowance for reinsurance default risk was increased from £0.4m to £0.6m in the stress scenario.

No stress has been applied to any other assets in the credit risk scenario.

- (iv) For the persistency test a 32.5% decrease in lapse rates is tested as this increases the fund's exposure to maturity guarantees.

% increase in realistic liabilities = 0.73%

- (v) Not applicable

(b) **Management Actions under the stress tests**

- (i) The following additional changes in management actions and other assumptions are assumed to be made under the stress tests.

Guaranteed Annuity Options

The initial take-up rate for guaranteed annuity options is assumed to increase from 81% to 86% for ex CGNU and from 88% to 93% for ex CULAC as a result of the fall in fixed interest yields. The take-up rate then increases by 1% every year from 2011 onwards, until an ultimate level of 95% is reached.

- (ii) Table showing the effects of the actions in 10(1)(b)(i):

	Effect of action (£m)
GAO take-up	-0.6
Total	-0.6

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

(iii) The same investment management rules governing any change in asset mix of the fund have been used for the projection of assets in the stress tests as in the central scenario.

(iv) Under the stress tests the guarantee charges are assumed to be unchanged.

(c) Assets backing Risk Capital Margin

(i) The assets hypothecated to back the risk capital margin are set out in the following table

Assets backing RCM	£m	%
UK equities	0.0	0.0%
Overseas equities	0.0	0.0%
Land and buildings	0.0	0.0%
Approved fixed interest securities	0.0	0.0%
Other fixed interest securities	71.6	100.0%
All other assets	0.0	0.0%
Total	71.6	100.0%

All assets backing the RCM are within the WP funds.

(ii) Not applicable

11. Tax**(1) Tax treatment in the with-profits benefit reserves**

Asset shares are credited with net of tax investment returns allowing for actual tax rates.

	2009
	%
Income tax	20
Capital gains tax	20
Franked income tax	-
Withholding tax	15

Capital gain tax is charged or relief credited, on unrealised gains or losses in each period allowing for the probability of the charge or relief materialising in future. The probability is assessed using a stochastic model. For 2009 returns the probability was 50% leading to a notional tax charge/credit of 10%.

(2) Tax treatment in future policy related liabilities

Current tax rates are assumed to continue in the future for all projections.

Corporation Tax	28%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

For asset share projections in the stochastic model, capital gains tax is levied on gains in each future period at 20% in simulations where there are sufficient cumulative indexed gains.

(3) Tax treatment in the realistic current liabilities

In the realistic regime allowance for deferred tax assets is made. The credit in relation to capital losses is reduced to allow for the probability of no future value being obtained for those capital losses. Discounting is applied for deferral of tax on deemed disposals on OEICs and any acquisition expense elements of the tax asset.

In the regulatory regime no allowance is made for deferred tax assets..

12. Derivatives

Security	Value (£m) at 31.12.09
Futures on Bonds - short term trading derivatives	134
Futures on Equities - short term trading derivatives	120
Mortgage Dollar Rolls - with US banks	9
Currency Futures	(2)
Property swaps	(14)
Credit Default swaps	1

The exposure to futures is part of Aviva Life & Pensions UK Limited portfolio management strategy, and the majority of futures expire no later than 31 March 2010. There are some Eurodollar futures which expire no later than 31 December 2010.

The Mortgage Dollar Rolls provide exposure to US Corporate Bonds.

The Property swaps are used to manage the property exposure in the fund

The Fixed interest and Cashflow swaps provide extra exposure to UK Corporate Bonds.

13. Analysis of working capital

	£m
Working capital at 01/10/2009	199
Investment return on opening working capital	
Profits on assets backing liabilities	18
Economic assumption changes	-7
Non-economic assumption changes	-3
Policyholder action assumption changes	0
Other experience variances	-24
Impact of new business	1
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	13
Miscellaneous liabilities	1
Special distribution	0
Working capital at 31/12/2009	197

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – Old With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2009**

Notes:

1. The profits on assets backing liabilities includes the release of time value in guarantees, the impacts of assets backing guarantee costs increasing by more than the cost of the guarantees and unwind of the discount rate used for calculating guarantee costs. There is also a positive impact from assets backing non-profit liabilities increasing by more than the liabilities. It has not been possible to split the return on assets backing the estate and those backing guarantee costs hence these are all included in this line of the analysis.
2. The economic assumption impact is mainly driven by changes to asset mix increasing the equity content of asset shares, a reduction to rate used to value non-profit profits reflecting reduced credit spreads and an increase to stochastic uplift applied to BRVs. A reduction to equity volatility assumptions partially offsets the reduction in working capital.
3. The non-economic assumption changes is the impact of declared bonus rates at 31/12/2009 being different from those assumed in the stochastic model.
4. There have been no changes to policyholder action assumption changes.
5. Experience variances include the impact of premiums, claims, and expenses.
6. Impact of new business written in Q4 of 2009 is negligible.
7. Modelling changes and opening adjustments include
 - Restate to the cost of eliminating 2008 and 2009 new business subsidy
 - Developments to the dynamic regular bonus rate rules in the stochastic model
8. Note that the change in other liabilities from Form 19 line 47 is included in the analysis above.
9. The change in working capital arising purely from the change in Form 19 line 51 cannot be quantified.
10. The opening working capital reflects the opening position of the Old With-Profits Sub-Fund following creation as a result of the transfer of business from CGNU Life assurance Limited, Commercial Union Life Assurance Company Limited and Norwich Union Life (RBS) Limited to Aviva UK Life & Pensions Ltd.

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of insurer **Aviva Life & Pensions 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. The company was party to Stock Underwriting over the financial year, which falls into this description. This was the only example of such contracts that was transacted during the financial period. However, none of the amounts recorded in Form 13 would have been materially changed if the insurer became obligated to purchase these assets.

No derivative contracts were held at any time during the financial year that required a significant provision under INSPRU 3.2.17R, and where appropriate, all contracts held fell within the definition of a permitted derivative contract.

During the financial period, the company's use of derivatives included the granting of rights under derivative contracts for a fixed consideration. This was in the activity of Stock Underwriting. The fee income over the financial year was £1.9m.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009**

100% of the issued share capital of the Company is held by Aviva Life Holdings UK Limited (formerly known as Norwich Union Holdings Limited).

100% of the issued share capital of Aviva Life Holdings UK Limited (formerly known as Norwich Union Holdings 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.

Statement of information on the with-profits actuary required by IPRU (INS) 9.36

Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2009**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, R G Myers, was requested to furnish and has provided the following information:

R G Myers

- (a) (1) The actuary hold no shares of Aviva plc (the Company's parent undertaking) and no shares of any other group companies. The actuary is a deferred member of the staff pension scheme following employment between 1980 and 1989.
- (2) Under the company's sharesave scheme, the actuary holds options to acquire 4,920 shares under Aviva plc for £3.16 per share on 1st December 2014.
- (b) The actuary has no policies of insurance with the Companies. He is one of a number of beneficiaries under a trust the property of which comprises a with profit policy issued by CGNU Life Assurance Limited and the details of which are not known by the actuary.
- (c) The aggregate amount of remuneration, bonuses and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Aviva Employment Services Limited for the year to 31 December 2009 was £369,263 (2008: £223,983). Under the contract he was:

With-profits actuary of:-

Commercial Union Life Assurance Company Limited

CGNU Life Assurance Limited

Norwich Union Life (RBS) Limited

Aviva Life & Pensions UK Limited (formally Norwich Union Life & Pensions Limited)

The particulars of this statement were furnished to the company by Mr R G Myers at the Company's request.

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

Name of insurer **Aviva Life & Pensions 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;
- (c) the with-profits funds have been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3; and
- (d) the directors have, in preparing the return, taken and paid due regard to:
 - (i) advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.

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

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

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

24 March 2010

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

Name of insurer **Aviva Life & Pensions 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 INSPRU the 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, 11 to 19, 40 to 45, 48, 49, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 ("the statement"); and
- the reports required by IPRU(INS) rule 9.31 ("the valuation reports").

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

- a) Forms 46, 47, 50 to 54, 57, 59A and 59B (including the supplementary notes);
- b) the statements required by IPRU(INS) rules 9.30 and 9.36; 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 IPRU(INS) rule 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 reports) under the provisions of the Rules. The requirements of the Rules have been modified by the directions issued under section 148 of the Act, referred to in supplementary notes 0204 and 0312. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation reports 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 reports prepared in accordance with IPRU(INS) rule 9.31 are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation reports 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 reports. 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 reports.

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 reports 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 auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

Name of insurer **Aviva Life & Pensions UK Limited**

Global Business

Financial year ended **31st December 2009**

Opinion

In our opinion:

- (a) the Forms, the statement and the valuation reports 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 reports appropriately reflect the requirements of INSPRU 1.2 and 1.3.

Ernst & Young LLP
Registered Auditor
London
25 March 2010