



Aviva Life & Pensions UK Limited

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

**Annual FSA Insurance Returns for the year ended
31 December 2010**



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 2010****Contents**

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

Global Business

Financial year ended **31st December 2010**

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Statement of solvency - long-term insurance business**Form 2**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**

Adjusted solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R2	3253947	GL	31	12	2010	£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	7976996	6776739
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	2502551	2414417
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	10479547	9191156

Guarantee fund

Guarantee fund requirement	21	1828209	1676944
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	8651338	7514212

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	2351206	2427911
Resilience capital requirement	32		
Base capital resources requirement	33	3040	3128
Individual minimum capital requirement	34	2351206	2427911
Capital requirements of regulated related undertakings	35	1069474	948991
Minimum capital requirement (34+35)	36	3420680	3376902
Excess (deficiency) of available capital resources to cover 50% of MCR	37	8769207	7502705
Excess (deficiency) of available capital resources to cover 75% of MCR	38	7914037	6658479

Enhanced capital requirement

With-profits insurance capital component	39	2511720	1619943
Enhanced capital requirement	40	5932400	4996845

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	5932400	4996845
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	4547147	4194311

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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Components of capital resources**Form 3
(Sheet 1)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units
R3	3253947	GL	31	12	2010	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4		

Core tier one capital

Permanent share capital	11		100000	100000	100000
Profit and loss account and other reserves	12		3653513	3653513	3550479
Share premium account	13		622900	622900	877900
Positive valuation differences	14		5630817	5630817	4886309
Fund for future appropriations	15		2050820	2050820	1889878
Core tier one capital in related undertakings	16		(120499)	(120499)	(552915)
Core tier one capital (sum of 11 to 16)	19		11937551	11937551	10751651

Tier one waivers

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

Other tier one capital

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

Total tier one capital before deductions (19+24+25+26+27+28)	31		11937551	11937551	10751651
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36		67397	67397	49098
Deductions from tier one (32 to 36)	37		67397	67397	49098
Total tier one capital after deductions (31-37)	39		11870154	11870154	10702553

Components of capital resources**Form 3
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units
R3	3253947	GL	31	12	2010	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4	

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				
Upper tier two capital in related undertakings	47	200000	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 Limited**

Global business

Financial year ended **31st December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units
R3	3253947	GL	31	12	2010	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		12070154	12070154	10902553
Inadmissible assets other than intangibles and own shares	73		1590607	1590607	1711397
Assets in excess of market risk and counterparty limits	74				
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		10479547	10479547	9191156

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		10479547	10479547	9191156
Available capital resources for 50% MCR requirement	82		10479547	10479547	9191156
Available capital resources for 75% MCR requirement	83		10479547	10479547	9191156

Financial engineering adjustments

Implicit items	91				
Financial reinsurance – ceded	92		420200	420200	568800
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		420200	420200	568800

Calculation of general insurance capital requirement - premiums amount and brought forward amount**Form 11**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**

Long-term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	units
		R11	3253947	GL	31	12	2010 £000
				This financial year		Previous year	
				1		2	
Gross premiums written		11		74883		76534	
Premiums taxes and levies (included in line 11)		12					
Premiums written net of taxes and levies (11-12)		13		74883		76534	
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		74883		76534	
Gross premiums earned		21		74883		76534	
Premium taxes and levies (included in line 21)		22					
Premiums earned net of taxes and levies (21-22)		23		74883		76534	
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		74883		76534	
Sub-total I (higher of sub-total A and sub-total H)		30		74883		76534	
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		13479		13776	
	Excess (if any) over 57.5M EURO x 0.02	33		499		503	
Sub-total J (32-33)		34		12980		13273	
Claims paid in period of 3 financial years		41		179561		174229	
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		203190		183273	
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		195290		207838	
Sub-total C (41+42+43-44-45)		46		187461		149664	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47		15917		(272)	
Sub-total D (46-47)		48		171544		149936	
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)		49		0.92		1.00	
Premiums amount (Sub-total J x reinsurance ratio)		50		11878		13273	
Provisions for claims outstanding (before discounting and net of reinsurance)		51		176938		156540	
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 Limited**

Global business

Financial year ended **31st December 2010**

Long-term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R12	3253947	GL	31	12	2010	£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	179561		174229	
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	203190		183273	
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	195290		207838	
Claims incurred in reference period (21+22+23-24-25)				26	187461		149664	
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	187461		149664	
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	62487		49888	
Division of sub-total F (gross adjusted claims amount)	X 0.26			32	16247		12971	
	Excess (if any) over 40.3M EURO x 0.03			33	824		416	
Sub-total G (32 - 33)				39	15423		12555	
Claims amount Sub-total G x reinsurance ratio (11.49)				41	14113		12555	
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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	661001	527946
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non-insurance dependants	shares	25	318422	206803
	debts and loans	26	14098	19098
Other group undertakings	shares	27		
	debts and loans	28	79000	324000
Participating interests	shares	29	4424	
	debts and loans	30		

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	196200
	Other	46	
Variable interest securities	Approved	47	
	Other	48	159
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	656
	More than one month withdrawal	55	656
Other financial investments	56		

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	4671	
	due in more than 12 months	77		
Other	due in 12 months or less	78	8860	3721
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	357159	212209
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	43	13
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	1451305	1494806
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	1451305	1494806
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94	1069474	948991
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	181755	545755
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	92	157
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	2702626	2989709
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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£000	10
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		2616858		2597260

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	160206	214529
	debts and loans	26	290388	153954
Other group undertakings	shares	27		
	debts and loans	28	384111	492525
Participating interests	shares	29	3371	
	debts and loans	30		

Other financial investments

Equity shares		41	7497434	6349130
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	10918226	7347206
Rights under derivative contracts		44	118716	465220
Fixed interest securities	Approved	45	11180435	13870236
	Other	46	7851619	8756177
Variable interest securities	Approved	47	2537027	2000374
	Other	48	1298320	935741
Participation in investment pools		49		
Loans secured by mortgages		50	1305381	1413638
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	40375	48560
Other loans		53	3999248	2868096
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	44678	22900
	More than one month withdrawal	55	442370	466947
Other financial investments		56	45750	36000

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£000	10
					As at end of this financial year		As at end of the previous year	
					1		2	
Deposits with ceding undertakings				57				
Assets held to match linked liabilities	Index linked			58	526		587	
	Property linked			59	34546698		31606078	

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	206344	261812
	Intermediaries	72	11951	17845
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	68745	59826
	Ceded	75	3174	
Dependants	due in 12 months or less	76	13203	2250
	due in more than 12 months	77		
Other	due in 12 months or less	78	611730	920622
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	2474462	4569469
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	461420	513157
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	142868	47807

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	89275634	86060194
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	89275634	86060194
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	10224	11215
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	1188612	1123526
Reinsurers' share of technical provisions excluded from line 89	100	2805554	2672356
Other asset adjustments (may be negative)	101	945339	870536
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	94225363	90737827
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		112371

Analysis of admissible assets**Form 13
(Sheet 1)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£000	11
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		1066700		1011887

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	33956	36536
Other group undertakings	shares	27		
	debts and loans	28	179176	174380
Participating interests	shares	29	948	
	debts and loans	30		

Other financial investments

Equity shares		41	3651793	3079096
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	4050266	2581592
Rights under derivative contracts		44	73031	271816
Fixed interest securities	Approved	45	4535362	6485559
	Other	46	2182876	2440563
Variable interest securities	Approved	47	331635	306718
	Other	48	616808	437963
Participation in investment pools		49		
Loans secured by mortgages		50	547317	559313
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	24969	31792
Other loans		53	2005153	2307649
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	43001	12404
	More than one month withdrawal	55	364862	389135
Other financial investments		56		

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	41112	31124
	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	159243	214431
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1087550	798308
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	190177	248415
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	21185935	21420785
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	21185935	21420785
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	19396	
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	21205331	21420785
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		68565

Analysis of admissible assets**Form 13
(Sheet 1)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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

Other financial investments				
Equity shares		41	227544	201550
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	54540	52926
Rights under derivative contracts		44	12103	13460
Fixed interest securities	Approved	45	423026	491634
	Other	46	784754	853362
Variable interest securities	Approved	47	315647	66075
	Other	48	178	334
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	413	485
Other loans		53	263	305
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	23004	
Other financial investments		56		

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	7941	5835
	Intermediaries	72	603	591
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	9510	51543
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	125983	205518
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	25646	29752
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	2011155	1973370
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	2011155	1973370
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	4791	
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	1765	1846
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	2017711	1975216
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 Limited**

Global business

Financial year ended **31st December 2010**Category of assets **Belgian Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2010	£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	11432	13897
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	264	510
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	97164
	Other	46	97992
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 Limited**

Global business

Financial year ended **31st December 2010**Category of assets **Belgian Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2010	£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	1643	1668
	due in more than 12 months	77		
Other	due in 12 months or less	78	1390	2485
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	4934	1970
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	1881	2008

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	118708	120530
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**Category of assets **Belgian Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2010	£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	118708	120530
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	(8)	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	118700	120699
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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£000	14
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		4811		1536

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	4776	58728
	debts and loans	26	138373	
Other group undertakings	shares	27		
	debts and loans	28	72802	187284
Participating interests	shares	29	2423	
	debts and loans	30		

Other financial investments

Equity shares		41	12753	31764
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	121183	43236
Rights under derivative contracts		44	7	183
Fixed interest securities	Approved	45	103063	480608
	Other	46	298448	354126
Variable interest securities	Approved	47	6272	5636
	Other	48	7511	13253
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	7120	7008
Other loans		53	7054	15018
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	97	765
	More than one month withdrawal	55	3896	49161
Other financial investments		56		

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	9887771		9683080	

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	7961	5947
	Intermediaries	72	73	2037
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	34400	44635
	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	(62143)	36830
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	663606	26541
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	8795	14708
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	11331052	11084332
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	11331052	11084332
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		64
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	621564	564381
Reinsurers' share of technical provisions excluded from line 89	100	778800	897055
Other asset adjustments (may be negative)	101	(33694)	(281169)
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	12697722	12264663
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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£000	15
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		3320		572

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	1	100
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28	71922	70671
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Other financial investments				
Equity shares		41	27952	6024
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	52552	34148
Rights under derivative contracts		44	405	
Fixed interest securities	Approved	45	4092	60119
	Other	46	215774	270637
Variable interest securities	Approved	47	63367	59066
	Other	48	1863	1578
Participation in investment pools		49		
Loans secured by mortgages		50	250329	343561
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	21396	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	1580	8618
	More than one month withdrawal	55	14949	15461
Other financial investments		56		

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	24569575		21836405	

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	35105	57986
	Intermediaries	72	416	3916
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	29879	12688
	Ceded	75		
Dependants	due in 12 months or less	76	11560	582
	due in more than 12 months	77		
Other	due in 12 months or less	78	285122	235953
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	259795	677579
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	24183	27814
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	140987	45777

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	26086124	23769695
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	26086124	23769695
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		167
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	543451	528802
Reinsurers' share of technical provisions excluded from line 89	100	1954900	1689361
Other asset adjustments (may be negative)	101	941606	1151536
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	29526081	27139561
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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£000	16
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		1345384		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	135591	134200
	debts and loans	26	104187	100263
Other group undertakings	shares	27		
	debts and loans	28	51464	51443
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	3107086	2635827
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	5795066	4056577
Rights under derivative contracts		44	28820	157254
Fixed interest securities	Approved	45	5333802	5504333
	Other	46	3752305	4158149
Variable interest securities	Approved	47	1605914	1372322
	Other	48	588140	422755
Participation in investment pools		49		
Loans secured by mortgages		50	448076	450749
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	6620	7436
Other loans		53	1718014	532921
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		1098
	More than one month withdrawal	55	31355	12422
Other financial investments		56	39910	31489

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	464		477	
	Property linked			59	78853		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	100712	151611
	Intermediaries	72	9576	9966
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	3941	2190
	Ceded	75	2801	
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	182684	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	233752	2546453
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	184886	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	24889403	24306162
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	24889403	24306162
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	4795	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	20824	26778
Reinsurers' share of technical provisions excluded from line 89	100	62180	74529
Other asset adjustments (may be negative)	101	15914	
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	24993116	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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£000	17
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		196643		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	19838	19397
	debts and loans	26	13872	17155
Other group undertakings	shares	27		
	debts and loans	28	8747	8747
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Other financial investments				
Equity shares		41	458874	380972
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	844355	578217
Rights under derivative contracts		44	4350	22507
Fixed interest securities	Approved	45	683926	749991
	Other	46	617462	679340
Variable interest securities	Approved	47	214192	190557
	Other	48	83820	59858
Participation in investment pools		49		
Loans secured by mortgages		50	59659	60015
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	1253	1399
Other loans		53	247368	12203
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		15
	More than one month withdrawal	55	4304	768
Other financial investments		56	5840	4511

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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		62		110
	Property linked		59		10499		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	13513	9309
	Intermediaries	72	1283	1335
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	525	313
	Ceded	75	373	
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	35924	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	98842	313100
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	27733	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	3653257	3385320
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	3653257	3385320
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	638	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	2773	3565
Reinsurers' share of technical provisions excluded from line 89	100	7909	9565
Other asset adjustments (may be negative)	101	2125	
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	3666702	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 Limited**

Global business

Financial year ended **31st December 2010**

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	76495433	74596106
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	72011	72011
Long term insurance business fund carried forward (11 to 13)	14	76567444	74668117
Claims outstanding	Gross	15	351452
	Reinsurers' share	16	
	Net (15-16)	17	351452
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	499684
	Reinsurance accepted	32	1243
	Reinsurance ceded	33	14116
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	54595	31457
Creditors	Taxation	37	68678
	Other	38	3775117
Accruals and deferred income	39	38320	45804
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	4803205	4690477
Excess of the value of net admissible assets	51	7904985	6701600
Total liabilities and margins	59	89275634	86060194
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	127187	(1398)
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	34546698	31606030
Total liabilities (11+12+49)	71	81298638	79286583
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	2805554	2672356
Other adjustments to liabilities (may be negative)	74	6378264	5323566
Capital and reserves and fund for future appropriations	75	3742907	3455322
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	94225363	90737827

Long-term insurance business liabilities and margins**Form 14**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	15684700	16361267
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	15684700	16361267
Claims outstanding	Gross	15	152216
	Reinsurers' share	16	
	Net (15-16)	17	152216
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	80316
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	17479	20430
Creditors	Taxation	37	89292
	Other	38	1543816
Accruals and deferred income	39	18596	21010
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	1901715	2233349
Excess of the value of net admissible assets	51	3599520	2826169
Total liabilities and margins	59	21185935	21420785

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	6443	32
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	17586415	18594616
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 Limited**

Global business

Financial year ended **31st December 2010**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	1626704	1626143
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	1626704	1626143
Claims outstanding	Gross	15	43328
	Reinsurers' share	16	
	Net (15-16)	17	43328
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	42923
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		7837
Creditors	Taxation	37	5151
	Other	38	41479
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	132881	137468
Excess of the value of net admissible assets	51	251570	209759
Total liabilities and margins	59	2011155	1973370

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	1759585	1763611
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 Limited**

Global business

Financial year ended **31st December 2010**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	108715 111422
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	108715	111422
Excess of the value of net admissible assets	51	9993	9108
Total liabilities and margins	59	118708	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	108715	111422
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 Limited**

Global business

Financial year ended **31st December 2010**Fund **New With-Profits Sub-Fund**Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2	
Mathematical reserves, after distribution of surplus		11	20172764	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	20172764	20672596
Claims outstanding	Gross	15	71793	56071
	Reinsurers' share	16		
	Net (15-16)	17	71793	56071
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	229497	201416
	Reinsurance accepted	32	802	217
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36	31110	2647
Creditors	Taxation	37	110859	80661
	Other	38	1687141	979410
Accruals and deferred income		39	16086	18674
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	2147288	1339096
Excess of the value of net admissible assets		51	1851533	1585361
Total liabilities and margins		59	24171585	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	78853	76458	

Total liabilities (11+12+49)	71	22320052	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 Limited**

Global business

Financial year ended **31st December 2010**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	2746773	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	2746773	2703901
Claims outstanding	Gross	15	10746
	Reinsurers' share	16	
	Net (15-16)	17	10746
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	38995
	Reinsurance accepted	32	441
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	4820	543
Creditors	Taxation	37	17479
	Other	38	217020
Accruals and deferred income	39	2351	2675
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	291852	131291
Excess of the value of net admissible assets	51	523643	460240
Total liabilities and margins	59	3562268	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	10499	10135

Total liabilities (11+12+49)	71	3038625	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 Limited**

Global business

Financial year ended **31st December 2010**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	808807	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	808807	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	808807	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	808807	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 Limited**

Global business

Financial year ended **31st December 2010**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	9819913	9464781
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	9819913	9464781
Claims outstanding	Gross	15	17254
	Reinsurers' share	16	
	Net (15-16)	17	17254
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	75324
	Reinsurance accepted	32	1
	Reinsurance ceded	33	12477
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	110	
Creditors	Taxation	37	(139947)
	Other	38	45201
Accruals and deferred income	39	97	955
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	10516	201537
Excess of the value of net admissible assets	51	1500623	1418014
Total liabilities and margins	59	11331052	11084332

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	70293	(1674)
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	9887771	9683032

Total liabilities (11+12+49)	71	9830429	9666318
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 Limited**

Global business

Financial year ended **31st December 2010**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	25635772	22968421
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	72011	72011
Long term insurance business fund carried forward (11 to 13)	14	25707783	23040432
Claims outstanding	Gross	15	56115
	Reinsurers' share	16	
	Net (15-16)	17	56115
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	32629
	Reinsurance accepted	32	
	Reinsurance ceded	33	1639
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	1076	
Creditors	Taxation	37	(14156)
	Other	38	131745
Accruals and deferred income	39	1190	2490
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	210238	536314
Excess of the value of net admissible assets	51	168103	192949
Total liabilities and margins	59	26086124	23769695

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	50451	244
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	24569575	21836405

Total liabilities (11+12+49)	71	25846010	23504735
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 Limited**

Global business

Financial year ended **31st December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units
R15	3253947	GL	31	12	2010	£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	6925	6123
	Foreseeable dividend	48		
	Other	49	11303	20129
Accruals and deferred income		51		
Total (19 to 51)		59	18228	26252
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	18228	26252

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	72	(28)
Capital and reserves	84	2684326	2963485
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	2702626	2989709

Profit and loss account (non-technical account)**Form 16**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R16	3253947	GL	31	12	2010	£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	231046	66904				
Investment income	Income	14	22029	19930				
	Value re-adjustments on investments	15	(4269)	167763				
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17	84	53300				
	Value re-adjustments on investments	18	103	267				
	Loss on the realisation of investments	19	5751	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	242868	196855				
Tax on profit or loss on ordinary activities		31	977	(365)				
Profit or loss on ordinary activities after tax (29-31)		39	241891	197220				
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	241891	197220				
Dividends (paid or foreseeable)		51	515000					
Profit or loss retained for the financial year (49-51)		59	(273109)	197220				

Analysis of derivative contracts

Form 17

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

Global business

Financial year ended **31st December 2010**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	2010	£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	12095		7388		1105632		890852	
	Interest rates	12	142710		455166		2286019		3440185	
	Inflation	13	5518		18202		1073164			
	Credit index / basket	14	47530		3761		248466		2228662	
	Credit single name	15	941		6074				76605	
	Equity index	16	22161		3195		1948994		257443	
	Equity stock	17								
	Land	18	58		2894		250599		142260	
	Currencies	19	28558		41916		2047793		4364324	
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	55				67346			
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35	1895		155		1916		160	
	Other	36	2458				323160		115595	
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							24729	
Total (11 to 46)		51	263979		538751		9353089		11540815	
Adjustment for variation margin		52	(145263)		(411157)					
Total (51 + 52)		53	118716		127594					

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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£000	11
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	6494	1065	214242	343870				
	Interest rates	12	126809	69629	133185	754564				
	Inflation	13								
	Credit index / basket	14	23	189	77118	9254				
	Credit single name	15	865	2776		35110				
	Equity index	16	10325	1734	709309	255204				
	Equity stock	17								
	Land	18	30	1381	17800	142260				
	Currencies	19	13490	19822	930171	2003674				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	21		25351					
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35	957	78	968	81				
	Other	36	2008		98246	37555				
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				2375				
Total (11 to 46)		51	161022	96674	2206390	3583947				
Adjustment for variation margin		52	(87991)	(12450)						
Total (51 + 52)		53	73031	84224						

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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	12068	378435	2076737	1605385				
	Inflation	13	35	18202	678164					
	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								
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	12103	396637	2754901	1605385				
Adjustment for variation margin		52		(376281)						
Total (51 + 52)		53	12103	20356						

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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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								
	Credit single name	15	5	205				2585		
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19	2	50			1347		14256	
	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	7	255		1347		16841		
Adjustment for variation margin		52		(254)						
Total (51 + 52)		53	7	1						

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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	3833	7102	76097	36850				
	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								
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	3833	7102	76097	36850				
Adjustment for variation margin		52	(3428)							
Total (51 + 52)		53	405	7102						

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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	4887	5777	815404	477228				
	Interest rates	12				920847				
	Inflation	13	5483		395000					
	Credit index / basket	14	41537	3125	149497	1944964				
	Credit single name	15	61	2655		33403				
	Equity index	16	10315	1276	1080612	1907				
	Equity stock	17								
	Land	18	24	1320	203111					
	Currencies	19	13179	19250	975582	2048222				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	30		36652					
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35	818	67	827	69				
	Other	36	393		196431	68088				
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				19572				
Total (11 to 46)		51	76727	33470	3853116	5514300				
Adjustment for variation margin		52	(47907)	(19188)						
Total (51 + 52)		53	28820	14282						

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 Limited**

Global business

Financial year ended **31st December 2010**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	2010	£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	714	546	75986	69754				
	Interest rates	12				122539				
	Inflation	13								
	Credit index / basket	14	5970	447	21851	274444				
	Credit single name	15	10	438		5507				
	Equity index	16	1521	185	159073	332				
	Equity stock	17								
	Land	18	4	193	29688					
	Currencies	19	1887	2794	140693	298172				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31	4		5343					
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35	120	10	121	10				
	Other	36	57		28483	9952				
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				2782				
Total (11 to 46)		51	10287	4613	461238	783492				
Adjustment for variation margin		52	(5937)	(2984)						
Total (51 + 52)		53	4350	1629						

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 Limited**

Global business

Financial year ended **31st December 2010**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	21185935	21420785
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	735047	693549
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	29405	27760
	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	20421483	20699476
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	14949653	15667718
	Regulatory current liabilities of the fund	22	1901715	2233350
	Total (21+22)	29	16851368	17901068
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	601425	632094
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	17452793	18533162
Regulatory excess capital (19-39)		49	2968690	2166314

Realistic excess capital

Realistic excess capital	51	1396356	1308503
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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	1572334	857811
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	123924	105776
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	1448410	752035

With-profits insurance capital component for the fund**Form 18**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	2011155	1973370
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	175893	172814
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	54673	55836
	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	1780589	1744720
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	1450811	1453329
	Regulatory current liabilities of the fund	22	132883	137467
	Total (21+22)	29	1583694	1590796
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	60434	60549
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	1644128	1651345
Regulatory excess capital (19-39)		49	136461	93375

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	136461	93375
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	30043	34352
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	106418	59023

With-profits insurance capital component for the fund**Form 18**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	24889403	24306162
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	2578970	2433046
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	130208	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	22180225	21741664
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	18307566	18944665
	Regulatory current liabilities of the fund	22	2147289	1339096
	Total (21+22)	29	20454855	20283761
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	739570	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	21194425	21051333
Regulatory excess capital (19-39)		49	985800	690331

Realistic excess capital

Realistic excess capital	51	(445451)	(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	1431251	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	624416	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	806835	677760

With-profits insurance capital component for the fund**Form 18**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	3653257	3385320
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	345730	335427
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	18541	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	3288986	3031191
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	2496077	2462356
	Regulatory current liabilities of the fund	22	291851	131291
	Total (21+22)	29	2787928	2593647
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	101160	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	2889088	2694061
Regulatory excess capital (19-39)		49	399898	337130

Realistic excess capital

Realistic excess capital	51	164126	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	235772	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	85715	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	150057	131125

Realistic balance sheet**Form 19
(Sheet 1)**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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	20421483	20699476
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	195523	149331
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	20617006	20848807
Support arrangement assets	27		
Assets available to the fund (26+27)	29	20617006	20848807

Realistic value of liabilities of fund

With-profits benefits reserve	31	14177974	14331713
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	328762
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	8707
	Future costs of contractual guarantees (other than financial options)	41	1621377
	Future costs of non-contractual commitments	42	776723
	Future costs of financial options	43	480265
	Future costs of smoothing (possibly negative)	44	(251551)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	447157
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	2736502
Realistic current liabilities of the fund	51	1890626	2226066
Realistic value of liabilities of the fund (31+49+51)	59	18805102	19286746

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

Global business

Financial year ended **31st December 2010**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	19220650	19540304
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	19220650	19540304
Risk capital margin for fund (62-59)	65	415548	253558
Realistic excess capital for fund (26-(59+65))	66	1396356	1308503
Realistic excess available capital for fund (29-(59+65))	67	1396356	1308503
Working capital for for fund (29-59)	68	1811904	1562061
Working capital ratio for fund (68/29)	69	8.79	7.49

**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 Limited**

Global business

Financial year ended **31st December 2010**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	1780589	1744720
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	84845	83702
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	1865434	1828422
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1865434	1828422

Realistic value of liabilities of fund

With-profits benefits reserve	31	1439176	1407357
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	43787
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	8882
	Future costs of contractual guarantees (other than financial options)	41	13741
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	194147
	Future costs of smoothing (possibly negative)	44	(18846)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	69603
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	293550
Realistic current liabilities of the fund	51	132708	137137
Realistic value of liabilities of the fund (31+49+51)	59	1865434	1828422

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

Global business

Financial year ended **31st December 2010**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	1865434	1828422
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	1865434	1828422
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 Limited**

Global business

Financial year ended **31st December 2010**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	22180225	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	780263	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	22960488	22439057
Support arrangement assets	27	1160585	1117031
Assets available to the fund (26+27)	29	24121073	23556088

Realistic value of liabilities of fund

With-profits benefits reserve	31	19206116	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	30279
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	84253
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	7424
	Future costs of contractual guarantees (other than financial options)	41	1783623
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	130853
	Future costs of smoothing (possibly negative)	44	(104296)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	(117170)
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	1631612
Realistic current liabilities of the fund	51	2122760	1283150
Realistic value of liabilities of the fund (31+49+51)	59	22960488	22439057

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

Global business

Financial year ended **31st December 2010**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	23405939	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	23405939	22917674
Risk capital margin for fund (62-59)	65	445451	478617
Realistic excess capital for fund (26-(59+65))	66	(445451)	(478617)
Realistic excess available capital for fund (29-(59+65))	67	715134	638414
Working capital for for fund (29-59)	68	1160585	1117031
Working capital ratio for fund (68/29)	69	4.81	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 Limited**

Global business

Financial year ended **31st December 2010**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	3288985	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	105624	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	3394609	3127051
Support arrangement assets	27		
Assets available to the fund (26+27)	29	3394609	3127051

Realistic value of liabilities of fund

With-profits benefits reserve	31	2610498	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	3072
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	11218
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	988
	Future costs of contractual guarantees (other than financial options)	41	283129
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	15570
	Future costs of smoothing (possibly negative)	44	(13653)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	(3780)
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	272132
Realistic current liabilities of the fund	51	288686	124148
Realistic value of liabilities of the fund (31+49+51)	59	3171316	2929941

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

Global business

Financial year ended **31st December 2010**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	3230483	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	3230483	3001551
Risk capital margin for fund (62-59)	65	59167	71610
Realistic excess capital for fund (26-(59+65))	66	164126	125500
Realistic excess available capital for fund (29-(59+65))	67	164126	125500
Working capital for for fund (29-59)	68	223293	197110
Working capital ratio for fund (68/29)	69	6.58	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 Limited**Name and number of fund/Summary **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	5288200	3958886
Investment income receivable before deduction of tax	12	2698979	2341499
Increase (decrease) in the value of non-linked assets brought into account	13	1937338	242441
Increase (decrease) in the value of linked assets	14	2738625	3274007
Other income	15		
Total income	19	12663142	9816833

Expenditure

Claims incurred	21	9362395	6175758
Expenses payable	22	1087029	1118827
Interest payable before deduction of tax	23	29510	70584
Taxation	24	53835	49178
Other expenditure	25		
Transfer to (from) non technical account	26	231046	66904
Total expenditure	29	10763815	7481251

Business transfers-in	31		24243188
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1899327	26578770
Fund brought forward	49	74668117	48089347
Fund carried forward (39+49)	59	76567444	74668117

Long-term insurance business: Revenue account**Form 40**

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

Name and number of fund/Summary **With-Profits Sub-Fund**

Financial year ended **31st December 2010**

Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	304433	353074
Investment income receivable before deduction of tax	12	675374	974444
Increase (decrease) in the value of non-linked assets brought into account	13	388189	(155463)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	1367996	1172055

Expenditure

Claims incurred	21	1823440	2010630
Expenses payable	22	86377	96894
Interest payable before deduction of tax	23	3199	48698
Taxation	24	63883	29340
Other expenditure	25	62344	57847
Transfer to (from) non technical account	26	5320	5738
Total expenditure	29	2044563	2249147

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(676567)	(1077092)
Fund brought forward	49	16361267	17438359
Fund carried forward (39+49)	59	15684700	16361267

Long-term insurance business: Revenue account**Form 40**Name of insurer **Aviva Life & Pensions UK Limited**Name and number of fund/Summary **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	24054	26006
Investment income receivable before deduction of tax	12	76557	98156
Increase (decrease) in the value of non-linked assets brought into account	13	92546	(46317)
Increase (decrease) in the value of linked assets	14		
Other income	15	5849	18579
Total income	19	199006	96424

Expenditure

Claims incurred	21	199904	250687
Expenses payable	22	(1938)	45815
Interest payable before deduction of tax	23	1430	3408
Taxation	24	(5450)	710
Other expenditure	25		
Transfer to (from) non technical account	26	4499	5504
Total expenditure	29	198445	306124

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	561	(209700)
Fund brought forward	49	1626143	1835843
Fund carried forward (39+49)	59	1626704	1626143

Long-term insurance business: Revenue account**Form 40**Name of insurer **Aviva Life & Pensions UK Limited**Name and number of fund/Summary **Belgian Sub-Fund**Financial year ended **31st December 2010**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11		
Investment income receivable before deduction of tax	12		
Increase (decrease) in the value of non-linked assets brought into account	13	(674)	(2689)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	(674)	(2689)

Expenditure

Claims incurred	21		
Expenses payable	22		
Interest payable before deduction of tax	23	(674)	(2689)
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	(674)	(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 Limited**Name and number of fund/Summary **New With-Profits Sub-Fund**Financial year ended **31st December 2010**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	665303	137521
Investment income receivable before deduction of tax	12	686315	109840
Increase (decrease) in the value of non-linked assets brought into account	13	1106399	352239
Increase (decrease) in the value of linked assets	14	(16)	(3976)
Other income	15	25141	10386
Total income	19	2483142	606010

Expenditure

Claims incurred	21	2665809	380979
Expenses payable	22	128841	35601
Interest payable before deduction of tax	23	9716	596
Taxation	24	100720	17618
Other expenditure	25		
Transfer to (from) non technical account	26	77888	33103
Total expenditure	29	2982974	467897

Business transfers-in	31		20534483
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(499832)	20672596
Fund brought forward	49	20672596	
Fund carried forward (39+49)	59	20172764	20672596

Long-term insurance business: Revenue account**Form 40**

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

Name and number of fund/Summary **Old With-Profits Sub-Fund**

Financial year ended **31st December 2010**

Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	110482	22063
Investment income receivable before deduction of tax	12	104761	18129
Increase (decrease) in the value of non-linked assets brought into account	13	133537	(104980)
Increase (decrease) in the value of linked assets	14	(2)	(529)
Other income	15	3348	1383
Total income	19	352126	(63934)

Expenditure

Claims incurred	21	264346	59836
Expenses payable	22	17194	5112
Interest payable before deduction of tax	23	2232	(8)
Taxation	24	15270	1628
Other expenditure	25		
Transfer to (from) non technical account	26	10212	5483
Total expenditure	29	309254	72051

Business transfers-in	31		2839886
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	42872	2703901
Fund brought forward	49	2703901	
Fund carried forward (39+49)	59	2746773	2703901

Long-term insurance business: Revenue account**Form 40**Name of insurer **Aviva Life & Pensions UK Limited**Name and number of fund/Summary **Stakeholder With-Profits Sub-Fund**Financial year ended **31st December 2010**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	41295	10033
Investment income receivable before deduction of tax	12	24755	4002
Increase (decrease) in the value of non-linked assets brought into account	13	7254	8520
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	73304	22555

Expenditure

Claims incurred	21	63411	13736
Expenses payable	22		
Interest payable before deduction of tax	23		
Taxation	24	83	106
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	63494	13842

Business transfers-in	31		790284
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	9810	798997
Fund brought forward	49	798997	
Fund carried forward (39+49)	59	808807	798997

Long-term insurance business: Revenue account**Form 40**

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

Name and number of fund/Summary **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2010**

Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	1198292	938613
Investment income receivable before deduction of tax	12	427079	379418
Increase (decrease) in the value of non-linked assets brought into account	13	27902	147396
Increase (decrease) in the value of linked assets	14	648304	648808
Other income	15	8624	8566
Total income	19	2310201	2122801

Expenditure

Claims incurred	21	1505038	1152274
Expenses payable	22	529757	601319
Interest payable before deduction of tax	23	7317	12142
Taxation	24	(99070)	(40321)
Other expenditure	25		
Transfer to (from) non technical account	26	12027	17076
Total expenditure	29	1955069	1742490

Business transfers-in	31		1166
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	355132	381477
Fund brought forward	49	9464781	9083304
Fund carried forward (39+49)	59	9819913	9464781

Long-term insurance business: Revenue account**Form 40**

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

Name and number of fund/Summary **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2010**

Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	2944341	2471576
Investment income receivable before deduction of tax	12	704138	757510
Increase (decrease) in the value of non-linked assets brought into account	13	182185	43735
Increase (decrease) in the value of linked assets	14	2090339	2629704
Other income	15	19382	18933
Total income	19	5940385	5921458

Expenditure

Claims incurred	21	2840447	2307616
Expenses payable	22	326798	334086
Interest payable before deduction of tax	23	6290	8437
Taxation	24	(21601)	40097
Other expenditure	25		
Transfer to (from) non technical account	26	121100	
Total expenditure	29	3273034	2690236

Business transfers-in	31		77369
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	2667351	3308591
Fund brought forward	49	23040432	19731841
Fund carried forward (39+49)	59	25707783	23040432

Long-term insurance business: Analysis of premiums**Form 41**

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

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

Financial year ended **31st December 2010**

Units **£000**

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

Gross

Regular premiums	11	1133768	1702519	25853	2862140	2567008
Single premiums	12	1313868	1673830	10141	2997839	2640573

Reinsurance - external

Regular premiums	13	397383	38889	7	436279	491772
Single premiums	14	2271	96825		99096	709585

Reinsurance - intra-group

Regular premiums	15	36404			36404	47296
Single premiums	16					42

Net of reinsurance

Regular premiums	17	699981	1663630	25846	2389457	2027940
Single premiums	18	1311597	1577005	10141	2898743	1930946

Total

Gross	19	2447636	3376349	35994	5859979	5207581
Reinsurance	20	436058	135714	7	571779	1248695
Net	21	2011578	3240635	35987	5288200	3958886

Long-term insurance business: Analysis of premiums**Form 41**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**Units **£000**

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

Gross

Regular premiums	11	133202	67955	13044	214201	244170
Single premiums	12	8687	78674	2871	90232	100837

Reinsurance - external

Regular premiums	13					
Single premiums	14					(8067)

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	133202	67955	13044	214201	244170
Single premiums	18	8687	78674	2871	90232	108904

Total

Gross	19	141889	146629	15915	304433	345007
Reinsurance	20					(8067)
Net	21	141889	146629	15915	304433	353074

Long-term insurance business: Analysis of premiums**Form 41**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**Units **£000**

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

Gross

Regular premiums	11	5638	10424		16062	21706
Single premiums	12	(103)	8095		7992	8138

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					3838
Single premiums	16					

Net of reinsurance

Regular premiums	17	5638	10424		16062	17868
Single premiums	18	(103)	8095		7992	8138

Total

Gross	19	5535	18519		24054	29844
Reinsurance	20					3838
Net	21	5535	18519		24054	26006

Long-term insurance business: Analysis of premiums**Form 41**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Belgian Sub-Fund**Financial year ended **31st December 2010**Units **£000**

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

Gross

Regular premiums	11	36404			36404	39089
Single premiums	12					

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15	36404			36404	39089
Single premiums	16					

Net of reinsurance

Regular premiums	17					
Single premiums	18					

Total

Gross	19	36404			36404	39089
Reinsurance	20	36404			36404	39089
Net	21					

Long-term insurance business: Analysis of premiums**Form 41**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**Units **£000**

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

Gross

Regular premiums	11	149763	84131	6120	240014	81178
Single premiums	12	386696	59675	1369	447740	64952

Reinsurance - external

Regular premiums	13	22415	36		22451	8609
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	127348	84095	6120	217563	72569
Single premiums	18	386696	59675	1369	447740	64952

Total

Gross	19	536459	143806	7489	687754	146130
Reinsurance	20	22415	36		22451	8609
Net	21	514044	143770	7489	665303	137521

Long-term insurance business: Analysis of premiums**Form 41**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**Units **£000**

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

Gross

Regular premiums	11	27656	15349	1133	44138	13985
Single premiums	12	57358	11685	290	69333	9199

Reinsurance - external

Regular premiums	13	2984	5		2989	1121
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	24672	15344	1133	41149	12864
Single premiums	18	57358	11685	290	69333	9199

Total

Gross	19	85014	27034	1423	113471	23184
Reinsurance	20	2984	5		2989	1121
Net	21	82030	27029	1423	110482	22063

Long-term insurance business: Analysis of premiums**Form 41**

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

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

Financial year ended **31st December 2010**

Units **£000**

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

Gross

Regular premiums	11		39800		39800	10551
Single premiums	12		1495		1495	(518)

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17		39800		39800	10551
Single premiums	18		1495		1495	(518)

Total

Gross	19		41295		41295	10033
Reinsurance	20					
Net	21		41295		41295	10033

Long-term insurance business: Analysis of premiums**Form 41**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**Units **£000**

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

Gross

Regular premiums	11	685705		685705	606496
Single premiums	12	875850		875850	681724

Reinsurance - external

Regular premiums	13	360992		360992	342422
Single premiums	14	2271		2271	6222

Reinsurance - intra-group

Regular premiums	15				963
Single premiums	16				

Net of reinsurance

Regular premiums	17	324713		324713	263111
Single premiums	18	873579		873579	675502

Total

Gross	19	1561555		1561555	1288220
Reinsurance	20	363263		363263	349607
Net	21	1198292		1198292	938613

Long-term insurance business: Analysis of premiums**Form 41**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**Units **£000**

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

Gross

Regular premiums	11	95400	1484860	5556	1585816	1549833
Single premiums	12	(14620)	1514206	5611	1505197	1776241

Reinsurance - external

Regular premiums	13	10992	38848	7	49847	139620
Single premiums	14		96825		96825	711430

Reinsurance - intra-group

Regular premiums	15					3406
Single premiums	16					42

Net of reinsurance

Regular premiums	17	84408	1446012	5549	1535969	1406807
Single premiums	18	(14620)	1417381	5611	1408372	1064769

Total

Gross	19	80780	2999066	11167	3091013	3326074
Reinsurance	20	10992	135673	7	146672	854498
Net	21	69788	2863393	11160	2944341	2471576

Long-term insurance business: Analysis of claims**Form 42**

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

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

Financial year ended **31st December 2010**

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	873202	232359	13373	1118934	814370
Disability periodic payments	12	57803	1171	8	58982	54998
Surrender or partial surrender	13	3188464	2704818	131081	6024363	3492549
Annuity payments	14	5696	192018	2367	200081	99263
Lump sums on maturity	15	881055	1354148	47123	2282326	2044085
Total	16	5006220	4484514	193952	9684686	6505265

Reinsurance - external

Death or disability lump sums	21	271462	30383		301845	229345
Disability periodic payments	22	3406	11		3417	10896
Surrender or partial surrender	23		13		13	(643)
Annuity payments	24					300
Lump sums on maturity	25					
Total	26	274868	30407		305275	239898

Reinsurance - intra-group

Death or disability lump sums	31	16851			16851	19011
Disability periodic payments	32	10			10	
Surrender or partial surrender	33					32809
Annuity payments	34		155		155	
Lump sums on maturity	35					37789
Total	36	16861	155		17016	89609

Net of reinsurance

Death or disability lump sums	41	584889	201976	13373	800238	566014
Disability periodic payments	42	54387	1160	8	55555	44102
Surrender or partial surrender	43	3188464	2704805	131081	6024350	3460383
Annuity payments	44	5696	191863	2367	199926	98963
Lump sums on maturity	45	881055	1354148	47123	2282326	2006296
Total	46	4714491	4453952	193952	9362395	6175758

Long-term insurance business: Analysis of claims**Form 42**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**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	72976	5896	911	79783	88384
Disability periodic payments	12	1309	7		1316	19
Surrender or partial surrender	13	243663	372358	19690	635711	627168
Annuity payments	14		13208	4	13212	13252
Lump sums on maturity	15	561564	509667	22187	1093418	1281807
Total	16	879512	901136	42792	1823440	2010630

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	72976	5896	911	79783	88384
Disability periodic payments	42	1309	7		1316	19
Surrender or partial surrender	43	243663	372358	19690	635711	627168
Annuity payments	44		13208	4	13212	13252
Lump sums on maturity	45	561564	509667	22187	1093418	1281807
Total	46	879512	901136	42792	1823440	2010630

Long-term insurance business: Analysis of claims**Form 42**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**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	3639	4061		7700	7712
Disability periodic payments	12	1216	909		2125	2420
Surrender or partial surrender	13	3522	17987		21509	78776
Annuity payments	14	1055	32071		33126	34618
Lump sums on maturity	15	33761	101683		135444	160767
Total	16	43193	156711		199904	284293

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
Disability periodic payments	32					
Surrender or partial surrender	33					3731
Annuity payments	34					
Lump sums on maturity	35					28999
Total	36					33606

Net of reinsurance

Death or disability lump sums	41	3639	4061		7700	6836
Disability periodic payments	42	1216	909		2125	2420
Surrender or partial surrender	43	3522	17987		21509	75045
Annuity payments	44	1055	32071		33126	34618
Lump sums on maturity	45	33761	101683		135444	131768
Total	46	43193	156711		199904	250687

Long-term insurance business: Analysis of claims**Form 42**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Belgian Sub-Fund**Financial year ended **31st December 2010**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	16851		16851	17295
Disability periodic payments	12				
Surrender or partial surrender	13				
Annuity payments	14				
Lump sums on maturity	15				
Total	16	16851		16851	17295

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	16851		16851	17295
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34				
Lump sums on maturity	35				
Total	36	16851		16851	17295

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 Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	243815	27458	2283	273556	62741
Disability periodic payments	12	4661	9		4670	2473
Surrender or partial surrender	13	1575537	193679	83828	1853044	188191
Annuity payments	14	372	112610	2039	115021	28741
Lump sums on maturity	15	233856	183136	17173	434165	104773
Total	16	2058241	516892	105323	2680456	386919

Reinsurance - external

Death or disability lump sums	21	14637			14637	5940
Disability periodic payments	22		10		10	
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	14637	10		14647	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	229178	27458	2283	258919	56801
Disability periodic payments	42	4661	(1)		4660	2473
Surrender or partial surrender	43	1575537	193679	83828	1853044	188191
Annuity payments	44	372	112610	2039	115021	28741
Lump sums on maturity	45	233856	183136	17173	434165	104773
Total	46	2043604	516882	105323	2665809	380979

Long-term insurance business: Analysis of claims**Form 42**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	46867	3841	597	51305	18164
Disability periodic payments	12	841	37		878	331
Surrender or partial surrender	13	114655	18500	12589	145744	27710
Annuity payments	14	38	14594	324	14956	3769
Lump sums on maturity	15	22758	27165	3490	53413	10881
Total	16	185159	64137	17000	266296	60855

Reinsurance - external

Death or disability lump sums	21	1949			1949	1012
Disability periodic payments	22		1		1	7
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	1949	1		1950	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	44918	3841	597	49356	17152
Disability periodic payments	42	841	36		877	324
Surrender or partial surrender	43	114655	18500	12589	145744	27710
Annuity payments	44	38	14594	324	14956	3769
Lump sums on maturity	45	22758	27165	3490	53413	10881
Total	46	183210	64136	17000	264346	59836

Long-term insurance business: Analysis of claims**Form 42**

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

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

Financial year ended **31st December 2010**

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	1214		1214	338
Disability periodic payments	12				
Surrender or partial surrender	13	38710		38710	8212
Annuity payments	14				
Lump sums on maturity	15	23487		23487	5186
Total	16	63411		63411	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	1214		1214	338
Disability periodic payments	42				
Surrender or partial surrender	43	38710		38710	8212
Annuity payments	44				
Lump sums on maturity	45	23487		23487	5186
Total	46	63411		63411	13736

Long-term insurance business: Analysis of claims**Form 42**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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	484487		484487	428198
Disability periodic payments	12	5672		5672	5177
Surrender or partial surrender	13	1236339		1236339	893345
Annuity payments	14	3015		3015	1825
Lump sums on maturity	15	27920		27920	24680
Total	16	1757433		1757433	1353225

Reinsurance - external

Death or disability lump sums	21	252395		252395	201137
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24				
Lump sums on maturity	25				
Total	26	252395		252395	201137

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	232092		232092	227061
Disability periodic payments	42	5672		5672	5177
Surrender or partial surrender	43	1236339		1236339	893531
Annuity payments	44	3015		3015	1825
Lump sums on maturity	45	27920		27920	24680
Total	46	1505038		1505038	1152274

Long-term insurance business: Analysis of claims**Form 42**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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	4567	189889	9582	204038	191538
Disability periodic payments	12	44104	209	8	44321	44578
Surrender or partial surrender	13	14748	2063584	14974	2093306	1669147
Annuity payments	14	1216	19535		20751	17058
Lump sums on maturity	15	1196	509010	4273	514479	455991
Total	16	65831	2782227	28837	2876895	2378312

Reinsurance - external

Death or disability lump sums	21	2481	30383		32864	21256
Disability periodic payments	22	3406			3406	10889
Surrender or partial surrender	23		13		13	(643)
Annuity payments	24					300
Lump sums on maturity	25					
Total	26	5887	30396		36283	31802

Reinsurance - intra-group

Death or disability lump sums	31					840
Disability periodic payments	32	10			10	
Surrender or partial surrender	33					29264
Annuity payments	34		155		155	
Lump sums on maturity	35					8790
Total	36	10	155		165	38894

Net of reinsurance

Death or disability lump sums	41	2086	159506	9582	171174	169442
Disability periodic payments	42	40688	209	8	40905	33689
Surrender or partial surrender	43	14748	2063571	14974	2093293	1640526
Annuity payments	44	1216	19380		20596	16758
Lump sums on maturity	45	1196	509010	4273	514479	447201
Total	46	59934	2751676	28837	2840447	2307616

Long-term insurance business: Analysis of expenses**Form 43**

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

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

Financial year ended **31st December 2010**

Units **£000**

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

Gross

Commission - acquisition	11	251708	50084	62	301854	271704
Commission - other	12	45114	22458	604	68176	42193
Management - acquisition	13	186418	25262	11	211691	180164
Management - maintenance	14	178205	218498	1547	398250	319413
Management - other	15	55861	53450	281	109592	308154
Total	16	717306	369752	2505	1089563	1121628

Reinsurance - external

Commission - acquisition	21	463			463	1
Commission - other	22					19
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	463			463	20

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					34
Management - acquisition	33	22			22	
Management - maintenance	34	9	1753		1762	2747
Management - other	35	287			287	
Total	36	318	1753		2071	2781

Net of reinsurance

Commission - acquisition	41	251245	50084	62	301391	271703
Commission - other	42	45114	22458	604	68176	42140
Management - acquisition	43	186396	25262	11	211669	180164
Management - maintenance	44	178196	216745	1547	396488	316666
Management - other	45	55574	53450	281	109305	308154
Total	46	716525	367999	2505	1087029	1118827

Long-term insurance business: Analysis of expenses**Form 43**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**Units **£000**

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

Gross

Commission - acquisition	11		363	41	404	1501
Commission - other	12	2885	187	142	3214	3953
Management - acquisition	13	532	285	2	819	258
Management - maintenance	14	44438	37516	172	82126	71824
Management - other	15	2404	(2597)	7	(186)	19358
Total	16	50259	35754	364	86377	96894

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		363	41	404	1501
Commission - other	42	2885	187	142	3214	3953
Management - acquisition	43	532	285	2	819	258
Management - maintenance	44	44438	37516	172	82126	71824
Management - other	45	2404	(2597)	7	(186)	19358
Total	46	50259	35754	364	86377	96894

Long-term insurance business: Analysis of expenses**Form 43**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**Units **£000**

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

Gross

Commission - acquisition	11	277	143		420	562
Commission - other	12	174	1807		1981	2278
Management - acquisition	13	252	1510		1762	3176
Management - maintenance	14	2077	4483		6560	37625
Management - other	15	(497)	(12164)		(12661)	4955
Total	16	2283	(4221)		(1938)	48596

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					34
Management - acquisition	33					
Management - maintenance	34					2747
Management - other	35					
Total	36					2781

Net of reinsurance

Commission - acquisition	41	277	143		420	562
Commission - other	42	174	1807		1981	2244
Management - acquisition	43	252	1510		1762	3176
Management - maintenance	44	2077	4483		6560	34878
Management - other	45	(497)	(12164)		(12661)	4955
Total	46	2283	(4221)		(1938)	45815

Long-term insurance business: Analysis of expenses**Form 43**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**Units **£000**

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

Gross

Commission - acquisition	11	26634	(777)	3	25860	4550
Commission - other	12	5441	3868	411	9720	1973
Management - acquisition	13	14934	2119	8	17061	4094
Management - maintenance	14	44952	42873	1248	89073	20405
Management - other	15	(9586)	(3533)	246	(12873)	4579
Total	16	82375	44550	1916	128841	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	26634	(777)	3	25860	4550
Commission - other	42	5441	3868	411	9720	1973
Management - acquisition	43	14934	2119	8	17061	4094
Management - maintenance	44	44952	42873	1248	89073	20405
Management - other	45	(9586)	(3533)	246	(12873)	4579
Total	46	82375	44550	1916	128841	35601

Long-term insurance business: Analysis of expenses**Form 43**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**Units **£000**

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

Gross

Commission - acquisition	11	3296	(858)	6	2444	515
Commission - other	12	858	481	51	1390	306
Management - acquisition	13	1991	367	1	2359	549
Management - maintenance	14	5943	6608	127	12678	2898
Management - other	15	(902)	(803)	28	(1677)	844
Total	16	11186	5795	213	17194	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	3296	(858)	6	2444	515
Commission - other	42	858	481	51	1390	306
Management - acquisition	43	1991	367	1	2359	549
Management - maintenance	44	5943	6608	127	12678	2898
Management - other	45	(902)	(803)	28	(1677)	844
Total	46	11186	5795	213	17194	5112

Long-term insurance business: Analysis of expenses**Form 43**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**Units **£000**

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

Gross

Commission - acquisition	11	216376		216376	189245
Commission - other	12	28869		28869	24571
Management - acquisition	13	152076		152076	83135
Management - maintenance	14	69558		69558	65932
Management - other	15	63659		63659	238454
Total	16	530538		530538	601337

Reinsurance - external

Commission - acquisition	21	463		463	1
Commission - other	22				17
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26	463		463	18

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33	22		22	
Management - maintenance	34	9		9	
Management - other	35	287		287	
Total	36	318		318	

Net of reinsurance

Commission - acquisition	41	215913		215913	189244
Commission - other	42	28869		28869	24554
Management - acquisition	43	152054		152054	83135
Management - maintenance	44	69549		69549	65932
Management - other	45	63372		63372	238454
Total	46	529757		529757	601319

Long-term insurance business: Analysis of expenses**Form 43**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**Units **£000**

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

Gross

Commission - acquisition	11	5125	51213	12	56350	75331
Commission - other	12	6887	16115		23002	9112
Management - acquisition	13	16633	20981		37614	88952
Management - maintenance	14	11237	127018		138255	120729
Management - other	15	783	72547		73330	39964
Total	16	40665	287874	12	328551	334088

Reinsurance - external

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

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34		1753		1753	
Management - other	35					
Total	36		1753		1753	

Net of reinsurance

Commission - acquisition	41	5125	51213	12	56350	75331
Commission - other	42	6887	16115		23002	9110
Management - acquisition	43	16633	20981		37614	88952
Management - maintenance	44	11237	125265		136502	120729
Management - other	45	783	72547		73330	39964
Total	46	40665	286121	12	326798	334086

Long-term insurance business: Linked funds balance sheet**Form 44**Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2010**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	23230806	23723076
Directly held assets in collective investment schemes of connected companies	12	7356010	5453582
Directly held assets in other collective investment schemes	13	4484451	3132180
Total assets (excluding cross investment) (11+12+13)	14	35071267	32308838
Provision for tax on unrealised capital gains	15	43798	71050
Secured and unsecured loans	16		
Other liabilities	17	393955	586967
Total net assets (14-15-16-17)	18	34633514	31650821

Directly held linked assets

Value of directly held linked assets	21	9106	8052
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Total

Value of directly held linked assets and units held (18+21)	31	34642620	31658873
Surplus units	32	95922	23291
Deficit units	33		
Net unit liability (31-32+33)	34	34546698	31635582

Long-term insurance business: revenue account for internal linked funds**Form 45**Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2010**Units **£000**

	Financial year	Previous year
	1	2

Income

Value of total creation of units	11	1125762	2380582
Investment income attributable to the funds before deduction of tax	12	981838	1025159
Increase (decrease) in the value of investments in the financial year	13	2709584	3223792
Other income	14	70615	200056
Total income	19	4887799	6829589

Expenditure

Value of total cancellation of units	21	1626520	2328123
Charges for management	22	101866	95774
Charges in respect of tax on investment income	23	51710	67390
Taxation on realised capital gains	24	78056	(92527)
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(5873)	261651
Other expenditure	26	52826	48854
Total expenditure	29	1905105	2709265
Increase (decrease) in funds in financial year (19-29)	39	2982694	4120324
Internal linked fund brought forward	49	31650820	27530496
Internal linked funds carried forward (39+49)	59	34633514	31650820

Long-term insurance business: Summary of new business**Form 46**Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2010**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	299169	54628	1999	355796	294995
Single premium business	12	36695	37229	30	73954	93148
Total	13	335864	91857	2029	429750	388143

Amount of new regular premiums

Direct insurance business	21	89632	284656	2396	376684	470642
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	89632	284656	2396	376684	470642

Amount of new single premiums

Direct insurance business	25	1221636	1634233	4831	2860700	3689264
External reinsurance	26					
Intra-group reinsurance	27	90104			90104	
Total	28	1311740	1634233	4831	2950804	3689264

Long-term insurance business: Analysis of new business**Form 47
(Sheet 1)**Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2010**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)				1698
300	Regular premium non-profit WL/EA OB	33164	7298		
305	Single premium non-profit WL/EA OB			628	1383
325	Level term assurance	177485	44814		
330	Decreasing term assurance	39448	12134		
340	Accelerated critical illness (guaranteed premiums)	31540	15645		
345	Accelerated critical illness (reviewable premiums)	10337	6326		
350	Stand-alone critical illness (guaranteed premiums)	1			
365	Income protection non-profit (reviewable premiums)	7194	3347		
400	Annuity non-profit (CPA)			127	4444
500	Life UWP single premium			12990	390961
700	Life property linked single premium			22919	823150
710	Life property linked whole life regular premium		64		
715	Life property linked endowment regular premium - savings		1		
720	Life property linked endowment regular premium – target cash		3		

Long-term insurance business: Analysis of new business**Form 47
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2010**Units **£000**

UK Life / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
575	Miscellaneous UWP			31	90104

Long-term insurance business: Analysis of new business**Form 47
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2010**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	49	590	2	293
200	Annuity with-profits (CPA)			190	11859
410	Group Life	620	19077		178
525	Individual pensions UWP	49	151	103	3159
530	Individual pensions UWP - increments		4238		15169
535	Group money purchase pensions UWP	722	2648	85	7458
540	Group money purchase pensions UWP - increments		5239		4207
565	DWP National Insurance rebates UWP				73138
571	Trustee investment plan UWP			28	939
725	Individual pensions property linked	12775	39452	6458	191175
730	Individual pensions property linked - increments		51596		394254
735	Group money purchase pensions property linked	40413	23896	29123	165067
740	Group money purchase pensions property linked - increments		137769		302143
745	DWP National Insurance rebates property linked				326082
750	Income drawdown property linked			1021	126205
755	Trustee investment plan			219	12907

Long-term insurance business: Analysis of new business**Form 47
(Sheet 4)**Name of insurer **Aviva Life & Pensions UK Limited**

Total business

Financial year ended **31st December 2010**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	241	106		
325	Level term assurance	507	409		
330	Decreasing term assurance	562	288		
340	Accelerated critical illness (guaranteed premiums)	437	287		
345	Accelerated critical illness (reviewable premiums)	6	5		
400	Annuity non-profit (CPA)			9	749
411	Group death in service dependants' annuities	42	682		76
530	Individual pensions UWP - increments		12		49
535	Group money purchase pensions UWP			18	3859
725	Individual pensions property linked	204	562	3	89
730	Individual pensions property linked - increments		45		9

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 2010**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	8131	12205	160	1.31	
Approved fixed interest securities	12	2747975	2749897	120222	3.34	
Other fixed interest securities	13	1968409	1990990	115822	4.69	
Variable interest securities	14	79572	79720	1724	1.77	
UK listed equity shares	15	43893	111847	3610	2.12	
Non-UK listed equity shares	16	8206	18641	412	2.21	
Unlisted equity shares	17	7239	7253			
Other assets	18	1748252	1641124	38471	1.91	
Total	19	6611677	6611677	280421	3.34	

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

Land and buildings	21	2608727	7805959	227684	2.92	10.19
Approved fixed interest securities	22	8532090	10261953	439336	3.15	7.92
Other fixed interest securities	23	6106536	8772080	517454	5.34	7.59
Variable interest securities	24	3772206	4440925	84083	0.98	
UK listed equity shares	25	4595610	7302049	195010	2.67	16.21
Non-UK listed equity shares	26	2820999	5051493	85889	1.70	17.46
Unlisted equity shares	27	185065	403475	1256	0.31	17.95
Other assets	28	19495500	4078799	27789	0.68	1.49
Total	29	48116733	48116733	1578501	2.85	9.30

Overall return on with-profits assets

Post investment costs but pre-tax	31					5.48
Return allocated to non taxable 'asset shares'	32					5.89
Return allocated to taxable 'asset shares'	33					5.18

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 2010**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	764452	764452	33365	3.47	
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	764452	764452	33365	3.47	

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

Land and buildings	21	1066700	3157675	98500	3.12	8.58
Approved fixed interest securities	22	3817657	3867597	168802	3.47	7.76
Other fixed interest securities	23	2234149	4031089	240344	5.78	9.14
Variable interest securities	24	948718	892342	14211	1.50	
UK listed equity shares	25	2199187	3265378	80131	2.45	15.77
Non-UK listed equity shares	26	1436204	1885204	37215	1.97	16.22
Unlisted equity shares	27	17350	201567	1115	0.55	15.98
Other assets	28	8701518	3120631	19812	0.63	1.65
Total	29	20421483	20421483	660130	3.02	10.73

Overall return on with-profits assets

Post investment costs but pre-tax	31					10.60
Return allocated to non taxable 'asset shares'	32					10.73
Return allocated to taxable 'asset shares'	33					9.42

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 2010**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	170203	170203	3672	3.49	
Other fixed interest securities	13	60363	60363	6047	5.62	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	230566	230566	9719	4.05	

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

Land and buildings	21		49111	2455	5.00	8.16
Approved fixed interest securities	22	258713	806938	17408	1.12	12.74
Other fixed interest securities	23	744715	357881	35854	8.21	9.63
Variable interest securities	24	317483	145688	5237	2.52	
UK listed equity shares	25	200261	200010	7063	3.53	16.95
Non-UK listed equity shares	26	27283	32520	924	2.84	3.85
Unlisted equity shares	27		163	2	1.19	
Other assets	28	232134	188278	917	0.49	0.58
Total	29	1780589	1780589	69860	3.00	10.54

Overall return on with-profits assets

Post investment costs but pre-tax	31					10.41
Return allocated to non taxable 'asset shares'	32					10.54
Return allocated to taxable 'asset shares'	33					8.56

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 2010**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	72858	72858	3811	4.05	
Other fixed interest securities	13	24306	24306	1323	3.99	
Variable interest securities	14					
UK listed equity shares	15	3226	3226	116	3.61	
Non-UK listed equity shares	16	8206	8206	238	2.89	
Unlisted equity shares	17					
Other assets	18	10112	10112			
Total	19	118708	118708	5488	3.60	

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 2010**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	4811	8456	133	1.57	
Approved fixed interest securities	12	104159	106081	5276	3.61	
Other fixed interest securities	13	305537	317052	18759	4.42	
Variable interest securities	14	13839	13906	313	1.57	
UK listed equity shares	15	12714	56305	1628	0.69	
Non-UK listed equity shares	16					
Unlisted equity shares	17	7238	7238			
Other assets	18	549531	488791	14996	1.87	
Total	19	997829	997829	41105	2.78	

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	445451	445451	2361	0.53	
Total	29	445451	445451	2361	0.53	

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 2010**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	3320	3750	27	0.72	
Approved fixed interest securities	12	4092	4092	168	3.36	
Other fixed interest securities	13	226842	237907	15312	4.86	
Variable interest securities	14	65734	65813	1411	1.82	
UK listed equity shares	15	27952	52316	1865	3.57	
Non-UK listed equity shares	16		10435	175	1.68	
Unlisted equity shares	17	1	15			
Other assets	18	1188608	1142221	23475	1.94	
Total	19	1516549	1516549	42433	2.45	

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 2010**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	1465493	1465493	66306	3.21	
Other fixed interest securities	13	1164368	1164368	64007	4.69	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	2629861	2629861	130313	3.87	

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

Land and buildings	21	1345384	4012858	110640	2.76	11.32
Approved fixed interest securities	22	3930578	4912281	222257	3.21	7.33
Other fixed interest securities	23	2681785	3775640	207554	4.69	5.99
Variable interest securities	24	2206349	3037416	57009	0.77	
UK listed equity shares	25	1915928	3346420	94057	2.81	16.55
Non-UK listed equity shares	26	1180439	2727209	41478	1.52	18.35
Unlisted equity shares	27	146310	176510	121	0.07	19.94
Other assets	28	8773452	191891	3810	1.99	2.45
Total	29	22180225	22180225	736926	2.74	12.72

Overall return on with-profits assets

Post investment costs but pre-tax	31					12.59
Return allocated to non taxable 'asset shares'	32					12.72
Return allocated to taxable 'asset shares'	33					10.70

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 2010**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	166718	166718	7623	3.30	
Other fixed interest securities	13	186993	186993	10374	4.75	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	353711	353711	17997	4.07	

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

Land and buildings	21	196643	586315	16089	2.74	11.32
Approved fixed interest securities	22	525142	675136	30869	3.30	7.33
Other fixed interest securities	23	445888	607470	33702	4.75	5.99
Variable interest securities	24	299656	365479	7626	0.85	
UK listed equity shares	25	280234	490241	13759	2.81	16.55
Non-UK listed equity shares	26	177073	406560	6272	1.54	18.35
Unlisted equity shares	27	21405	25235	18	0.07	19.94
Other assets	28	1342944	132549	889	0.67	2.45
Total	29	3288985	3288985	109224	2.77	12.72

Overall return on with-profits assets

Post investment costs but pre-tax	31					12.59
Return allocated to non taxable 'asset shares'	32					12.72
Return allocated to taxable 'asset shares'	33					10.70

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

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

Financial year ended **31st December 2010**

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

Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	10810005	7.60	2.93	2.95
Other approved fixed interest securities	21	2128987	8.98	4.30	4.39
Other fixed interest securities					
AAA/Aaa	31	1922545	7.94	3.41	3.35
AA/Aa	32	1786899	4.53	3.78	3.58
A/A	33	3587392	5.03	4.29	4.02
BBB/Baa	34	2327131	4.46	5.29	4.33
BB/Ba	35	641819	4.54	10.98	7.75
B/B	36	31031	5.70	9.58	2.88
CCC/Caa	37	27726	3.33	27.65	17.89
Other (including unrated)	38	414218	11.05	10.65	6.42
Total other fixed interest securities	39	10738761	5.54	4.99	4.24
Approved variable interest securities	41	2814715	8.47	0.26	0.30
Other variable interest securities	51	1705932	3.39	2.13	1.64
Total (11+21+39+41+51)	61	28198400	6.75	3.50	3.21

Long-term insurance business: Fixed and variable interest assets**Form 49**Name of insurer **Aviva Life & Pensions UK Limited**Financial year ended **31st December 2010**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	3788702	11.09	3.38	3.38
Other approved fixed interest securities	21	843346	9.99	3.87	3.87
Other fixed interest securities					
AAA/Aaa	31	958234	8.68	3.75	3.60
AA/Aa	32	537426	3.88	4.10	3.64
A/A	33	915002	4.42	5.08	4.51
BBB/Baa	34	962213	4.40	6.71	5.43
BB/Ba	35	263977	4.42	12.45	8.44
B/B	36	14908	6.03	11.35	3.95
CCC/Caa	37	9934	4.83	19.33	7.52
Other (including unrated)	38	369396	9.13	7.46	4.83
Total other fixed interest securities	39	4031090	5.79	5.78	4.69
Approved variable interest securities	41	435555	27.33	0.40	0.40
Other variable interest securities	51	456788	0.54	2.55	2.00
Total (11+21+39+41+51)	61	9555481	8.99	4.26	3.77

Long-term insurance business: Fixed and variable interest assets**Form 49**Name of insurer **Aviva Life & Pensions UK Limited**Financial year ended **31st December 2010**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	739520	10.08	0.96	0.96
Other approved fixed interest securities	21	237623	7.50	3.32	3.32
Other fixed interest securities					
AAA/Aaa	31	174280	9.58	4.29	4.14
AA/Aa	32	214732	7.09	5.02	4.56
A/A	33	292072	7.70	5.41	4.84
BBB/Baa	34	76707	5.41	5.30	4.02
BB/Ba	35	40917	6.03	14.27	10.26
B/B	36	3766	9.99	9.60	2.20
CCC/Caa	37	2025	1.38	45.60	33.78
Other (including unrated)	38	(386256)	6.06	3.23	3.23
Total other fixed interest securities	39	418243	9.09	7.84	6.39
Approved variable interest securities	41	145673	21.92	2.52	2.52
Other variable interest securities	51	15	8.05	15.52	11.51
Total (11+21+39+41+51)	61	1541074	10.53	3.34	2.95

Long-term insurance business: Fixed and variable interest assets**Form 49**Name of insurer **Aviva Life & Pensions UK Limited**Financial year ended **31st December 2010**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	63840	2.36	3.18	3.18
Other approved fixed interest securities	21	42242	0.05	4.27	4.27
Other fixed interest securities					
AAA/Aaa	31	41272	5.12	3.97	3.82
AA/Aa	32	51651	1.20	4.43	3.97
A/A	33	120851	0.64	4.86	4.29
BBB/Baa	34	70223	0.70	5.42	4.14
BB/Ba	35	20936	0.93	11.64	7.63
B/B	36	749	2.66	14.43	7.04
CCC/Caa	37	752	2.61	39.48	27.68
Other (including unrated)	38	10617		5.34	4.06
Total other fixed interest securities	39	317051	1.33	5.37	4.42
Approved variable interest securities	41	6327	4.83	1.72	1.72
Other variable interest securities	51	7579	0.11	1.44	1.44
Total (11+21+39+41+51)	61	437039	1.39	4.82	4.13

Long-term insurance business: Fixed and variable interest assets**Form 49**Name of insurer **Aviva Life & Pensions UK Limited**Financial year ended **31st December 2010**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	4092	7.63	3.36	3.36
Other approved fixed interest securities	21				
Other fixed interest securities					
AAA/Aaa	31	6865	1.60	2.40	2.25
AA/Aa	32	50305	4.86	4.96	4.50
A/A	33	90147	11.79	5.41	4.84
BBB/Baa	34	54000	3.90	6.51	5.23
BB/Ba	35	22571	3.91	11.58	7.57
B/B	36	854	3.74	12.92	5.53
CCC/Caa	37	562	1.50	49.58	37.78
Other (including unrated)	38	12601	8.20	0.77	
Total other fixed interest securities	39	237905	7.25	5.95	4.86
Approved variable interest securities	41	63934	2.09	1.77	1.77
Other variable interest securities	51	1880	1.92	3.31	3.31
Total (11+21+39+41+51)	61	307811	6.15	5.03	4.19

Long-term insurance business: Fixed and variable interest assets**Form 49**Name of insurer **Aviva Life & Pensions UK Limited**Financial year ended **31st December 2010**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	5509864	5.14	2.92	2.92
Other approved fixed interest securities	21	867910	8.86	5.09	5.09
Other fixed interest securities					
AAA/Aaa	31	640154	6.80	2.97	2.82
AA/Aa	32	803281	4.48	3.70	3.24
A/A	33	1869061	4.90	4.20	3.63
BBB/Baa	34	1001477	4.68	4.66	3.38
BB/Ba	35	251017	4.74	10.77	6.76
B/B	36	9218	4.09	8.53	1.13
CCC/Caa	37	12454	2.67	33.26	21.45
Other (including unrated)	38	353346	8.43	7.21	5.19
Total other fixed interest securities	39	4940008	5.27	4.68	3.72
Approved variable interest securities	41	1946686	3.97	0.08	0.08
Other variable interest securities	51	1090730	4.47	2.00	1.51
Total (11+21+39+41+51)	61	14355198	5.20	3.20	2.83

Long-term insurance business: Fixed and variable interest assets**Form 49**Name of insurer **Aviva Life & Pensions UK Limited**Financial year ended **31st December 2010**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	703987	5.99	2.97	2.97
Other approved fixed interest securities	21	137866	8.92	5.01	5.01
Other fixed interest securities					
AAA/Aaa	31	101739	6.86	3.04	2.89
AA/Aa	32	129504	4.48	3.78	3.32
A/A	33	300259	4.90	4.31	3.74
BBB/Baa	34	162511	4.78	4.78	3.50
BB/Ba	35	42401	4.76	10.93	6.92
B/B	36	1536	4.11	8.63	1.23
CCC/Caa	37	1999	2.67	33.76	21.95
Other (including unrated)	38	54514	8.47	6.55	4.47
Total other fixed interest securities	39	794463	5.29	4.75	3.77
Approved variable interest securities	41	216540	3.97	0.10	0.10
Other variable interest securities	51	148940	4.44	1.95	1.45
Total (11+21+39+41+51)	61	2001796	5.58	3.43	3.00

Long-term insurance business: Summary of mathematical reserves**Form 50**

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

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

Financial year ended **31st December 2010**

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	7959266	4329184	269846	12558296	12978996
Form 51 - non-profit	12	2024177	4185501	190726	6400404	6364677
Form 52	13	12909881	10139852	591435	23641168	24845287
Form 53 - linked	14	9886273	25373596	457182	35717051	32531621
Form 53 - non-linked	15	63207	304154	7231	374592	370619
Form 54 - linked	16		526		526	540
Form 54 - non-linked	17	63804	111	3458	67373	61855
Total	18	32906608	44332924	1519878	78759410	77153595

Reinsurance - external

Form 51 - with-profits	21			87259	87259	86397
Form 51 - non-profit	22	1316480	652122	55393	2023995	2205016
Form 52	23					97
Form 53 - linked	24		1170353		1170353	945600
Form 53 - non-linked	25	28			28	147
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	1316508	1822475	142652	3281635	3237257

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32	5463		91998	97461	132793
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37	646		3458	4104	3353
Total	38	6109		95456	101565	136146

Net of reinsurance

Form 51 - with-profits	41	7959266	4329184	182587	12471037	12892599
Form 51 - non-profit	42	702234	3533379	43335	4278948	4026868
Form 52	43	12909881	10139852	591435	23641168	24845190
Form 53 - linked	44	9886273	24203243	457182	34546698	31586021
Form 53 - non-linked	45	63179	304154	7231	374564	370472
Form 54 - linked	46		526		526	540
Form 54 - non-linked	47	63158	111		63269	58502
Total	48	31583991	42510449	1281770	75376210	73780192

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**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	4247103	3425220	159295	7831618	8331752
Form 51 - non-profit	12		711786	23261	735047	693549
Form 52	13	1372138	5310256	252303	6934697	7145556
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	5619241	9447262	434859	15501362	16170857

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	4247103	3425220	159295	7831618	8331752
Form 51 - non-profit	42		711786	23261	735047	693549
Form 52	43	1372138	5310256	252303	6934697	7145556
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	5619241	9447262	434859	15501362	16170857

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**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	116408	415555		531963	527237
Form 51 - non-profit	12	20840	156908		177748	174659
Form 52	13		908724		908724	912935
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	137248	1481187		1618435	1614831

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	1843	10		1853	1846
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	1843	10		1853	1846

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	116408	415555		531963	527237
Form 51 - non-profit	42	18997	156898		175895	172813
Form 52	43		908724		908724	912935
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	135405	1481177		1616582	1612985

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Belgian Sub-Fund**Financial year ended **31st December 2010**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			87259	87259	86397
Form 51 - non-profit	12			43197	43197	46294
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18			130456	130456	132691

Reinsurance - external

Form 51 - with-profits	21			87259	87259	86397
Form 51 - non-profit	22			43197	43197	46294
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28			130456	130456	132691

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 Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	3082673	398543	20026	3501242	3460221
Form 51 - non-profit	12	440756	1985287	15072	2441115	2269241
Form 52	13	10403391	2617224	277714	13298329	14267197
Form 53 - linked	14	501	15059	63293	78853	76458
Form 53 - non-linked	15	54797	62802	2751	120350	161407
Form 54 - linked	16		464		464	477
Form 54 - non-linked	17		98		98	74
Total	18	13982118	5079477	378856	19440451	20235075

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	59637	1626	647	61910	74316
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	59637	1626	647	61910	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	3082673	398543	20026	3501242	3460221
Form 51 - non-profit	42	381119	1983661	14425	2379205	2194925
Form 52	43	10403391	2617224	277714	13298329	14267197
Form 53 - linked	44	501	15059	63293	78853	76458
Form 53 - non-linked	45	54797	62802	2751	120350	161407
Form 54 - linked	46		464		464	477
Form 54 - non-linked	47		98		98	74
Total	48	13922481	5077851	378209	19378541	20160759

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	513082	89866	3266	606214	573389
Form 51 - non-profit	12	65700	259260	2042	327002	313256
Form 52	13	1133583	491718	60694	1685995	1717873
Form 53 - linked	14	67	2005	8427	10499	10180
Form 53 - non-linked	15	7295	8362	367	16024	21490
Form 54 - linked	16		62		62	63
Form 54 - non-linked	17		13		13	10
Total	18	1719727	851286	74796	2645809	2636261

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	7561	216	94	7871	9533
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	7561	216	94	7871	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	513082	89866	3266	606214	573389
Form 51 - non-profit	42	58139	259044	1948	319131	303723
Form 52	43	1133583	491718	60694	1685995	1717873
Form 53 - linked	44	67	2005	8427	10499	10180
Form 53 - non-linked	45	7295	8362	367	16024	21490
Form 54 - linked	46		62		62	63
Form 54 - non-linked	47		13		13	10
Total	48	1712166	851070	74702	2637938	2626728

Long-term insurance business: Summary of mathematical reserves

Form 50

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

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

Financial year ended **31st December 2010**

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		786102	786102	775661
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		786102	786102	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		786102	786102	775661
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48		786102	786102	775661

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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	1127572		(260)	1127312
Form 52	13	769		769	1865
Form 53 - linked	14	9885705	2066	9887771	9651236
Form 53 - non-linked	15	1115	1219	2334	(41719)
Form 54 - linked	16				
Form 54 - non-linked	17	11874		11874	9925
Total	18	11027035	1219	11030060	10882236

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	1202366		1644	1204010
Form 52	23				97
Form 53 - linked	24				
Form 53 - non-linked	25	28		28	146
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	1202394		1644	1204038

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	5463		5463	6086
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37	646		646	474
Total	38	6109		6109	6560

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	(80257)		(1904)	(82161)
Form 52	43	769		769	1768
Form 53 - linked	44	9885705	2066	9887771	9651236
Form 53 - non-linked	45	1087	1219	2306	(41865)
Form 54 - linked	46				
Form 54 - non-linked	47	11228		11228	9451
Total	48	9818532	1219	9819913	9464781

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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	369309	1072260	107414	1548983
Form 52	13		25828	724	26552
Form 53 - linked	14		25356532	383396	25739928
Form 53 - non-linked	15		231771	4113	235884
Form 54 - linked	16				
Form 54 - non-linked	17	51930		3458	55388
Total	18	421239	26686391	499105	27606735

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	45073	650270	9811	705154
Form 52	23				
Form 53 - linked	24		1170353		1170353
Form 53 - non-linked	25				1
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	45073	1820623	9811	1875507

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32			91998	91998
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37			3458	3458
Total	38			95456	95456

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	324236	421990	5605	751831
Form 52	43		25828	724	26552
Form 53 - linked	44		24186179	383396	24569575
Form 53 - non-linked	45		231771	4113	235884
Form 54 - linked	46				
Form 54 - non-linked	47	51930			51930
Total	48	376166	24865768	393838	25635772

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 Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**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	21926	874990	10932	n/a	n/a	n/a	476892
120	Conventional endowment with-profits OB savings	30651	336760	9265	n/a	n/a	n/a	228968
125	Conventional endowment with-profits OB target cash	224337	3329029	94850	n/a	n/a	n/a	2714491
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	826741

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 Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**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	82390	2569722	5229	n/a	n/a	n/a	2930480
165	Conventional deferred annuity with-profits	6764	23498	724	n/a	n/a	n/a	265019
175	Group conventional deferred annuity with-profits	498	1814		n/a	n/a	n/a	26260
185	Group conventional pensions endowment with-profits	2691	167166	2315	n/a	n/a	n/a	108838
200	Annuity with-profits (CPA)	3177	12303	8	n/a	n/a	n/a	99991
210	Additional reserves with-profits OB				n/a	n/a	n/a	(5368)
305	Single premium non-profit WL/EA OB	2929	162920		n/a	n/a	n/a	160024
390	Deferred annuity non-profit	8026	30416		n/a	n/a	n/a	497176
400	Annuity non-profit (CPA)		14885		n/a	n/a	n/a	54586

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 Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**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	115	13930	129	n/a	n/a	n/a	7105
120	Conventional endowment with-profits OB savings	447	7225	179	n/a	n/a	n/a	5536
125	Conventional endowment with-profits OB target cash	1448	31831	949	n/a	n/a	n/a	25185
155	Conventional pensions endowment with-profits	2812	74065	545	n/a	n/a	n/a	76280
165	Conventional deferred annuity with-profits	455	2948	322	n/a	n/a	n/a	31339
185	Group conventional pensions endowment with-profits	1128	96117	3609	n/a	n/a	n/a	13850
305	Single premium non-profit WL/EA OB	29	1578		n/a	n/a	n/a	1514
390	Deferred annuity non-profit	298	2059		n/a	n/a	n/a	20256
395	Annuity non-profit (PLA)		404		n/a	n/a	n/a	1491

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 Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**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	2350	7517	45	n/a	n/a	n/a	5522
120	Conventional endowment with-profits OB savings	4018	9214	147	n/a	n/a	n/a	8107
125	Conventional endowment with-profits OB target cash	12505	88316	2485	n/a	n/a	n/a	80513
165	Conventional deferred annuity with-profits	297	60		n/a	n/a	n/a	1605
195	Annuity with-profits (PLA)	160	627		n/a	n/a	n/a	6763
205	Miscellaneous conventional with-profits	29269	71046	1454	n/a	n/a	n/a	9014
210	Additional reserves with-profits OB				n/a	n/a	n/a	4884
300	Regular premium non-profit WL/EA OB	2287	5149	55	n/a	n/a	n/a	3630
365	Income protection non-profit (reviewable premiums)	1136	8247	167	n/a	n/a	n/a	494
385	Income protection claims in payment	52	438		n/a	n/a	n/a	3017
390	Deferred annuity non-profit	490	88		n/a	n/a	n/a	675
395	Annuity non-profit (PLA)	740	627		n/a	n/a	n/a	6430
410	Group Life	590	562	18	n/a	n/a	n/a	209
420	Group income protection	467	3457	52	n/a	n/a	n/a	206
425	Group income protection claims in payment	76	620		n/a	n/a	n/a	4153
435	Miscellaneous non-profit	1999	170395	269	n/a	n/a	n/a	2026

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 Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**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		20	1	n/a	n/a	n/a	
420	Group income protection		436	6	n/a	n/a	n/a	55
425	Group income protection claims in payment		287		n/a	n/a	n/a	1788

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 Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**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
165	Conventional deferred annuity with-profits	557	429	1	n/a	n/a	n/a	13369
200	Annuity with-profits (CPA)	11024	51137		n/a	n/a	n/a	402186
390	Deferred annuity non-profit	88623	19687		n/a	n/a	n/a	154919
410	Group Life	384	27751	136	n/a	n/a	n/a	920
435	Miscellaneous non-profit	1239	58363	230	n/a	n/a	n/a	999
440	Additional reserves non-profit OB				n/a	n/a	n/a	70

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 Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**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		4378	16	n/a	n/a	n/a	10

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 Limited**Total business / subfund **Belgian Sub-Fund**Financial year ended **31st December 2010**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	74140	276225	17229	n/a	n/a	n/a	70066
120	Conventional endowment with-profits OB savings	2006	12841	124	n/a	n/a	n/a	8068
175	Group conventional deferred annuity with-profits	182	9130	347	n/a	n/a	n/a	3735
195	Annuity with-profits (PLA)	15	23		n/a	n/a	n/a	275
210	Additional reserves with-profits OB				n/a	n/a	n/a	5115
300	Regular premium non-profit WL/EA OB		287472	600	n/a	n/a	n/a	270
325	Level term assurance	97102	4638016	11470	n/a	n/a	n/a	42927
435	Miscellaneous non-profit			278	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 Limited**Total business / subfund **Belgian Sub-Fund**Financial year ended **31st December 2010**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		276225	17229	n/a	n/a	n/a	70066
120	Conventional endowment with-profits OB savings		12841	124	n/a	n/a	n/a	8068
175	Group conventional deferred annuity with-profits		9130	347	n/a	n/a	n/a	3735
195	Annuity with-profits (PLA)		23		n/a	n/a	n/a	275
210	Additional reserves with-profits OB				n/a	n/a	n/a	5115
300	Regular premium non-profit WL/EA OB		287472	600	n/a	n/a	n/a	270
325	Level term assurance		4638016	11470	n/a	n/a	n/a	42927
435	Miscellaneous non-profit			278	n/a	n/a	n/a	

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	30580	805902	18892	n/a	n/a	n/a	329308
120	Conventional endowment with-profits OB savings	14027	219673	5980	n/a	n/a	n/a	152595
125	Conventional endowment with-profits OB target cash	173929	3109007	106258	n/a	n/a	n/a	2076892
175	Group conventional deferred annuity with-profits	13	1763	26	n/a	n/a	n/a	2013
205	Miscellaneous conventional with-profits	104	6777	65	n/a	n/a	n/a	8248
210	Additional reserves with-profits OB				n/a	n/a	n/a	513617
300	Regular premium non-profit WL/EA OB	32211	133853	1526	n/a	n/a	n/a	96354
305	Single premium non-profit WL/EA OB	440	1107		n/a	n/a	n/a	1291
325	Level term assurance	54229	4356600	13111	n/a	n/a	n/a	25834
330	Decreasing term assurance	39191	4059873	22391	n/a	n/a	n/a	51008
340	Accelerated critical illness (guaranteed premiums)	47962	2011965	9159	n/a	n/a	n/a	58092
360	Income protection non-profit (guaranteed premiums)	3796	93115	515	n/a	n/a	n/a	(28)
390	Deferred annuity non-profit	11174	12143	30	n/a	n/a	n/a	25886
395	Annuity non-profit (PLA)	1344	1317		n/a	n/a	n/a	10900
400	Annuity non-profit (CPA)	6117	9701		n/a	n/a	n/a	122912
410	Group Life	161	1217		n/a	n/a	n/a	30
415	Collective Life	941	32717	114	n/a	n/a	n/a	114
435	Miscellaneous non-profit	3227	492285	1561	n/a	n/a	n/a	40273
440	Additional reserves non-profit OB				n/a	n/a	n/a	8090

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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		2842307	7872	n/a	n/a	n/a	14171
330	Decreasing term assurance		962746	8655	n/a	n/a	n/a	22040
340	Accelerated critical illness (guaranteed premiums)		922774	4526	n/a	n/a	n/a	23755
395	Annuity non-profit (PLA)		(86)		n/a	n/a	n/a	(295)
400	Annuity non-profit (CPA)		5		n/a	n/a	n/a	21
435	Miscellaneous non-profit		(1287)	(13)	n/a	n/a	n/a	(55)

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	7663	280383	1039	n/a	n/a	n/a	276053
175	Group conventional deferred annuity with-profits	1474	4430	84	n/a	n/a	n/a	55478
185	Group conventional pensions endowment with-profits	513	31893	195	n/a	n/a	n/a	35674
200	Annuity with-profits (CPA)	689	2811		n/a	n/a	n/a	16402
205	Miscellaneous conventional with-profits	1480	21760	42	n/a	n/a	n/a	3295
210	Additional reserves with-profits OB				n/a	n/a	n/a	11641
300	Regular premium non-profit WL/EA OB	3309	8178	2	n/a	n/a	n/a	15630
325	Level term assurance	5791	389386	1368	n/a	n/a	n/a	2824
330	Decreasing term assurance	740	4040	10	n/a	n/a	n/a	48
390	Deferred annuity non-profit	27455	34648	4	n/a	n/a	n/a	493834
400	Annuity non-profit (CPA)	76004	129598		n/a	n/a	n/a	1460117
410	Group Life	438	177894	888	n/a	n/a	n/a	759
435	Miscellaneous non-profit	7629	109082	187	n/a	n/a	n/a	12075

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 Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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		259681	967	n/a	n/a	n/a	1607
400	Annuity non-profit (CPA)		6		n/a	n/a	n/a	19

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	96	3108	124	n/a	n/a	n/a	949
120	Conventional endowment with-profits OB savings	101	2130	75	n/a	n/a	n/a	1408
125	Conventional endowment with-profits OB target cash	557	19075	661	n/a	n/a	n/a	12282
175	Group conventional deferred annuity with-profits	62	468	72	n/a	n/a	n/a	5275
205	Miscellaneous conventional with-profits	12	25	1	n/a	n/a	n/a	112
300	Regular premium non-profit WL/EA OB	34	152	1	n/a	n/a	n/a	95
325	Level term assurance	573	84540	283	n/a	n/a	n/a	371
330	Decreasing term assurance	689	61963	235	n/a	n/a	n/a	117
340	Accelerated critical illness (guaranteed premiums)	627	39771	203	n/a	n/a	n/a	620
360	Income protection non-profit (guaranteed premiums)	4	270	1	n/a	n/a	n/a	
390	Deferred annuity non-profit	1	1		n/a	n/a	n/a	17
400	Annuity non-profit (CPA)	224	1196		n/a	n/a	n/a	13657
410	Group Life	7	61		n/a	n/a	n/a	
435	Miscellaneous non-profit	48	4860	12	n/a	n/a	n/a	195

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 Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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		50907	121	n/a	n/a	n/a	225
330	Decreasing term assurance		18379	74	n/a	n/a	n/a	24
340	Accelerated critical illness (guaranteed premiums)		18521	85	n/a	n/a	n/a	398

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	4386	117818	2547	n/a	n/a	n/a	40320
120	Conventional endowment with-profits OB savings	2605	39964	1212	n/a	n/a	n/a	24527
125	Conventional endowment with-profits OB target cash	33118	572567	20203	n/a	n/a	n/a	334296
175	Group conventional deferred annuity with-profits	15	1735	4	n/a	n/a	n/a	1868
205	Miscellaneous conventional with-profits	31	1092	8	n/a	n/a	n/a	1363
210	Additional reserves with-profits OB				n/a	n/a	n/a	110708
300	Regular premium non-profit WL/EA OB	4393	17822	203	n/a	n/a	n/a	12829
305	Single premium non-profit WL/EA OB	59	147		n/a	n/a	n/a	172
325	Level term assurance	7625	587077	1753	n/a	n/a	n/a	3464
330	Decreasing term assurance	5355	723059	3330	n/a	n/a	n/a	7454
340	Accelerated critical illness (guaranteed premiums)	8563	399292	1543	n/a	n/a	n/a	13934
360	Income protection non-profit (guaranteed premiums)	527	12413	68	n/a	n/a	n/a	(3)
390	Deferred annuity non-profit	1520	1669	4	n/a	n/a	n/a	3571
395	Annuity non-profit (PLA)	180	175		n/a	n/a	n/a	1451
400	Annuity non-profit (CPA)	836	1292		n/a	n/a	n/a	16365
410	Group Life	42	65		n/a	n/a	n/a	7
415	Collective Life	125	4356	15	n/a	n/a	n/a	15
435	Miscellaneous non-profit	428	64399	198	n/a	n/a	n/a	5364
440	Additional reserves non-profit OB				n/a	n/a	n/a	1077

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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		378495	1048	n/a	n/a	n/a	1887
330	Decreasing term assurance		140226	1015	n/a	n/a	n/a	2554
340	Accelerated critical illness (guaranteed premiums)		122862	603	n/a	n/a	n/a	3163
395	Annuity non-profit (PLA)		(11)		n/a	n/a	n/a	(39)
400	Annuity non-profit (CPA)		1		n/a	n/a	n/a	3
435	Miscellaneous non-profit		(171)	(2)	n/a	n/a	n/a	(7)

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	2015	52117	190	n/a	n/a	n/a	50081
175	Group conventional deferred annuity with-profits	1257	1517	2	n/a	n/a	n/a	18321
185	Group conventional pensions endowment with-profits	557	17467	78	n/a	n/a	n/a	18570
200	Annuity with-profits (CPA)	42	125		n/a	n/a	n/a	702
205	Miscellaneous conventional with-profits	293	3949	8	n/a	n/a	n/a	585
210	Additional reserves with-profits OB				n/a	n/a	n/a	1607
300	Regular premium non-profit WL/EA OB	451	1089		n/a	n/a	n/a	2081
325	Level term assurance	790	51845	182	n/a	n/a	n/a	376
330	Decreasing term assurance	98	538	1	n/a	n/a	n/a	6
390	Deferred annuity non-profit	4851	4932	1	n/a	n/a	n/a	60677
400	Annuity non-profit (CPA)	10333	17255		n/a	n/a	n/a	194407
410	Group Life	124	24572	122	n/a	n/a	n/a	106
435	Miscellaneous non-profit	1024	16107	25	n/a	n/a	n/a	1607

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 Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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		34575	129	n/a	n/a	n/a	214
400	Annuity non-profit (CPA)		1		n/a	n/a	n/a	2

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	188	7	n/a	n/a	n/a	67
120	Conventional endowment with-profits OB savings	23	613	25	n/a	n/a	n/a	255
125	Conventional endowment with-profits OB target cash	117	3375	117	n/a	n/a	n/a	1924
175	Group conventional deferred annuity with-profits	19	87	6	n/a	n/a	n/a	1005
205	Miscellaneous conventional with-profits	2	3		n/a	n/a	n/a	15
300	Regular premium non-profit WL/EA OB	5	20		n/a	n/a	n/a	13
325	Level term assurance	78	11256	38	n/a	n/a	n/a	49
330	Decreasing term assurance	95	8671	34	n/a	n/a	n/a	30
340	Accelerated critical illness (guaranteed premiums)	86	5918	30	n/a	n/a	n/a	105
360	Income protection non-profit (guaranteed premiums)	1	36		n/a	n/a	n/a	
390	Deferred annuity non-profit				n/a	n/a	n/a	2
400	Annuity non-profit (CPA)	31	159		n/a	n/a	n/a	1818
410	Group Life	10	78		n/a	n/a	n/a	
435	Miscellaneous non-profit	6	532	1	n/a	n/a	n/a	25

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 Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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		6778	16	n/a	n/a	n/a	30
330	Decreasing term assurance		2421	11	n/a	n/a	n/a	11
340	Accelerated critical illness (guaranteed premiums)		2466	11	n/a	n/a	n/a	53

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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	48803	324787	9711	n/a	n/a	n/a	112930
305	Single premium non-profit WL/EA OB	1377	53		n/a	n/a	n/a	53
325	Level term assurance	877064	126053926	281865	n/a	n/a	n/a	605847
330	Decreasing term assurance	326971	34800593	76549	n/a	n/a	n/a	2896
340	Accelerated critical illness (guaranteed premiums)	381644	32877601	182104	n/a	n/a	n/a	91787
345	Accelerated critical illness (reviewable premiums)	71379	8068739	42859	n/a	n/a	n/a	(29327)
350	Stand-alone critical illness (guaranteed premiums)	2957	86572	265	n/a	n/a	n/a	1204
355	Stand-alone critical illness (reviewable premiums)	642	3512	27	n/a	n/a	n/a	119
360	Income protection non-profit (guaranteed premiums)	1587	111331	392	n/a	n/a	n/a	85
390	Deferred annuity non-profit	885	1458	559	n/a	n/a	n/a	16483
395	Annuity non-profit (PLA)	2379	1718	1	n/a	n/a	n/a	35635
400	Annuity non-profit (CPA)	618	216		n/a	n/a	n/a	2109
410	Group Life	44554	7082450	8049	n/a	n/a	n/a	3753
415	Collective Life		8679618		n/a	n/a	n/a	38403
435	Miscellaneous non-profit	271	356320	(1023)	n/a	n/a	n/a	38887
440	Additional reserves non-profit OB		3454506	261	n/a	n/a	n/a	206708

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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		143028	612	n/a	n/a	n/a	110692
325	Level term assurance		116428156	169840	n/a	n/a	n/a	688933
330	Decreasing term assurance		30793097	43395	n/a	n/a	n/a	46459
340	Accelerated critical illness (guaranteed premiums)		26656334	107529	n/a	n/a	n/a	141562
345	Accelerated critical illness (reviewable premiums)		5984653	17149	n/a	n/a	n/a	(3516)
350	Stand-alone critical illness (guaranteed premiums)		86572	265	n/a	n/a	n/a	1204
355	Stand-alone critical illness (reviewable premiums)		3512	27	n/a	n/a	n/a	119
395	Annuity non-profit (PLA)				n/a	n/a	n/a	193
410	Group Life				n/a	n/a	n/a	3753
415	Collective Life		498587		n/a	n/a	n/a	38403
435	Miscellaneous non-profit		1112	1	n/a	n/a	n/a	32838
440	Additional reserves non-profit OB			244	n/a	n/a	n/a	141726

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 Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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)		397		n/a	n/a	n/a	3354
400	Annuity non-profit (CPA)		216		n/a	n/a	n/a	2109

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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	559	186767	422	n/a	n/a	n/a	398
330	Decreasing term assurance	614	147151	264	n/a	n/a	n/a	(162)
340	Accelerated critical illness (guaranteed premiums)	949	67367	391	n/a	n/a	n/a	(437)
345	Accelerated critical illness (reviewable premiums)	114	10365	38	n/a	n/a	n/a	(60)
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)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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		185643	130	n/a	n/a	n/a	1002
330	Decreasing term assurance		146492	82	n/a	n/a	n/a	319
340	Accelerated critical illness (guaranteed premiums)		60552	177	n/a	n/a	n/a	313
345	Accelerated critical illness (reviewable premiums)		7942	10	n/a	n/a	n/a	9
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)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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)	15103	1027921	5339	n/a	n/a	n/a	29111
355	Stand-alone critical illness (reviewable premiums)	1543	123688	673	n/a	n/a	n/a	876
360	Income protection non-profit (guaranteed premiums)	22552	261785	7312	n/a	n/a	n/a	4149
365	Income protection non-profit (reviewable premiums)	88596	1035025	30164	n/a	n/a	n/a	(21754)
370	Long-term care policy	7663	43297	5297	n/a	n/a	n/a	90007
385	Income protection claims in payment				n/a	n/a	n/a	48602
415	Collective Life	88254	1554072		n/a	n/a	n/a	41035
420	Group income protection	125007	4599095	40728	n/a	n/a	n/a	52955
425	Group income protection claims in payment				n/a	n/a	n/a	87700
435	Miscellaneous non-profit	451	3512	676	n/a	n/a	n/a	7
440	Additional reserves non-profit OB				n/a	n/a	n/a	36621

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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)		483436	2361	n/a	n/a	n/a	12739
355	Stand-alone critical illness (reviewable premiums)		90749	402	n/a	n/a	n/a	1001
360	Income protection non-profit (guaranteed premiums)		10326	304	n/a	n/a	n/a	463
365	Income protection non-profit (reviewable premiums)		422271	11670	n/a	n/a	n/a	1614
385	Income protection claims in payment				n/a	n/a	n/a	11619
415	Collective Life				n/a	n/a	n/a	6869
420	Group income protection		11280	270	n/a	n/a	n/a	144
425	Group income protection claims in payment				n/a	n/a	n/a	10605
435	Miscellaneous non-profit		430	13	n/a	n/a	n/a	19

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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	30	7		n/a	n/a	n/a	8
325	Level term assurance	30732	4631234	8499	n/a	n/a	n/a	18304
330	Decreasing term assurance	842	125569	283	n/a	n/a	n/a	(357)
390	Deferred annuity non-profit	24794	62873	9	n/a	n/a	n/a	653615
400	Annuity non-profit (CPA)	6947	20380		n/a	n/a	n/a	247920
410	Group Life	282	119229668	120576	n/a	n/a	n/a	57989
411	Group death in service dependants' annuities		1022473	27164	n/a	n/a	n/a	12417
435	Miscellaneous non-profit	6593	5396	23	n/a	n/a	n/a	11422
440	Additional reserves non-profit OB				n/a	n/a	n/a	70942

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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		3913376	5828	n/a	n/a	n/a	17347
330	Decreasing term assurance		111678	158	n/a	n/a	n/a	(34)
390	Deferred annuity non-profit		59802		n/a	n/a	n/a	626863
400	Annuity non-profit (CPA)		274		n/a	n/a	n/a	5642
410	Group Life		1978724	1367	n/a	n/a	n/a	452

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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	29	152	2	n/a	n/a	n/a	103
325	Level term assurance	6844	1571453	3783	n/a	n/a	n/a	8856
330	Decreasing term assurance	7416	1066523	2472	n/a	n/a	n/a	(520)
340	Accelerated critical illness (guaranteed premiums)	6548	708037	3996	n/a	n/a	n/a	1765
345	Accelerated critical illness (reviewable premiums)	482	73478	395	n/a	n/a	n/a	(197)
390	Deferred annuity non-profit	48	260		n/a	n/a	n/a	3118
400	Annuity non-profit (CPA)	3216	6742		n/a	n/a	n/a	91998
410	Group Life	4884	2281516	2766	n/a	n/a	n/a	1297
411	Group death in service dependants' annuities		32090	797	n/a	n/a	n/a	328
435	Miscellaneous non-profit	8	34060		n/a	n/a	n/a	605
440	Additional reserves non-profit OB			13	n/a	n/a	n/a	61

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 Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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		1404449	2637	n/a	n/a	n/a	7496
330	Decreasing term assurance		933907	1575	n/a	n/a	n/a	569
340	Accelerated critical illness (guaranteed premiums)		565768	2561	n/a	n/a	n/a	1851
345	Accelerated critical illness (reviewable premiums)		54776	200	n/a	n/a	n/a	(118)
440	Additional reserves non-profit OB			13	n/a	n/a	n/a	13

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 Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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
400	Annuity non-profit (CPA)		6742		n/a	n/a	n/a	91998

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 1)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**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	36784	1127747		1116861	1133544		1133544
505	Life UWP whole life regular premium	11186	33752	5909	33752	34011		34011
510	Life UWP endowment regular premium - savings	1914	23404	1231	23404	23523		23523
515	Life UWP endowment regular premium – target cash	14318	182766	11691	182766	183707		183707
610	Additional reserves UWP		(2647)		(2647)	(2647)		(2647)

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**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	254551	4188139	31271	4188103	4299584		4299584
535	Group money purchase pensions UWP	97844	933988	22443	933654	980283		980283
570	Income drawdown UWP	11	2020		2020	2026		2026
575	Miscellaneous UWP						31010	31010
610	Additional reserves UWP		(2647)		(2647)	(2647)		(2647)

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 3)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**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	9053	175411	3698	175411	178417		178417
535	Group money purchase pensions UWP	2705	73426	4324	73426	73886		73886

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 4)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**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		102640	5568	102640	102640	54809	157448
575	Miscellaneous UWP	31927	448238	3289	613096	499265	252011	751276

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 5)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	268243	9704925		9582890	9506921	19	9506940
505	Life UWP whole life regular premium	1592	9459	528	9459	9503		9503
510	Life UWP endowment regular premium - savings	1	58	2	58	57		57
515	Life UWP endowment regular premium – target cash	4095	54425	4773	54425	53633	(11)	53622
575	Miscellaneous UWP	5057	895302		886438	833269		833269

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 6)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	47912	1461764	24241	1461764	1451843	31369	1483212
535	Group money purchase pensions UWP	25024	559061	24551	559061	541865	(8)	541857
571	Trustee investment plan UWP	496	48359		48359	49029		49029
575	Miscellaneous UWP	9128	153825	2189	521001	475207	57682	532889
610	Additional reserves UWP						10237	10237

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 7)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	3059	153264		151949	149301		149302
505	Life UWP whole life regular premium	76	1095	73	1084	1063		1063
510	Life UWP endowment regular premium - savings	220	5831	298	4244	4217		4217
525	Individual pensions UWP	2065	115264	2827	115264	113866	486	114352
571	Trustee investment plan UWP	22	1811		1811	1824		1824
575	Miscellaneous UWP	57	1945	74	7072	7072	(116)	6956

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 8)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	32502	1012894		1007181	1000040		1000040
505	Life UWP whole life regular premium	577	2471	131	2471	2482		2482
515	Life UWP endowment regular premium – target cash	1346	20205	1696	20205	19954	(4)	19950
575	Miscellaneous UWP	933	118625		117450	111111		111111

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 9)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	17166	307090	4731	307090	307983	5334	313317
535	Group money purchase pensions UWP	6045	108195	4156	108195	106125	(2)	106124
571	Trustee investment plan UWP	129	12537		12537	13702		13702
575	Miscellaneous UWP	2615	18764	154	58827	52982	4231	57212
610	Additional reserves UWP						1363	1363

Long-term insurance business: Valuation summary of accumulating with-profits contractsName of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	662	29974		29737	29255		29255
505	Life UWP whole life regular premium	17	256	17	253	248		248
510	Life UWP endowment regular premium - savings	74	1937	96	1375	1368		1368
525	Individual pensions UWP	776	29623	776	29623	29225	173	29398
571	Trustee investment plan UWP	1	32		32	32		32
575	Miscellaneous UWP	8	78	1	397	397	(4)	393

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

Form 52
(Sheet 11)

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

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

Financial year ended **31st December 2010**

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	58664	635177	30590	635177	634530		634530
535	Group money purchase pensions UWP	11262	151581	12882	151581	151572		151572

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 12)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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		26407				87	87
505	Life UWP whole life regular premium		1268881	311			523	523
510	Life UWP endowment regular premium - savings		1018	65			1	1
515	Life UWP endowment regular premium – target cash		537307	615			158	158

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 13)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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				
515	Life UWP endowment regular premium – target cash		87420	220				

Long-term insurance business: Valuation summary of accumulating with-profits contractsName of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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		75716	1646			8729	8729
535	Group money purchase pensions UWP		28380	634			17096	17096
570	Income drawdown UWP		58				3	3
605	Miscellaneous protection rider		5167	201				

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 15)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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		7827	195			263	263
535	Group money purchase pensions UWP		1031	18			461	461
605	Miscellaneous protection rider		621	14				

Long-term insurance business: Valuation summary of property linked contractsName of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	71053	297334				5156	5156
710	Life property linked whole life regular premium	3227	48802	315			61	61
715	Life property linked endowment regular premium - savings	561	2831	1	501	501	1	502
720	Life property linked endowment regular premium – target cash	4827	59183	156			22	22
795	Miscellaneous property linked		85077	213			9	9
800	Additional reserves property linked						49548	49548

Long-term insurance business: Valuation summary of property linked contracts**Form 53
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	224943	89651	1739			56418	56418
735	Group money purchase pensions property linked	69368	22100	415	15059	15059	6329	21388
755	Trustee investment plan	107					55	55
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 Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	1642	63413		62761	62761	53	62814
710	Life property linked whole life regular premium	75	538	36	532	532		532
715	Life property linked endowment regular premium - savings	297	6	6			1957	1957
725	Individual pensions property linked	1974		87			741	741

Long-term insurance business: Valuation summary of property linked contractsName of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	8257	39588				686	686
710	Life property linked whole life regular premium	384	6498	42			8	8
715	Life property linked endowment regular premium - savings	76	377		67	67		67
720	Life property linked endowment regular premium – target cash	1017	7880	21			3	3
795	Miscellaneous property linked		11328	28			1	1
800	Additional reserves property linked						6597	6597

Long-term insurance business: Valuation summary of property linked contracts**Form 53
(Sheet 5)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	39727	11937	232			7512	7512
735	Group money purchase pensions property linked	11324	2943	55	2005	2005	843	2848
755	Trustee investment plan	14					7	7
795	Miscellaneous property linked		37					

Long-term insurance business: Valuation summary of property linked contractsName of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	229	8443		8356	8356	7	8363
710	Life property linked whole life regular premium	10	72	5	71	71		71
715	Life property linked endowment regular premium - savings	43	1	1			261	261
725	Individual pensions property linked	506		12			99	99

Long-term insurance business: Valuation summary of property linked contractsName of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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	313304	9366265		9307257	9307257	(108879)	9198378
710	Life property linked whole life regular premium	26824	2006205	12216	136078	135280	183	135463
715	Life property linked endowment regular premium - savings	11812	488399	5454	110579	110579	295	110874
720	Life property linked endowment regular premium – target cash	17669	516231	13734	323786	321483	386	321869
780	Stand-alone critical illness rider	2256	171255	794	2470	2470		2470
790	Miscellaneous protection rider		15686	86			5	5
795	Miscellaneous property linked	3742	35597	246	8475	8475	73701	82177
800	Additional reserves property linked				161	161	35424	35585

Long-term insurance business: Valuation summary of property linked contractsName of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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		524578	2052			12	12
720	Life property linked endowment regular premium – target cash		144917	700				
780	Stand-alone critical illness rider		117822	216			16	16
800	Additional reserves property linked		5992	55				

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

Form 53
(Sheet 9)

Name of insurer Aviva Life & Pensions UK Limited

Total business / subfund Non-Profit Sub-Fund 1

Financial year ended 31st December 2010

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						1219	1219

Long-term insurance business: Valuation summary of property linked contracts**Form 53
(Sheet 10)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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		1562		1562	1562		1562
715	Life property linked endowment regular premium - savings		504	16	504	504		504

Long-term insurance business: Valuation summary of property linked contractsName of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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	781960	16259376	514358	16271100	16245576	78663	16324239
735	Group money purchase pensions property linked	568509	8827127	498013	8820219	8818955	141680	8960635
745	DWP National Insurance rebates property linked	4960	61461		61461	61461	34	61495
750	Income drawdown property linked	46	5216		5216	5216	148	5364
755	Trustee investment plan	2373	223114		221367	225324	178	225502
790	Miscellaneous protection rider		9505	399			17	17
800	Additional reserves property linked						11051	11051

Long-term insurance business: Valuation summary of property linked contracts**Form 53
(Sheet 12)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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		18859		22918	22918		22918
735	Group money purchase pensions property linked		1147435		1147435	1147435		1147435
790	Miscellaneous protection rider		875	11				

Long-term insurance business: Valuation summary of property linked contractsName of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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	328	6403		6403	6403		6403
715	Life property linked endowment regular premium - savings	437	7908	296	6217	6217	846	7063
725	Individual pensions property linked	17831	366201	26385	366201	365412	3258	368670
735	Group money purchase pensions property linked	44	3681	190	3681	3681	9	3690
755	Trustee investment plan	11	1683		1683	1683		1683
790	Miscellaneous protection rider		1454	30				

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

Form 54
(Sheet 1)

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

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

Financial year ended **31st December 2010**

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	334	67		464	464	59	523
910	Miscellaneous index linked						39	39

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 2)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	44	9		62	62	8	70
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 Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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	17	432				11874	11874

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 4)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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		90				646	646

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 5)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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						36434	36434
902	Group index linked income protection claims in payment						15496	15496

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 6)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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	120	150				3458	3458

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 7)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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		150				3458	3458

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 2010**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	11873316446	Aviva Pensions Balanced Managed Accumulation S2 - F641YP	1.00	5.9165	6.7343	13.82
Aviva Pensions UK Equity - M003YA	15 - Individual Pension - UK Equity	1620059856	Aviva Pensions UK Equity Accumulation S2 - F658YP	1.00	6.4000	7.4447	16.32
Aviva Life Balanced Managed - L006YA	02 - Life - Balanced Managed Fund	1545023090	Aviva Life Balanced Managed Accumulation S4 - F019YL	0.88	3.0834	3.4408	11.59
Aviva Pensions Property - E501YA	17 - Individual Pension - Property	1159705815	Aviva Pensions Property Accumulation S2 - F681YP	0.88	4.9296	5.6609	14.83
Aviva Life Property - E500YA	07 - Life - Property	1046517690	Aviva Life Property Accumulation S4 - F380YL	0.88	2.5989	2.9575	13.80
Aviva Pensions Defensive Managed - M030YA	13 - Individual Pension - Defensive Managed Fund	1005952829	Aviva Pensions Defensive Managed Accumulation S2 - F644YP	1.00	2.6961	2.9451	9.24
Aviva Life Balanced Distribution - L142YA	02 - Life - Balanced Managed Fund	941858057	Aviva Life Balanced Distribution Accumulation S4 - F007YL		1.1446	1.2093	5.65
Aviva Pensions European Equity - M024YA	16 - Individual Pension - Overseas Equity	686472179	Aviva Pensions European Equity Accumulation S2 - F720YP	1.00	10.7698	11.1573	3.60
Aviva Pensions Global Equity - M004YA	16 - Individual Pension - Overseas Equity	515013198	Aviva Pensions Global Equity Accumulation S2 - F672YP	1.00	5.1502	5.9602	15.73
Aviva Life Defensive Managed - L138YA	03 - Life - Defensive Managed Fund	423585190	Aviva Life Defensive Managed Accumulation S4 - F052YL	0.88	2.3972	2.5852	7.84
Aviva Life Cautious Managed - L011YA	04 - Life - Other Managed Fund	365916247	Aviva Life Cautious Managed Accumulation S4 - F031YL		2.6088	2.8415	8.92
Aviva Pensions Pacific Equity (inc Japan) - M035YA	16 - Individual Pension - Overseas Equity	263393498	Aviva Pensions Pacific Equity (inc Japan) Accumulation S2 - F727YP	1.00	3.6649	4.4816	22.28
Aviva Pensions Sustainable Future Managed - M049YA	14 - Individual Pension - Other Managed Fund	257801201	Aviva Pensions Sustainable Future Managed Accumulation S2 - F778YP	1.00	1.2739	1.4130	10.92
Aviva Pensions US Equity - M022YA	16 - Individual Pension - Overseas Equity	204538626	Aviva Pensions US Equity Accumulation S2 - F713YP	1.00	4.2367	5.0457	19.10
Aviva Life UK Equity - L003YA	05 - Life - UK Equity	181653079	Aviva Life UK Equity Accumulation S4 - F482YL	0.88	3.2674	3.7363	14.35
Aviva Pensions UK Ethical - M034YA	15 - Individual Pension - UK Equity	166990164	Aviva Pensions UK Ethical Accumulation S2 - F657YP	1.00	1.4583	1.7405	19.35
Aviva Pensions Cautious Managed - M066YA	04 - Life - Other Managed Fund	126404491	Aviva Pensions Cautious Managed accumulation - G332YP	1.00	1.0222	1.1420	11.72

Long-term insurance business - analysis of valuation interest rate**Form 57
(Sheet 1)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**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	4257190	3.50	4.01	4.26
UK Pens WP Form 51 With Profit Annuity	98810		4.20	4.36
UK Pens WP Form 51 Other Pensions	3300471		4.20	4.36
UK Pens NP Form 51	696400		3.40	3.62
OS WP Form 51	121071		4.20	4.36
OS NP Form 51	22719		3.40	3.62
Misc Form 51	79550			4.13
UK Life WP Form 52 (Valued at 0%)	811360			
UK Life WP Form 52 (Other)	582846	3.15	3.62	3.84
UK Pens WP Form 52	5455554		3.70	3.84
OS WP Form 52	258729		3.70	3.84
TOTAL	15684700	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 Limited**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2010**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	108040	3.55	4.19	4.43
UK Life NP Form 51 Assurances	5864	3.25	4.06	4.96
UK Life WP Form 51 Annuities	6804		4.20	4.42
UK Life NP Form 51 Annuities	6430		4.20	4.42
UK Pens WP Form 51 With Profit Annuity	413236		4.20	4.42
UK Pens NP Form 51 Deferred Annuity	157502		3.60	4.09
UK Pens WP Form 51 Deferred Annuity	14973		3.75	4.15
UK Pens WP Form 52 Compact	33084		3.25	3.66
UK Pens WP Form 52 (DAF valued at 0%)	102640			0.53
UK Pens WP Form 52 (Other)	772035		3.75	4.15
Misc	6096			4.09
TOTAL	1626704	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 Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2010**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	3194033	3.75	4.26	4.45
OS Life WP Form 51	15427	3.75	4.26	4.45
UK Life NP Form 51	221148	2.70	3.38	3.61
OS Life NP Form 51	751	2.70	3.38	3.61
UK Life NP Form 51 Immediate Annuities	134086		4.45	4.71
OS Life NP Form 51 Immediate Annuities	13657		4.45	4.71
UK Pens WP Form 51	394840		4.30	4.45
OS Pens WP Form 51	5425		4.30	4.45
UK Pens WP Form 51 Immediate Annuities	16875		4.30	4.45
UK Pens NP Form 51	549497		3.20	3.61
OS Pens NP Form 51	17		3.20	3.61
UK Pens NP Form 51 Immediate Annuities	1460098		4.45	4.71
UK Life WP Form 52 (Valued at 0%)	1910465			
UK Life WP Form 52 (Other)	8168529	2.55	2.90	3.12
UK Life WP Form 52 Aviva International	883717		2.90	3.12
UK Pens WP Form 52	2367624		2.90	3.12
UK Pens WP Form 52 SEDA	354443		4.30	4.45
OS Pens WP Form 52 SEDA	7134		4.30	4.45
OS WP Form 52	275283		2.90	3.12
UK Life NP Form 53	56743	3.10	3.88	4.09
UK Pens NP Form 53	64119		3.80	4.09
TOTAL	20093911	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 Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2010**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	529079	3.75	4.25	4.54
OS Life WP Form 51	2372	3.75	4.25	4.54
UK Life NP Form 51	36716	2.70	3.38	3.74
OS Life NP Form 51	129	2.70	3.38	3.74
UK Life NP Form 51 Immediate Annuities	17853		4.45	4.84
OS Life NP Form 51 Immediate Annuities	1818		4.45	4.84
UK Pens WP Form 51	93589		4.30	4.54
OS Pens WP Form 51	1036		4.30	4.54
UK Pens WP Form 51 Immediate Annuities	723		4.30	4.54
UK Pens NP Form 51	68216		3.20	3.74
OS Pens NP Form 51	2		3.20	3.74
UK Pens NP Form 51 Immediate Annuities	194404		4.45	4.84
UK Life WP Form 52 (Valued at 0%)	187090			
UK Life WP Form 52 (Other)	897631	2.55	2.91	3.22
UK Life WP Form 52 Aviva International	117867		2.90	3.22
UK Pens WP Form 52	464233		2.90	3.22
UK Pens WP Form 52 SEDA	45849		4.30	4.54
OS Pens WP Form 52 SEDA	404		4.30	4.54
OS WP Form 52	61171		2.90	3.22
UK Life NP Form 53	7555	3.10	3.88	4.27
UK Pens NP Form 53	8537		3.80	4.27
TOTAL	2736274	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 Limited**

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

Financial year ended **31st December 2010**

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	808807		2.90	3.13
TOTAL	808807	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 Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**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 - ADDITIONAL RESERVES - LIFE	26582			0.34
Form 51 - ADDITIONAL RESERVES - LIFE	2251	2.80		3.85
Form 51 - ADDITIONAL RESERVES - LIFE	7	3.50		3.62
Form 51 - ADDITIONAL RESERVES - LIFE	37000	3.70		3.92
Form 51 - ADDITIONAL RESERVES - LIFE	229	3.90		4.02
Form 51 - ADDITIONAL RESERVES - PHI	193	3.90		4.02
Form 51 - CRITICAL ILLNESS	(1324)	2.80		3.85
Form 51 - CRITICAL ILLNESS	(5107)	3.50		3.62
Form 51 - NP ASSURANCE OS LIFE	(1904)	2.80		3.85
Form 51 - NP ASSURANCE UK LIFE	(40)			0.34
Form 51 - NP ASSURANCE UK LIFE	(188658)	2.80		3.85
Form 51 - NP ASSURANCE UK LIFE	669	3.90		4.02
Form 51 - NP DEFERRED ANNUITIES UK LIFE	748	2.80		3.85
Form 51 - NP DEFERRED ANNUITIES UK LIFE	132	3.40		3.50
Form 51 - NP DEFERRED ANNUITIES UK LIFE	15330	3.90		4.02
Form 51 - NP IMMEDIATE ANNUITIES UK LIFE	31646	3.90		4.02
Form 51 - PHI / IP	85	2.80		3.85
Form 52 - UWP/AWP UK LIFE	3			0.34
Form 52 - UWP/AWP UK LIFE	766	3.10		3.41
Form 53 - ADDITIONAL RESERVES - LIFE	83259			0.34
Form 53 - ADDITIONAL RESERVES - LIFE	3363	2.80		3.85
Form 53 - ADDITIONAL RESERVES - LIFE	22500	3.10		3.41
Form 53 - NP ASSURANCE UK LIFE	206	2.80		3.85
Form 53 - NP ASSURANCE UK LIFE	(108344)	3.10		3.41
Form 53 - NP ASSURANCE UK LIFE	103	3.30		3.50
Form 53 - STER RES PENS	1219	3.80		3.98
Form 54 - NP IMMEDIATE ANNUITIES UK LIFE	11228	3.90		4.02
TOTAL	(67858)	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 Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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 - ADDITIONAL RESERVES - OS	56			0.34
Form 51 - ADDITIONAL RESERVES - OS	549		3.50	3.85
Form 51 - ADDITIONAL RESERVES - OS	48		3.50	3.62
Form 51 - ADDITIONAL RESERVES - PENS	38842			0.34
Form 51 - ADDITIONAL RESERVES - PENS	25129		3.13	3.23
Form 51 - ADDITIONAL RESERVES - PENS	8569		3.50	3.62
Form 51 - ADDITIONAL RESERVES - PENS	7800		3.70	3.92
Form 51 - ADDITIONAL RESERVES - PENS	2839		3.90	4.02
Form 51 - ADDITIONAL RESERVES - PHI	13407			0.34
Form 51 - ADDITIONAL RESERVES - PHI	18364		3.13	3.23
Form 51 - ADDITIONAL RESERVES - PHI	4839		3.50	3.62
Form 51 - CRITICAL ILLNESS	16247		3.50	3.62
Form 51 - NP ASSURANCE OS LIFE	1624			0.34
Form 51 - NP ASSURANCE OS LIFE	205		3.50	3.85
Form 51 - NP ASSURANCE OS LIFE	4		3.50	3.62
Form 51 - NP ASSURANCE UK PENS	69953			0.34
Form 51 - NP ASSURANCE UK PENS	28		3.50	3.85
Form 51 - NP ASSURANCE UK PENS	615		3.50	3.62
Form 51 - NP ASSURANCE UK PENS	28		3.80	3.98
Form 51 - NP DEFERRED ANNUITIES OS LIFE	3		3.50	3.85
Form 51 - NP DEFERRED ANNUITIES OS PENS	5		3.50	3.85
Form 51 - NP DEFERRED ANNUITIES OS PENS	3111		3.90	4.02
Form 51 - NP DEFERRED ANNUITIES UK PENS	5788		3.50	3.85
Form 51 - NP DEFERRED ANNUITIES UK PENS	2		3.40	3.50
Form 51 - NP DEFERRED ANNUITIES UK PENS	3840		3.50	3.62
Form 51 - NP DEFERRED ANNUITIES UK PENS	16278		3.90	4.02
Form 51 - NP IMMEDIATE ANNUITIES UK PENS	242279		3.90	4.02
Form 51 - NP LTC	42044		3.10	3.41
Form 51 - NP LTC	47963		3.50	3.62
Form 51 - PHI / CIP	114078		4.50	4.63
Form 51 - PHI / IP	67612			0.34
Form 51 - PHI / IP	(318)		3.50	3.62
Form 52 - UWP/AWP OS PENS	724		3.80	3.98
Form 52 - UWP/AWP UK PENS	25828		3.80	3.98
Form 53 - ADDITIONAL RESERVES - PENS	10832			0.34
Form 53 - ADDITIONAL RESERVES - PENS	237		3.80	3.98
Form 53 - NP ASSURANCE OS LIFE	846		3.10	3.41
Form 53 - NP OS PENS	3267		3.80	3.98

Long-term insurance business - analysis of valuation interest rate**Form 57
(Sheet 8)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**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 53 - NP UK PENS	73675			0.34
Form 53 - NP UK PENS	49		3.50	3.85
Form 53 - NP UK PENS	146978		3.80	3.98
Form 54 - PHI / CIP	51930		(0.70)	0.34
TOTAL	1066197	n/a	n/a	n/a

Long-term insurance business: distribution of surplus**Form 58**

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

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

Financial year ended **31st December 2010**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	76567444	74668117
Bonus payments in anticipation of a surplus	12	352921	260787
Transfer to non-technical account	13	231046	66903
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	77151411	74995807
Mathematical reserves	21	75376210	73780192
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1775201	1215615

Composition of surplus

Balance brought forward	31	72011	
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	1703190	1215615
Total	39	1775201	1215615

Distribution of surplus

Bonus paid in anticipation of a surplus	41	352921	260787
Cash bonuses	42		
Reversionary bonuses	43	1119223	815914
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	1472144	1076701
Net transfer out of fund / part of fund	47	231046	66903
Total distributed surplus (46+47)	48	1703190	1143604
Surplus carried forward	49	72011	72011
Total (48+49)	59	1775201	1215615

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 Limited**Total business / subfund **With-Profits Sub-Fund**Financial year ended **31st December 2010**Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	15684700	16361267
Bonus payments in anticipation of a surplus	12	153970	189440
Transfer to non-technical account	13	5320	5737
Transfer to other funds / parts of funds	14	12027	17076
Subtotal (11 to 14)	15	15856017	16573520
Mathematical reserves	21	15501362	16170857
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	354655	402663

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	354655	402663
Total	39	354655	402663

Distribution of surplus

Bonus paid in anticipation of a surplus	41	153970	189440
Cash bonuses	42		
Reversionary bonuses	43	183338	190410
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	337308	379850
Net transfer out of fund / part of fund	47	17347	22813
Total distributed surplus (46+47)	48	354655	402663
Surplus carried forward	49		
Total (48+49)	59	354655	402663

Percentage of distributed surplus allocated to policyholders

Current year	61	95.11	94.33
Current year - 1	62	94.33	94.74
Current year - 2	63	94.74	95.28
Current year - 3	64	95.28	95.48

Long-term insurance business: distribution of surplus**Form 58**

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

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

Financial year ended **31st December 2010**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	1626704	1626143
Bonus payments in anticipation of a surplus	12	31223	37303
Transfer to non-technical account	13	4499	5504
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1662426	1668950
Mathematical reserves	21	1616582	1612985
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	45844	55965

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	45844	55965
Total	39	45844	55965

Distribution of surplus

Bonus paid in anticipation of a surplus	41	31223	37303
Cash bonuses	42		
Reversionary bonuses	43	10122	13158
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	41345	50461
Net transfer out of fund / part of fund	47	4499	5504
Total distributed surplus (46+47)	48	45844	55965
Surplus carried forward	49		
Total (48+49)	59	45844	55965

Percentage of distributed surplus allocated to policyholders

Current year	61	90.19	90.17
Current year - 1	62	90.17	90.29
Current year - 2	63	90.29	90.21
Current year - 3	64	90.21	90.48

Long-term insurance business: distribution of surplus**Form 58**

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

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

Financial year ended **31st December 2010**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	20172764	20672596
Bonus payments in anticipation of a surplus	12	151616	29408
Transfer to non-technical account	13	77888	33103
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	20402268	20735107
Mathematical reserves	21	19378541	20160759
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1023727	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	1023727	574348
Total	39	1023727	574348

Distribution of surplus

Bonus paid in anticipation of a surplus	41	151616	29408
Cash bonuses	42		
Reversionary bonuses	43	794223	511837
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	945839	541245
Net transfer out of fund / part of fund	47	77888	33103
Total distributed surplus (46+47)	48	1023727	574348
Surplus carried forward	49		
Total (48+49)	59	1023727	574348

Percentage of distributed surplus allocated to policyholders

Current year	61	92.39	94.24
Current year - 1	62	94.24	
Current year - 2	63		
Current year - 3	64		

Long-term insurance business: distribution of surplus**Form 58**

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

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

Financial year ended **31st December 2010**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	2746773	2703901
Bonus payments in anticipation of a surplus	12	15551	4524
Transfer to non-technical account	13	10212	5483
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2772536	2713908
Mathematical reserves	21	2637938	2626728
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	134598	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	134598	87180
Total	39	134598	87180

Distribution of surplus

Bonus paid in anticipation of a surplus	41	15551	4524
Cash bonuses	42		
Reversionary bonuses	43	108835	77173
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	124386	81697
Net transfer out of fund / part of fund	47	10212	5483
Total distributed surplus (46+47)	48	134598	87180
Surplus carried forward	49		
Total (48+49)	59	134598	87180

Percentage of distributed surplus allocated to policyholders

Current year	61	92.41	93.71
Current year - 1	62	93.71	
Current year - 2	63		
Current year - 3	64		

Long-term insurance business: distribution of surplus**Form 58**

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

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

Financial year ended **31st December 2010**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	808807	798997
Bonus payments in anticipation of a surplus	12	561	112
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	809368	799109
Mathematical reserves	21	786102	775661
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	23266	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	23266	23448
Total	39	23266	23448

Distribution of surplus

Bonus paid in anticipation of a surplus	41	561	112
Cash bonuses	42		
Reversionary bonuses	43	22705	23336
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	23266	23448
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	23266	23448
Surplus carried forward	49		
Total (48+49)	59	23266	23448

Percentage of distributed surplus allocated to policyholders

Current year	61	100.00	100.00
Current year - 1	62	100.00	
Current year - 2	63		
Current year - 3	64		

Long-term insurance business: distribution of surplus**Form 58**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2010**Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	9819913	9464781
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	12027	17076
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	9831940	9481857
Mathematical reserves	21	9819913	9464781
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	12027	17076

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	12027	17076
Surplus arising since the last valuation	34		
Total	39	12027	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	12027	17076
Total distributed surplus (46+47)	48	12027	17076
Surplus carried forward	49		
Total (48+49)	59	12027	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 Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2010**Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	25707783	23040432
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	121100	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	25828883	23040432
Mathematical reserves	21	25635772	22968421
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	193111	72011

Composition of surplus

Balance brought forward	31	72011	
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	121100	72011
Total	39	193111	72011

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	121100	
Total distributed surplus (46+47)	48	121100	
Surplus carried forward	49	72011	72011
Total (48+49)	59	193111	72011

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**Name of insurer **Aviva Life & Pensions UK Limited**Original insurer **Norwich Union Life & Pensions Limited**Date of maturity value/open market option **1st March 2011**

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	11371	1883		CWP	N	11371
Endowment assurance	20	16407	1076		CWP	N	16407
Endowment assurance	25	26663	649		CWP	N	26663
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	26724	1481		UWP	N	26724
Regular premium pension	15	45091	1969		UWP	N	45091
Regular premium pension	20	75410	3804		UWP	N	75410
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	13246	17		UWP	N	13246
Single premium pension	15	20766	2163		UWP	N	20766
Single premium pension	20	34551	3141		UWP	N	34551

Long-term insurance business: With-profits payouts on maturity (normal retirement)**Form 59A**Name of insurer **Aviva Life & Pensions UK Limited**Original insurer **Provident Mutual Sub-Fund**Date of maturity value/open market option **1st March 2011**

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	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	18174	2641		CWP	N	18174
Endowment assurance	25	29702	4316		CWP	N	29702
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	44496	913		CWP	n/a	44496
Regular premium pension	20	74692	6122		CWP	n/a	74692
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	18498	1502		CWP	n/a	18498
Single premium pension	20	31815	6808		CWP	n/a	31815

Long-term insurance business: With-profits payouts on maturity (normal retirement)**Form 59A**Name of insurer **Aviva Life & Pensions UK Limited**Original insurer **Commercial Union Life Assurance Company Limited**Date of maturity value/open market option **1st March 2011**

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	12705	2205		CWP	N	12705
Endowment assurance	20	18578	541		CWP	N	18578
Endowment assurance	25	30958			CWP	N	30958
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	52964	1887		UWP	n/a	52964
Regular premium pension	20	87508	5668		UWP	n/a	87508
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	24351	1489		UWP	n/a	24351
Single premium pension	20	49120	8187		UWP	n/a	49120

Long-term insurance business: With-profits payouts on maturity (normal retirement)**Form 59A**Name of insurer **Aviva Life & Pensions UK Limited**Original insurer **CGNU Life Assurance Company Limited**Date of maturity value/open market option **1st March 2011**

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	12761	2127		CWP	N	12761
Endowment assurance	20	19304			CWP	N	19304
Endowment assurance	25	33883	1613		CWP	N	33883
Regular premium pension	5	13007	315		UWP	N	13007
Regular premium pension	10	31234	1284		UWP	N	31234
Regular premium pension	15	51355	1720		UWP	N	51355
Regular premium pension	20	89401	3797		UWP	N	89401
Single premium pension	5	11328			UWP	N	11328
Single premium pension	10	14458			UWP	N	14458
Single premium pension	15	26307	1463		UWP	N	26307
Single premium pension	20	45727	4722		UWP	N	45727

Long-term insurance business: With-profits payouts on surrender**Form 59B**Name of insurer **Aviva Life & Pensions UK Limited**Original insurer **Norwich Union Life & Pensions Limited**Date of surrender value **1st March 2011**

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	9885			CWP	N	19499
Endowment assurance	20	16599			CWP	N	20797
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	12827	252		UWP	Y	12953
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	12954	17	274	UWP	Y	13228

Long-term insurance business: With-profits payouts on surrender**Form 59B**Name of insurer **Aviva Life & Pensions UK Limited**Original insurer **Provident Mutual Sub-Fund**Date of surrender value **1st March 2011**

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	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	18473			CWP	N	23374
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

Long-term insurance business: With-profits payouts on surrender**Form 59B**

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

Original insurer **Commercial Union Life Assurance Company Limited**

Date of surrender value **1st March 2011**

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	10594			CWP	N	20598
Endowment assurance	20	17909			CWP	N	22887
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

Long-term insurance business: With-profits payouts on surrender**Form 59B**Name of insurer **Aviva Life & Pensions UK Limited**Original insurer **CGNU Life Assurance Company Limited**Date of surrender value **1st March 2011**

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	10413			CWP	N	21729
Endowment assurance	20	19608			CWP	N	24495
With-profits bond	2	10679	938		UWP	Y	11371
With-profits bond	3	9925		561	UWP	Y	10804
With-profits bond	5	11647	36	919	UWP	Y	12691
With-profits bond	10	13862	34	739	UWP	Y	14747
Single premium pension	2	11621	1245		UWP	Y	11621
Single premium pension	3	10334		342	UWP	Y	10676
Single premium pension	5	10603		725	UWP	Y	11328
Single premium pension	10	14009		448	UWP	Y	14457

Long-term insurance capital requirement**Form 60**Name of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010**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%	798618	792873			
Classes I (other), II and IX	12	0.1%	161721889	161095367	0.52	83905	92678
Classes I (other), II and IX	13	0.15%	7881273	4296666		6133	7716
Classes I (other), II and IX	14	0.3%	231436578	42676402		360224	367546
Classes III, VII and VIII	15	0.3%	5117811	4336195	0.85	13009	21858
Total	16		406956169	213197503		463271	489798

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%	22421409	20236314	0.90	202363	205466
Classes III, VII and VIII (investment risk)	33	1%	23302774	22820347	0.98	228204	236718
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	11907108	11907108	1.00	119071	111844
Classes III, VII and VIII (other)	35	25%				7733	16083
Class IV (other)	36	1%	410457	362902	0.88	3629	4279
Class V	37	1%					
Class VI	38	1%	10142	10142	1.00	101	97
Total	39					561101	574487

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%	2335	2335			
Classes I (other), II and IX	42	3%	22421409	20236314	0.90	607090	616399
Classes III, VII and VIII (investment risk)	43	3%	23302774	22820347	0.98	684610	710154
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	11907108	11907108			
Classes III, VII and VIII (other)	45	0%	22555274	21156285			
Class IV (other)	46	3%	410457	362902	0.88	10887	12838
Class V	47	0%					
Class VI	48	3%	10142	10142	1.00	304	292
Total	49		80609499	76495433		1302891	1339683

Long term insurance capital requirement	51					2351206	2427911
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Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2010**

Code**0201 Section 148 waivers****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.

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

	2010	2009
	£'000	£'000
i) Net admissible assets		
Form 13 Line 89 (Long term business)	89,275,634	86,060,194
Form 13 Line 89 (Other than long term business)	1,451,305	1,494,806
Form 14 Lines 11, 12 and 49	(81,298,638)	(79,286,583)
Form 15 Line 69	(18,228)	(26,252)
	<u>9,410,073</u>	<u>8,242,160</u>
iv) Capital resources requirement of regulated related undertakings	<u>1,069,474</u>	<u>948,991</u>
Total i) to iv) above		
Form 3, Line 79	<u>10,479,547</u>	<u>9,191,156</u>

0306 Financial Reinsurance – ceded

The impact of the financial reinsurance shown at line 92 is to reduce mathematical reserves by £420.2m. The amount of contingent liability for payment to the reinsurer is £420.2m. The commutation value of the reinsurance arrangement at the end of the financial year is £422.0m.

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2010**

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

	2010 £'000	2009 £'000
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)	575,323	561,927
Difference in technical provisions (Form 14 Line 74)	4,752,103	4,121,382
Deferred income reserve (Form 14 Line 74)	87,223	89,180
Financial reinsurance (Form 14 Line 74)	216,459	114,527
Other (Form 14 Line 74)	(291)	(707)
Net positive valuation difference included in line 14	5,630,817	4,886,309

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)	3,550,479
Profit/(loss) retained for the financial year (Form 16 Line 59)	(273,109)
Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	376,143
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	3,653,513

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 £1,315.2m (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 £5,719.1m (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 £1,885.0m.

1304 Statement of amounts set off**1310**

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

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code****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.

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**

Approved counterparty exposure exceeding 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 were as follows:

	2010
	£'000
Australia & New Zealand Banking Group Ltd	2,269,862

1318 Other asset adjustments**2010**

Disclosure of unit-linked credits as liabilities in statutory accounts
Other adjustments
Other asset adjustments included in Form 13 line 101

Category 1	Category 10
£'000	£'000
-	945,458
92	(119)
92	945,339

2009

Gross up and notional settlement of interfund liabilities
Disclosure of unit-linked credits as liabilities in statutory accounts
Other adjustments
Other asset adjustments included in Form 13 line 101

Category 1	Category 10
£'000	£'000
-	45,249
-	824,552
157	734
157	870,536

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code****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 and INSPRU 3.2.17R to INPSRU 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.

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.

In 2010, a test case was taken to the European Court of Justice (ECJ) to rule on the current law and practice whereby insurers may take into account a person's gender in calculating the costs and benefits of their insurance. On 1 March 2011, the ECJ ruled that, with effect from 21 December 2012, insurers will no longer be able to use a person's gender in this way. Whilst the ruling does not apply retrospectively, we are unable at the current time to assess the risk of the judgement having implications for our existing insurance liabilities.

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

	2010	2009
	£'000	£'000
Adjustment to FSA mathematical reserves	4,752,103	4,121,382
Disclosure of unit-linked credits as liabilities in statutory accounts	945,458	824,551
FSA taxation provision – inadmissible assets	(197,912)	(429,786)
FSA taxation provision - valuation difference	575,323	561,926
Gross up and notional settlement of interfund liabilities	-	45,249
Deferred income reserve	87,223	89,180
Financial reinsurance	216,459	114,537
Other liabilities	(390)	(3,474)
Other adjustments to liabilities included in Form 14 line 74	<u>6,378,264</u>	<u>5,323,566</u>

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 2010. Revenue transactions of those operations, which are traded in currencies other than sterling, are translated at average rates of exchange for the financial year.

Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2010**

Code**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 £145.3m. 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
Balance brought forward at 1 January 2010	1,145,485
Investment income and gains	89,746
Premiums less claims and expenses on non-profit business in which the RIEESA has invested, (less increase/plus decrease) in liabilities on that business.	(184,495)
Repayment of capital support arrangement from New With Profits Sub Fund	141,282
Taxation attributable to the RIEESA	(4,033)
Balance carried forward at 31 December 2010	<u>1,187,985</u>
Support arrangement assets	£'000
RIEESA	1,187,985
Capital requirements of business to be retained by the RIEESA	(27,400)
Support arrangement assets	<u>1,160,585</u>

4002 Other income and expenditure

Lines 15 and 25 have been used for transfers of annual management charges between sub funds. These amounts have been shown net in the summary form.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code****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
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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
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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.

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.

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code****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

No related party transactions exceeding 5% of the insurer's long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

4300 Form omitted

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 2010 are £8.2m and £0.4m respectively. There is no variation margin payable.

4502 Other income and expenditure

Other Income comprises the following balances:

	2010 £'000	2009 £'000
Rebates	70,615	56,888
Business transfers in	-	143,168
	70,615	200,056

Other Expenditure comprises the following balances:

	2010 £'000	2009 £'000
Custody and Other Management Fees	6,664	2,655
Payment of Distributions to Policyholders	45,818	44,927
Interest Paid	344	1,272
	52,826	48,854

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
415	2
571	28
755	219

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code****4802 Treatment of expected income**

There is a reduction of income where payment of interest is in default. The amount of interest involved is £1.5m.

4803 Redemption assumption

Where securities may be redeemed over a period at the option of the guarantor or the issuer it has been assumed within the yield calculation that they will be redeemed at the earliest callable date.

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
Mortgage loans (Form 13 line 50)	6.09%
Cash balances (Form 13 Line 81)	0.44%
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

For With-Profits Sub-Fund and Provident Mutual Sub-Fund the investment returns shown in lines 21-29 column 5 are based on the portfolio of assets hypothecated to back asset shares.

For New With-Profits Sub-Fund and Old With-Profits Sub-Fund the investment returns shown in lines 21-29 column 5 are based on the portfolio of assets backing asset shares on UK business (the largest portfolio).

4901 Rating agency used

The credit rating analysis on Form 49 lines 31 to 37 has been prepared using externally published ratings provided by Standard & Poor's and Fitch and Moody's. If no external rating exists Aviva Investors Global Services Ltd have provided a rating. Any remaining unrated securities and those falling below CCC/Caa have been included on line 38.

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	22
WPSF	OS	390	1

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code****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	6,566
NPSF1	UKL GR	435	Miscellaneous business – Hamilton Life	27,484
NPSF1	UKL GR	435	Miscellaneous products not modelled in Prophet	4,565
NPSF1	UKL RC	435	Miscellaneous business – Hamilton Life	26,000
NPSF2	UKPens GR	435	Miscellaneous products not modelled in Prophet	9,133
NPSF2	UKPens GR	435	Northern – Group annuities	2,051
NWPSF	UKL GR	435	Unprocessed Movements, Future Claims and Expenses, Miscellaneous Assurances	38,939

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	51
NWPSF/ OWPSF	UKP	571	649

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	284,726
PMSF	UKP GR	575	AWP Personal Pension Plan	175,405
PMSF	UKP GR	575	AWP Executive Pension Plan	102,127
PMSF	UKP GR	575	AWP Individual Pension Arrangement	85,830
PMSF	UKP GR	575	AWP COMPACT	33,084
PMSF	UKP GR	575	AWP Additional Voluntary Contributions	33,067
WPSF	UKP GR	575	Other miscellaneous AWP	37,038
NWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	883,717
NWPSF	UKP GR	575	Group Defined Benefit (Red Plan)	187,498
NWPSF	UKP GR	575	Retirement Annuity	345,384
OWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	117,867
OWPSF	UKP GR	575	Group Defined Benefit (Red Plan)	12,520
OWPSF	UKP GR	575	Retirement Annuity	44,691

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code****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
NWPSF/ OWPSF	UKP	755	76

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	3,040
NPSF1	UKL GR	795	Product Governance Reserves	22,632
NPSF1	UKL GR	795	External fund rebate reserve	50,050
NPSF1	UKL GR	795	Miscellaneous assurances - Northern	4,880

5600 Form omitted

No Form 56 has been prepared on the basis that index linked assets at Form 13 Line 58 are less than £100m.

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 OVERSEAS L&GA (ASSURANCE) - Net 2.80%,Gross 3.50%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	103
325	Level term assurance	751
330	Decreasing term assurance	(1,570)
340	Accelerated critical illness (guaranteed premiums)	(836)
345	Accelerated critical illness (reviewable premiums)	(147)
	Total	(1,699)
Form 51 NP UK LIFE L&GA (ADDITIONAL) - Net 0.00%,Gross 0.00%		
Product code	Product description	Net reserve (£000)
325	Level term assurance	(18)
330	Decreasing term assurance	2
340	Accelerated critical illness (guaranteed premiums)	6
345	Accelerated critical illness (reviewable premiums)	1
360	Income protection non-profit (guaranteed premiums)	25
435	Miscellaneous non-profit	0
440	Additional reserves non-profit OB	26,566
	Total	26,582

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code**

Form 51 NP UK LIFE L&GA (ASSURANCE) - Net 2.80%,Gross 3.50%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	2,224
305	Single premium non-profit WL/EA OB	53
325	Level term assurance	(83,022)
330	Decreasing term assurance	(43,563)
340	Accelerated critical illness (guaranteed premiums)	(43,344)
345	Accelerated critical illness (reviewable premiums)	(25,811)
435	Miscellaneous non-profit	4,805
	Total	(188,658)
Form 53 NP UK LIFE L&GA (ASSURANCE) - Net 3.10%,Gross 3.88%		
Product code	Product description	Net reserve (£000)
700	Life property linked single premium	(108,884)
710	Life property linked whole life regular premium	70
715	Life property linked endowment regular premium -savings	295
720	Life property linked endowment regular premium – target cash	186
780	Stand-alone critical illness rider	0
795	Miscellaneous property linked	8
	Total	(108,325)
Form 51 NP UK LIFE PHI (ADDITIONAL) - Gross 3.50%		
Product code	Product description	Net reserve (£000)
435	Miscellaneous non-profit	(19)
440	Additional reserves non-profit OB	4,858
	Total	4,839

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code****5803 Distribution of Surplus**

The table below shows the breakdown of the change in the percentage of distributed surplus allocated to policyholders as shown in Form 58. This demonstrates that the change in percentage from 31/12/09 to 31/12/10 is due to changes in the relative proportion of business between different categories of WP policyholder, and that the proportion of surplus distributed to each category of policyholders remains unchanged.

New With-Profits Sub-Fund

£000	FSA Ref.	90:10	91:9	92:8	New business subsidy	Total
Bonus payments made to policyholders in anticipation of a surplus	58.41	149,391	1,113	1,112		151,616
Reversionary bonus	58.43	758,066	15,339	20,818		794,223
Total allocated to policyholders	58.46	907,457	16,452	21,930		945,839
Net transfer out of fund	58.47	100,829	1,627	1,907	-26,475	77,888
Total distributed surplus	58.48	1,008,286	18,079	23,837	-26,475	1,023,727
Percentage of surplus allocated to policyholders		90.00%	91.00%	92.00%		92.39%
Percentage of surplus allocated to policyholders (previous year)		90.00%	91.00%	92.00%		94.24%

Old With-Profits Sub-Fund

£000	FSA Ref.	90:10	91:9	92:8	New business subsidy	Total
Bonus payments made to policyholders in anticipation of a surplus	58.41	15,344	136	71		15,551
Reversionary bonus	58.43	104,629	1,792	2,414		108,835
Total allocated to policyholders	58.46	119,973	1,928	2,485		124,386
Net transfer out of fund	58.47	13,330	191	216	-3,525	10,212
Total distributed surplus	58.48	133,303	2,119	2,701	-3,525	134,598
Percentage of surplus allocated to policyholders		90.00%	91.00%	92.00%		92.41%
Percentage of surplus allocated to policyholders (previous year)		90.00%	91.00%	92.00%		93.71%

Supplementary notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2010****Code****With-Profits Sub-fund**

£000	FSA Ref.	Conventional With Profits	With Profit Annuity	Unitised With Profits	Belgium	Total
Bonus payments made to policyholders in anticipation of a surplus	58.41	145,936	197	7,837	-	153,970
Reversionary bonus	58.43	7,604	1,942	173,792	-	183,338
Total allocated to policyholders	58.46	153,540	2,139	181,629	-	337,308
Net transfer out of fund	58.47	17,060	287	-	-	17,347
Total distributed surplus	58.48	170,600	2,426	181,629	-	354,655
Percentage of surplus allocated to policyholders		90.00%	88.17%	100%	-	95.11%
Percentage of surplus allocated to policyholders (previous year)		90.00%	88.21%	100%	-	94.33%

Provident Mutual Sub-Fund

£000	FSA Ref.	Conventional With Profits	Scheme of Transfer adjustment	Total
Bonus payments made to policyholders in anticipation of a surplus	58.41	31,223		31,223
Reversionary bonus	58.43	10,122		10,122
Total allocated to policyholders	58.46	41,345		41,345
Net transfer out of fund	58.47	4,593	-94	4,499
Total distributed surplus	58.48	45,938	-94	45,844
Percentage of surplus allocated to policyholders		90.00%		90.19%
Percentage of surplus allocated to policyholders (previous year)		90.00%		90.17%

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 2010****1. Introduction**

- (1) The valuation date is 31 December 2010.
- (2) The previous valuation was completed with an effective date of 31 December 2009.
- (3) An interim valuation was carried out with an effective date of 30 June 2010 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 open to new with-profit business.

3. Discretionary charges and benefits

- (1) The table below shows the period during which a market value reduction (MVR) applied during 2010. The table is separated by class of business and by year of unit purchase. Entries marked 'N/A' imply that an MVR was not applied to units for that product / year of purchase combination during 2010

Product	UWP Life products (not Bond 2000)	UWP Life (Bond 2000)	UWP Pensions Products	UWP Group Defined Benefits
1987	N/A	N/A	N/A	N/A
1988	N/A	N/A	01/01/10 - 4/5/10	N/A
1989	01/01/10 - 4/5/10	N/A	01/01/10 - 31/12/10	01/01/10 - 4/5/10
1990	N/A	N/A	01/01/10 - 4/5/10	N/A
1991	N/A	N/A	N/A	N/A
1992	N/A	N/A	N/A	N/A
1993	N/A	N/A	N/A	N/A
1994	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A
1996	N/A	N/A	01/01/10 - 4/5/10	N/A
1997	01/01/10 - 4/5/10	N/A	01/01/10 - 31/12/10	01/01/10 - 4/5/10
1998	01/01/10 - 31/12/10	N/A	01/01/10 - 31/12/10	01/01/10 - 31/12/10
1999	01/01/10 - 31/12/10	N/A	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2000	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2001	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2002	N/A	N/A	01/01/10 - 31/12/10	N/A
2003	N/A	N/A	01/01/10 - 31/12/10	N/A
2004	N/A	N/A	01/01/10 - 31/12/10	N/A
2005	01/01/10 - 31/12/10	N/A	01/01/10 - 31/12/10	01/01/10 - 4/5/10
2006	01/01/10 - 31/12/10	N/A	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2007	01/01/10 - 31/12/10	N/A	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2008	01/01/10 - 31/12/10	N/A	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A

- (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 and Post 1/1/95 Unitised Pensions, including 98 Series products Plan fees were reviewed with effect from 1st January 2010 and were based on the change in RPI published in September (-2.0%).

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 2010**

Pre 1/1/95 unitised pension products were reviewed with effect from 1st April 2010.

Personal Pension Plans (including AVCs, Jersey Investment Plan) changes were based on the change in RPI published in January (+2.6%)

Group Money Purchase plans changes were based on the change in NAEI published in April (+2.2%)

- (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.

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.

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 2010**(2) Valuation interest rates:**

A table of all valuation interest rates used is given below.

Product	Interest rate 31 December 2010	Interest rate 31 December 2009
<u>Life Assurances</u>		
Conventional business WP	3.5%	3.65%
UWP business	3.15%	3.0%
<u>Pensions and General Annuities</u>		
Deferred Annuity With Profit		
In payment	4.2%	4.4%
In deferment – Single Premium	4.2%	4.4%
In deferment – Regular Premium	4.2%	4.4%
Deferred Annuity Non Profit		
In Payment	3.4%	3.7%
In deferment – Single Premium	3.4%	3.7%
In deferment – Regular Premium	3.4%	3.7%
Non-profit policies	3.4%	3.7%
Regular Premium With Profit policies	4.2%	4.4%
Single Premium With Profit policies	4.2%	4.4%
Group Defined Benefits	4.2%	4.4%
UWP business	3.7%	3.6%
With Profit Annuity	4.2%	4.15%

(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 0.3% for equities and by approximately 0.28% 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	0.15%	0.46%	0.57%	1.28%	4.01%	7.40%	11.82%	1.28%

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 2010.

The deduction used was 1.19%. 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%.

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 2010**(4) Mortality assumptions**

The table below shows the mortality basis for Conventional business written by the fund.

Product	Mortality basis 31 December 2010	Mortality basis 31 December 2009
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 2010	31 December 2009
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 on 1/1/2011	Expectation of Life for annuitant aged 75 on 1/1/2011	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2011	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2011
90.5% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	23.9	14.6	28.5	26.2
85% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	25.8	16.4	28.9	27.4

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.

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.

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 2010****(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 2009 and 2010 (including loadings).

Product	Product code	Renewal admin (£ per policy)	
		2010	2009
CWP savings endowment	120	33.05	31.83
CWP target cash endowment	125	33.05	31.83
CWP Pensions	155/165	44.06	42.43
Annuity (reversionary)	400	0	42.43

Assumed future expense inflation

3.25% 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:

Asset Class	Investment expense
Equity	0.139%
Property	0.139%
Gilts	0.139%
Other Fixed Interest	0.139%
Cash	0.139%

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%.

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Name of insurer

Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

Global business

Financial year ended

31 December 2010

(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	2.47%	6.50%	3.90%	3.90%
UWP pension	Surrender	1.00%	1.00%	1.00%	1.00%

(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).

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Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**

Global business

Financial year ended **31 December 2010**

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.
- (11) We allow for Equity and Fixed Interest Futures in the matching assets used to hypothecate against reserves.
- (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.

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
- Realistic-peak Final Bonus allowance removed

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 2010 is zero.

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Name of insurer

Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

Global business

Financial year ended

31 December 2010

(b)

(i) Product	Conventional pensions endowment with-profits	Conventional deferred annuity with profits	Deferred annuity non-profit
(ii) Basic Reserve (£m)	721.1	178.2	286.9
(iii) Spread of outstanding durations:			
0-5 years	41%	47%	19%
6-10 years	31%	29%	22%
11-20 years	27%	22%	45%
over 20 years	1%	2%	13%
(iv) Guarantee Reserve (£m)	451.0	121.4	246.3

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).
- 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).

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Aviva Life & Pensions UK Ltd – With Profits Sub-Fund

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- 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)	294,468,786	61% with no-MVR date in 2011; 33% with no-MVR date in 2012-2015; 5% with no-MVR date 2016+	0	291,299,255	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	833,924,462	100% with MBG expired	0	838,248,017	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**(a) Guaranteed Minimum Pensions on Section 32 policies**

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).

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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
- Realistic-peak Final Bonus allowance removed

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.

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 2010 is zero.

The base reserve for the business affected is: £1,175m

The additional reserve required is: £547m

- (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 2011 arising from explicit reserves is £23,800,000.

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 10% margin on the annual maintenance expense

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 2010 figure for expenses in line 14 of Form 43 includes amounts for prior year adjustments, one-off items and exceptional expenses that are reserved for explicitly elsewhere. Excluding these items, the allowance for 2011 maintenance expenses in 6(1) above is lower than the adjusted Form 43 expense by £5,900,000. This difference is predominantly due to 2010 investment charges being higher than allowed for as a result of fund out-performance, and lower 2011 expected maintenance expenses due to lower volumes of policies in 2011.
- (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.

INSRU 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
- (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 INSRU 1.2.50R(2):

- (a) All expenses provisions allow for taxation.

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Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**

Global business

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- (b) Our expense provision exceeds 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 (3.25%) 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 2010 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.

A provision of £0.4m is held to cover the cost of closure.

- (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 £15,685m) 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).

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)

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Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
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- 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 2011 is £2,204m. Expected income, in 2011, from assets currently held in the fund is £600m and £1,495m is held in deposit-style assets. Premium income for 2010 was around £304m 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 £3,771m 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.

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 2010 for the affordability condition is zero.

The amount of provision is £792m.

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(2) 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.

(3) System migration costs

A provision of £12.9m is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

(4) Product Governance Provision

A reserve of £26.4m has been made to provide for estimated future rectification costs arising from known product governance issues.

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.
 - (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 2010 these totalled £30,049,000m.
 - (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 £130,455,000.
 - (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.

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Global business

Financial year ended **31 December 2010****10. Reversionary (annual, regular) bonus**

(1)

Product	Amount of Gross mathematical reserve (£m)	Regular bonus (2009)	Regular bonus (2010)	Guaranteed bonus (2010)
Conventional Life				
Super-compound series (all business)	3,450.4	0% SA / 0.5% RB	0% SA / 0.5% RB	0.00%
Simple Bonus Whole Life	12.2	16%	16%	0.00%
Conventional Pensions				
Individual & Group Pensions (excl With-Profit Annuity)	3,421.6	0% SA / 0% RB	0% SA / 0% RB	0.00%
Group Defined Benefits	26.3	0.00%	0.00%	0.00%
With-Profits Annuity	98.8	2.00%	2.00%	0.00%
Unitised Life				
Units without regular bonus guarantee	1,033.8	1.25%	1.25%	0.00%
Units with regular bonus guarantee	345.2	2.50%	2.50%	2.50%
Unitised Pensions				
Units without regular bonus guarantee	2,630.5	1.25%	1.25%	0.00%
Units with regular bonus guarantee	3,055.3	4.00%	4.00%	4.00%
Belgium (in the UKLAP Belgium sub-fund)	87.3	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.

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Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
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1. Introduction

- (1) The valuation date is 31 December 2010.
- (2) The previous valuation was completed with an effective date of 31 December 2009.
- (3) An interim valuation was carried out with an effective date of 30 June 2010 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 1.5%. The exception is for charges on Compact and Everyman which increased by -1.7%.

Defined Benefit Schemes

Deferred Allocation Funding:

The administration fee increased by 1.5%.

- (5) There have been no changes to benefit charges on linked policies.
- (6) There have been no changes to notional charges on accumulating with-profit policies. The unit management charges for the Life Property Fund has been increased by 0.25% for new business from November 2010. The fund was approximately 1% of new bond volumes in 2010.
- (7) 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.

Where a postal 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 deallocated 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.

- (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

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settlement of tax due. This applies in respect of tax on notional realisations under the Finance 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 2010. The rate applied to unrealised gains varied by fund in the range 0% to 20% during the year to 31 December 2010. 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 2010.
- (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.

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Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2010Annuities

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 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 2010	Interest rate 31 December 2009
Life with-profit assurances	3.55%	4.30%
Life non-profit business	3.25%	3.65%
Pension accumulating with-profit (excluding Compact)	3.75%	4.80%
Compact pension accumulating with-profit	3.25%	3.25%
Non profit immediate annuity	4.20%	4.65%
With profit immediate annuity	4.20%	4.65%
Pension Deferred Annuity Non Profit and Guaranteed Annuity Options		
In payment	3.40%	3.70%
In deferment	3.60%	4.05%
Pension Deferred Annuity With Profit and Guaranteed Annuity Options		
In payment	3.75%	4.80%
In deferment	3.75%	4.80%

(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 0.28% for equities, and approximately 0.33% for property.

Fixed interest securities

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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	0.15%	0.46%	0.57%	1.28%	4.01%	7.40%	11.82%	1.28%

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 2010.

The total deduction used was 0.71%. 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 2010	Mortality basis 31 December 2009
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	60% AM00/AF00 ult	60% AM00/AF00 ult
Post Vesting (incl GAO)	90% PCMA00 / 100% PCFA00	90% PCMA00 / 100% PCFA00
Deferred Annuity		
In deferment	60% AM00/AF00 ult	60% AM00/AF00 ult
Post Vesting	90% PCMA00 / 100% PCFA00	90% PCMA00 / 100% PCFA00
With-Profit and Non-Profit Annuity in Payment (Individual)	80% IML00/IFL00	90% IML00/IFL00
Non-Profit Annuity in Payment (Group):	90% PCMA00 / 100% PCFA00	100% PCMA00 / 110% PCFA00
With-Profit Annuity in Payment (Group):	90% PCMA00 / 100% 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 2010	31 December 2009
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'.

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Financial year ended

31 December 2010**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 on 1/1/2011	Expectation of Life for annuitant aged 75 on 1/1/2011	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2011	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2011
90% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	24.0	14.7	28.6	26.2
100% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	24.3	15.1	27.2	25.7
80% IML00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	25.2	15.6	29.6	27.3
80% IFL00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	27.1	17.1	30.1	28.6

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:

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 £1.9m.

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 £1.3m. 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 2009 and 2010 (including loadings).

1. PM Product code	Existing Business Admin Fees Category	2010	2009
120	Conventional endowment with-profits OB savings	33.05	21.89
125	Conventional endowment with-profits OB target cash	33.05	21.89
165	Conventional deferred annuity with-profits	33.05	21.89
700	Life property linked single premium	33.05	21.89
715	Life property linked endowment regular premium -savings	33.05	21.89
720	Life property linked endowment regular premium – target cash	33.05	21.89

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725	Individual pensions property linked	33.05	32.28
735	Group money purchase pensions property linked	26.62	25.99

Assumed future expense inflation:

3.25% 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 0.092%.

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 94%. This rate is assumed to increase by 1% per annum to 95%.

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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.
- (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
- Realistic-peak Final Bonus allowance removed

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 2010 is zero.

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Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2010

(b)

(i) Product Name	Personal Pension Plan	Products with GAO excluding Personal Pension Plan
(ii) Basic Reserve (£m)	111.7	502.7
(iii) Spread of outstanding durations		
0-5 years	85.4%	67.1%
6-10 years	11.7%	18.9%
11-20 years	2.9%	11.9%
over 20 years	0.0%	2.0%
(iv) guarantee reserve (£m)	63.7	171.6
(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 £1,383m. 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 £1,401m. 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%	17%	24%	25%	16%	6%	1%

(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.

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Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
Global business
Financial year ended **31 December 2010**

- Under certain temporary assurances there is an option to convert to other classes without furnishing further evidence of health.
- 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 2011 arising from explicit reserves is £11,000,000.

The main sources are:

- The explicit annual maintenance expense charge
- Investment expenses
- Additional explicit margins

(2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit.

(3) The 2010 figure for expenses in line 14 of Form 43 includes amounts for prior year adjustments, one-off items and exceptional expenses that are reserved for explicitly elsewhere. Excluding these items, the allowance for 2011 maintenance expenses in 6(1) above is lower than the adjusted Form 43 expense by £600,000. This difference is predominantly due to 2010 investment charges being higher than allowed for as a result of fund out-performance, and lower 2011 expected maintenance expenses due to lower volumes of policies in 2011.

(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 2010 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 £1,627m) 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."

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Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
Global business
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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. 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 2011 is £227m. Expected income, in 2011, from assets currently held in the fund is £77m and £149m is held in deposit-style assets. The fund currently holds an additional £191m 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

There are no such reserves that exceed the lesser of £10m and 0.1% of total mathematical reserves.

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).

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Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2010**10. Reversionary (annual, regular) bonus**

(1)

Product	Amount of mathematical reserve (£m)	Regular bonus (2009)	Regular bonus (2010)	Guaranteed bonus (2010)
Life				
Endowment / Whole Life (incl Budget Plan, Permanent Total Disability, Flightdeck)	207.1	0% SA / 0% RB	0% SA / 0% RB	0.00%
Pensions (excl With-Profit Annuity)				
Personal Pension Plan (Series 1 & 2)	28.9	0% of benefit secured	0% of benefit secured	0.2% gteed interest per month
Personal Pension Plan (Series 3)	146.5	0% of benefit secured	0% of benefit secured	0.22% gteed interest per month
Self Employed Retirement Annuities	284.7	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
IPA / AVC / Money Purchase schemes	119.3	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
Executive Pension Plan	102.2	0% of benefit secured	0% of benefit secured	3.25% gteed interest on Higher rate fund money only
Compact	33.1	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)	157.4	0% of account balance	0% of account balance	0.00%
Other Deferred Annuities	13.4	0% of account balance	0% of account balance	0.00%
With-Profit Annuity				
Annuityants from defined benefit schemes (excluding Air France)	222.8	3.50%	3.50%	0.00%
Annuityants from Air France	17.3	5.00%	5.00%	5.00%
Annuityants on 1999 series rates	2.6	4.50%	4.50%	0.00%
Other annuityants:				
retiring before 1984	3.2	10.00%	10.00%	0.00%
retiring between 1984 and 1992	46.2	4.50%	4.50%	0.00%
retiring between 1993 and 1997	30.4	1.00%	1.00%	0.00%
retiring between 1998 and 2002	46.9	0.00%	0.00%	0.00%
retiring 2003 and later	15.4	0.50%	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 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2010****1. Introduction**

- (1) The valuation date is 31 December 2010.
- (2) The previous valuation was completed with an effective date of 31 December 2009.
- (3) An interim valuation was carried out with an effective date of 30 June 2010 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 open to new with-profit business.

3. Discretionary charges and benefits

- (1) The table below shows the period during which a market value reduction (MVR) applied during 2010. The table is separated by class of business and by year of unit purchase. Entries marked 'N/A' imply that an MVR was not applied to units for that product / year of purchase combination during 2010.

ex-CGNU With-Profits fund

Product	UWP Life (explicitly-charged business)	UWP Life (implicitly charged business excl Bond 2000)	UWP Life (Bond 2000)	UWP Pensions (explicitly charged business excl Stakeholder)	UWP Pensions (implicitly-charged business)	UWP Pensions (Stakeholder)	NUIL UWP Life
1987	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1988	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1989	N/A	N/A	N/A	N/A	01/01/10 - 31/12/10	N/A	N/A
1990	N/A	01/01/10 - 31/12/10	N/A	N/A	N/A	N/A	N/A
1991	N/A	01/01/10 - 31/12/10	N/A	N/A	01/01/10 - 31/12/10	N/A	N/A
1992	N/A	01/01/10 - 31/12/10	N/A	N/A	N/A	N/A	N/A
1993	N/A	01/01/10 - 31/12/10	N/A	N/A	01/01/10 - 31/12/10	N/A	N/A
1994	N/A	01/01/10 - 31/12/10	N/A	N/A	N/A	N/A	N/A
1995	N/A	01/01/10 - 31/12/10	N/A	N/A	N/A	N/A	N/A
1996	N/A	01/01/10 - 31/12/10	N/A	N/A	01/01/10 - 31/12/10	N/A	N/A
1997	N/A	01/01/10 - 31/12/10	N/A	N/A	01/01/10 - 31/12/10	N/A	N/A
1998	N/A	01/01/10 - 31/12/10	N/A	N/A	01/01/10 - 31/12/10	N/A	N/A
1999	N/A	01/01/10 - 31/12/10	N/A	N/A	01/01/10 - 31/12/10	N/A	N/A
2000	N/A	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 4/5/10	01/01/10 - 31/12/10	N/A	N/A
2001	N/A	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 4/5/10	01/01/10 - 31/12/10	01/01/10 - 4/5/10	N/A
2002	N/A	01/01/10 - 4/5/10	01/01/10 - 31/12/10	N/A	N/A	N/A	N/A
2003	01/01/10 - 4/5/10	N/A	01/01/10 - 4/5/10	N/A	N/A	N/A	01/01/10 - 31/12/10
2004	01/01/10 - 4/5/10	N/A	N/A	N/A	N/A	N/A	01/01/10 - 31/12/10
2005	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2006	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2007	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2008	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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 2010****ex-CU With Profits fund**

Product	UWP Life	UWP Pensions	UWP Sterling Group Plan Pensions business	UWP Group Defined Benefits
1987	N/A	N/A	N/A	N/A
1988	N/A	N/A	N/A	N/A
1989	N/A	N/A	N/A	N/A
1990	N/A	N/A	N/A	N/A
1991	N/A	01/01/10 - 31/12/10	N/A	N/A
1992	01/01/10 - 4/5/10	N/A	N/A	N/A
1993	01/01/10 - 31/12/10	N/A	N/A	N/A
1994	01/01/10 - 31/12/10	N/A	01/01/10 - 4/5/10	N/A
1995	01/01/10 - 31/12/10	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A
1997	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	N/A
1998	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	N/A
1999	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	N/A
2000	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	N/A
2001	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	N/A
2002	01/01/10 - 4/5/10	01/01/10 - 31/12/10	01/01/10 - 4/5/10	N/A
2003	01/01/10 - 4/5/10	01/01/10 - 31/12/10	N/A	N/A
2004	N/A	01/01/10 - 31/12/10	01/01/10 - 4/5/10	N/A
2005	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2006	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2007	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2008	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A

RBS JV Bonds

Product	UWP Life (explicitly- charged business)	UWP Life (implicitly- charged business)
1987	N/A	N/A
1988	N/A	N/A
1989	N/A	N/A
1990	N/A	N/A
1991	N/A	N/A
1992	N/A	N/A
1993	N/A	N/A
1994	N/A	N/A
1995	N/A	N/A
1996	N/A	N/A
1997	N/A	N/A
1998	N/A	N/A
1999	N/A	N/A
2000	N/A	N/A
2001	N/A	N/A
2002	N/A	01/01/10 - 31/12/10
2003	01/01/10 - 4/5/10	01/01/10 - 4/5/10
2004	01/01/10 - 4/5/10	01/01/10 - 4/5/10
2005	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2006	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2007	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2008	01/01/10 - 31/12/10	01/01/10 - 31/12/10
2009	N/A	N/A
2010	N/A	N/A

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2010**

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 2010.

Swedish business:

MVRs used are the same as for ex-CGNU implicitly charged pensions.

- (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 -1.2%, except for Irish products where the charge increased by 0.0%.

Ex-GA products

The monthly administration charge increased by 1.5% on Life and Pensions products.

Ex-CU products

Sterling Pensions: The increase in policy charge was -1.2%.

Sterling Group Plan: The increase applied was 1.5%.

Prime Series: Policy charges were increased by -1.2%.

Prime Personal Pension: No changes to Plan fees.

Life Products: 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. The unit management charge for the Life Property Fund has been increased by 0.25% for new business from November 2010. The fund was approximately 1% of new bond volumes in 2010.
- (7) 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.

Where a postal 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 deallocated at the bid value of units, normally £1. On non-contractual exit payment may be subject to a Market Depreciation Discount.

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2010**

For some very small closed funds, the valuation takes place on a weekly basis.

- (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 Finance 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 2010. The rate applied to unrealised gains varied by fund in the range 0% to 20% during the year to 31 December 2010. 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 2010.
- (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:

Ex-CGNU business

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 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 3.25% 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

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
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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 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

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.

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

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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.
- The valuation factors for annuities in payment 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:

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 assuming future inflation at 3.25% per annum.

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.

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Global business

Financial year ended **31 December 2010****(2) Valuation interest rates:**

A table of all valuation interest rates used is given below.

Product Group	31 December 2010	31 December 2009
Life Assurances		
All Conventional With-Profit business	3.75%	3.8%
All Conventional Non-Profit business	2.7%	2.9%
All Unitised With Profit business	2.55%	2.6%
Pensions and General Annuities		
Immediate Annuities (currently in payment)	4.45%	4.8%
With-Profit Deferred Annuity		
In payment	4.3%	4.6%
In deferment	4.3%	4.6%
Non-Profit Deferred Annuity		
In payment	3.2%	3.65%
In deferment	3.2%	3.65%
Pure Endowment WP	4.3%	4.6%
In-payment rate for valuing Guaranteed Annuity Options	4.3%	4.6%
Other Non-Profit Conventional business	3.2%	3.65%
All Unitised With-Profit business	2.9%	3.15%
With Profit Annuity	4.3%	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 0.22% for equities and by approximately 0.45% 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	0.15%	0.46%	0.57%	1.28%	4.01%	7.40%	11.82%	1.28%

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 2010.

The total deduction used was 0.93% in NWPSF and 0.91% in OWPSF. 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%.

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Global business

Financial year ended **31 December 2010****(4) Mortality assumptions**

The table below shows the mortality basis for business written by the fund.

Product	Mortality basis 31 December 2010	Mortality basis 31 December 2009
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	79.2% TMN00 sel / 79.2% TFN00 sel (non- smokers) 84.9% TMS00 sel / 84.9% 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)	79.2% TMN00 sel / 79.2% TFN00 sel (non- smokers) 84.9% TMS00 sel / 84.9% 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)	83.6% TM00 sel / 83.6% TF00 sel	88.0% TM00 sel / 88.0% TF00 sel
Mortgage Protection (ex-CGNU)	84.0% TM00 sel / 84.0% TF00 sel	93.3% TM00 sel / 93.3% TF00 sel
Mortgage Protection (ex-CULAC)	86.6% TM00 sel / 86.6% 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 0 and 1 93.6% CIM11A Duration 2+ 103.5% CIM11A	Duration 0 and 1 104% CIM11A Duration 2+ 115% CIM11A
Term assurance with Critical Illness	Duration 0 and 1 93.6% CIM11A Duration 2+ 124.2% CIM11A	Duration 0 and 1 104% CIM11A Duration 2+ 138% CIM11A
General Annuities		
Immediate Annuities – Individual	74% IML00 / 77% IFL00	74% IML00 / 77% IFL00
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	79.2% TMN00 sel / 79.2% TFN00 sel (non- smokers) 84.9% TMS00 sel / 84.9% 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)	79.2% TMN00 sel / 79.2% TFN00 sel (non- smokers)	88.0% TMN00 sel / 88.0% TFN00 sel (non- smokers)

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	84.9% TMS00 sel / 84.9% TFS00 sel (smokers)	94.3% TMS00 sel / 94.3% TFS00 sel (smokers)
Term assurance (ex-CULAC)	83.6% TM00 sel / 83.6% 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 2010	31 December 2009
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 on 1/1/2011	Expectation of Life for annuitant aged 75 on 1/1/2011	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2011	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2011
90.5% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	23.9	14.6	28.5	26.2
85% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	25.8	16.4	28.9	27.4
74% IML00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	26.0	16.2	30.5	28.2
77% IFL00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	27.5	17.4	30.5	28.9

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:

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.

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Financial year ended **31 December 2010****(5) Morbidity assumptions**Ex-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 25 year 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 £7.7m (NWPSF) and £0.9m (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 2009 and 2010 (excluding allowance for project costs). These figures form the base position for the valuation expense assumptions.

Product	Product code	Renewal admin (£ per policy)	
		2010	2009
CWP savings endowment	120	33.04	32.28
CWP target cash endowment	125	33.04	32.28
CWP Pensions	155/165	44.07	43.03
Term assurance	325/330	22.03	21.51
Critical illness	340/345/350/355	22.03	21.51
Income protection	360/365	22.03	21.51
Annuity	400	18.41	17.98
UWP bond	500	49.44	48.28
UWP savings endowment	510	22.03	48.28
UWP target cash endowment	515	33.04	48.28
UWP regular premium pension	525/545	40.27	39.32
UWP single premium pension	525/545	40.27	39.32
UWP group regular premium pension	535	66.10	64.55
UWP group single premium pension	535	66.10	64.55

Assumed future expense inflation:

3.25% per annum (RPI, as set by the MSA agreement)

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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	0.139%
Gilts	0.139%
Other fixed interest	0.139%
Property	0.139%
Cash	0.139%

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 2010		31 December 2009	
	Life	Pensions	Life	Pensions
Assumed Fund Growth (before annual management charge)	4.00%	5.00%	4.30%	5.30%
Discount rate	3.10%	3.80%	3.30%	4.10%
Policy fee inflation	3.25%	3.25%	3.50%	3.50%

Assumed future expense inflation:

3.25% per annum (RPI, as set by the MSA agreement)

(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 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)

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Global business

Financial year ended **31 December 2010**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.

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	2.47%	6.50%	3.90%	3.90%
UWP bond (ex-CULAC)	Surrender	2.47%	6.89%	3.90%	3.90%
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%

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(10) Other basis items:

Option Take-Up Rates

Guaranteed Annuity Rate Options:

We have assumed that current option take-up is 87% for ex-CGNU business and 94% 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.

No allowance has been made for taxation in respect of Pensions business.

- (11) We allow for Equity and Fixed Interest Futures in the matching assets used to hypothecate against reserves.
- (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:

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- 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
- Realistic-peak Final Bonus allowance removed

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 2010 is zero.

(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	17.7	2.4	1.2
(iii) Spread of o/s durations:				
% with o/s dur'n of 1 year	54.1%	21.2%	11.2%	15.1%
% with o/s dur'n of 2 to 5 years	0.0%	25.1%	27.2%	22.2%
% with o/s dur'n of 6 to 10 years	45.9%	28.0%	38.5%	21.7%
% with o/s dur'n of 11 to 20 years	0.0%	22.9%	19.1%	28.8%
% with o/s dur'n of over 20 years	0.0%	2.8%	4.0%	12.2%
(iv) guarantee reserve (£m)	0.1	9.4	0.2	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	57 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 repriced 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

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Global business

Financial year ended **31 December 2010****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	10.9	0.9	0.5
(iii) Spread of o/s durations:				
% with o/s dur'n of 1 year	0.0%	15.3%	4.2%	18.9%
% with o/s dur'n of 2 to 5 years	0.0%	31.7%	22.6%	5.6%
% with o/s dur'n of 6 to 10 years	0.0%	28.5%	31.2%	47.3%
% with o/s dur'n of 11 to 20 years	100.0%	23.3%	25.4%	4.1%
% with o/s dur'n of over 20 years	0.0%	1.2%	16.6%	24.1%
(iv) guarantee reserve (£m)	0.0	5.9	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

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)	66.5	3.5
(iii) Spread of O/S durations:		
Less than 1 year	6.0%	2.5%
2-5 years	23.1%	15.6%
6-10 years	32.7%	25.7%
11-20 years	31.1%	41.4%
over 20 years	7.0%	14.8%
(iv) Guarantee Reserve (£m)	45.1	3.0
(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

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 2010****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)	102.5	3.8	16.0	0.0
(iii) Spread of O/S durations:				
Less than 1 year	6.2%	4.8%	15.3%	0.0%
2-5 years	23.3%	20.4%	33.9%	0.0%
6-10 years	30.0%	17.8%	35.4%	0.0%
11-20 years	37.7%	54.5%	15.4%	0.0%
over 20 years	2.8%	2.5%	0.0%	0.0%
(iv) Guarantee Reserve (£m)	52.5	2.7	6.9	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)	12.6	0.5
(iii) Spread of O/S durations:		
Less than 1 year	3.5%	2.5%
2-5 years	17.5%	15.6%
6-10 years	23.1%	25.7%
11-20 years	45.3%	41.4%
over 20 years	10.7%	14.8%
(iv) Guarantee Reserve (£m)	8.9	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

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)	18.1	0.5	2.3	0.0
(iii) Spread of O/S durations:				
Less than 1 year	6.2%	4.8%	5.7%	0.0%
2-5 years	23.4%	20.4%	46.3%	0.0%
6-10 years	34.7%	17.8%	28.6%	0.0%
11-20 years	32.1%	54.5%	19.0%	0.0%
over 20 years	3.7%	2.5%	0.5%	0.0%
(iv) Guarantee Reserve (£m)	9.1	0.4	1.0	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

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2010**

(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:

$\text{Max}([\text{Accumulated Benefit} + \text{adjustment}], [\text{Prospective reserve for future benefit}])$.

- 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).

Returns under the Accounts and Statements Rules

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 2010**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	398,713,652	N/A; policy has no contractual exit date	0	398,084,700	None	None	None	No MVR on regular withdrawals up to 5% if taken from inception.	0	No (RW glee)
Portfolio Bond (16/3/1993 to 30/9/1998)	484,393,217	N/A; policy has no contractual exit date	0	485,788,481	None	None	None	No MVR on regular withdrawals up to 7.5% if taken from inception.	0	No (RW glee)
Portfolio Bond (1/10/1998 to 1/10/2000)	813,116,713	6% with duration 2 years; 46% with duration 3 years; 48% with duration 4 years	0	880,420,557	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	1,177,762,032	78% with duration less than 1 year; 22% with duration 4 years	0	1,205,914,414	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	472,300,847	Duration less than 1 year	0	472,310,544	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	857,459,529	89% with duration 1 year; 11% with duration 2 years	0	857,440,560	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)	74,097,523	Duration 2 years	0	74,095,674	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)	1,145,931,643	4% with duration less than 1 year; 15% with duration 1 years; 17% with duration 2 years; 32% with duration 3 years; 32% with duration 4 years	0	1,205,548,097	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)	1,717,817,943	38% with duration less than 1 year; 42% with duration 1 year; 20% with duration 2 years	0	1,662,108,948	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)	1,484,421,582	59% with duration 2 years; 30% with duration 3 years; 11% with duration 4 years	0	1,473,138,578	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 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2010**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	33,381,442	N/A; policy has no contractual exit date	0	33,323,655	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (16/3/1993 to 30/9/1998)	35,428,976	N/A; policy has no contractual exit date	0	35,523,357	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (1/10/1998 to 1/10/2000)	75,752,192	5% with duration 2 years; 42% with duration 3 years; 53% with duration 4 years	0	82,009,584	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	102,156,415	75% with duration less than 1 year; 25% with duration 4 years	0	104,637,300	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	38,020,665	Duration less than 1 year	0	38,021,906	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	68,655,530	86% with duration 1 year; 14% with duration 2 years	0	68,649,511	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 7/7/2003 to 8/2/2004)	5,828,106	99% with duration 2 years; 1% with duration 3 years	0	5,827,942	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued from 9/2/2004)	135,782,601	4% with duration less than 1 year; 17% with duration 1 year; 19% with duration 2 years; 28% with duration 3 years; 32% with duration 4 years	0	143,704,168	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued from 30/01/2006)	203,049,206	30% with duration less than 1 year; 48% with duration 1 year; 22% with duration 2 years	0	196,182,568	None	None	Same as NWPSF	Same as NWPSF	0	No
Portfolio Bond 2008 (contracts issued from 28/04/2008)	197,642,534	58% with duration 2 years; 30% with duration 3 years; 12% with duration 4 years	0	196,140,264	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 2010**

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)	21,745,129	100% with duration of less than 1 year	0	21,745,129	No-MVR guarantee applies at 10th anniversary and every 5 years thereafter.	0	No (RW gtee)
Irish Bonds (OWPSF)	6,405,755	100% with duration of less than 1 year	0	6,405,755	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)	209,715,537	3% with duration 1 year; 18% with duration 2 years; 34% with duration 3 years; 45% with duration 4 years	0	211,657,406	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)	201,719,333	10% with duration less than 1 year; 26% with duration 1 year; 32% with duration 2 years; 4% with duration 3 years; 28% with duration 4 years	0	226,918,160	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)	472,510,541	42% with duration less than 1 year; 23% with duration 1 year; 24% with duration 2 years; 11% with duration 3 years	0	498,538,838	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 2010**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)	39,955,377	1% with duration 1 year; 23% with duration 2 years; 49% with duration 3 years; 27% with duration 4 years	0	40,078,741	None	Same as NWPSF	None	Same as NWPSF	0	No
NUIL Bond (from February 2004)	25,976,752	6% with duration less than 1 year; 27% with duration 1 year; 34% with duration 2 years; 4% with duration 3 years; 29% with duration 4 years	0	29,296,380	None	Same as NWPSF	None	Same as NWPSF	0	No
NUIL Bond (from 30/01/2006)	51,935,232	30% with duration less than 1 year; 28% with duration 1 year; 29% with duration 2 years; 13% with duration 3 years	0	54,831,564	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)	598,859,990	59% with duration 1 year; 40% with duration 2 years; 1% with duration 3 years	0	598,833,230	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)	147,705,793	90% with duration less than 3 years; 10% with duration 4 years	0	147,701,814	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.

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 2010**(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 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 £1,259m (although note that this is held within the UKL&P NP fund)
- (iii) Spread of outstanding durations:

Year	Proportion with Guarantee
2011	28.05%
2012	18.55%
2013	19.29%
2014	34.07%
2015	0.04%

(iv) The Guarantee reserves are £40.1m for NWPSF and £5.3m for OWPSF

(v) The Guaranteed amount totals £1,121m

(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).

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2010**

(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.

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-2010 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 £104.0m for NWPSF and £10.7m for OWPSF. The reserves for the guarantee are £29.2m in NWPSF and £4.8m 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) +
 $\max[\text{UWP fund value} - \min\{\text{Market value of annuity, Guaranteed value of annuity}\}, 0]$.

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.

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 2010**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 = £176.7m for NWPSF and £14.3m for OWPSF

Reserve for the guarantee = £59.0m for NWPSF and £3.6m for OWPSF.

6. Expense reserves

- (1) The tables below show the aggregate amount of expense loadings for 2011 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)	244	-	1,406	-	1,650
All expenses attributable	-	24,605	42,729	-	67,334
Total	244	24,605	44,135	-	68,984

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)	32	-	187	-	220
All expenses attributable	-	3,333	7,402	-	10,736
Total	32	3,333	7,590	-	10,955

- (2) The implicit allowance has been calculated as the surplus expected to emerge in 2011 on the valuation basis. This emerges due to the constraint that sterling reserves cannot be negative.
- (3) The 2010 figure for expenses in line 14 of Form 43 includes amounts for prior year adjustments, one-off items and exceptional expenses that are reserved for explicitly elsewhere. Excluding these items, the allowance for 2011 maintenance expenses in 6(1) above is higher than the adjusted Form 43 expense by £2,300,000 in NWPSF and £1,400,000 in OWPSF.
- (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
- (c) impact of expense inflation
- (d) cost of closure to new business 12 months after valuation date.

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 2010**

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 (3.25%) 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 2010 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.

A provision of £7.6m in NWPSF and £1m in OWPSF is held to cover the cost of closure.

- (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	19,183,946	-	-	-
Euro	-	243,592	-	-
Dollar	-	-	103,511	-
Other	-	-	-	117

OWPSF

Life and Annuity Fund				
Assets	Mathematical Reserves and matching assets (£000)			
	Sterling	Euros	US Dollars	Other
Sterling	2,702,344	-	-	-
Euro	-	30,490	-	-
Dollar	-	-	3,440	-
Other	-	-	-	15

- (2) The liabilities shown in 'Other' represent several different currencies. 100% of these liabilities are matched by assets in the same currency.

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 2010**

- (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.
(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 2011 is £2,013m for NWPSF and £242m for OWPSF. Expected income, in 2011, from assets currently held in the NWPSF is £867m, £254m is held in deposit-style assets, £820m is held in UK gilts and the expected premium income is £702m. For OWPSF, the respective figures are £127m investment income, £102m deposit style assets and £115m expected premium income. Therefore we expect to be able to pay the company’s claims from cash, incoming premiums and by selling these liquid assets at short notice without altering prices. 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.

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 2010**

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 £438.2m in NWPSF and £101.5m in OWPSF.

(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 £13.9m in NWPSF and £1.9m 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: £4,861 (ex-CGNU) and £6,347 (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 £11.6m (NWPSF £10.2m, OWPSF £1.4m).

(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 £22.7m in NWPSF and £3m 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).

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
Global business
Financial year ended **31 December 2010**

(6) System migration costs

A provision of £23m in NWPSF and £3m in OWPSF is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

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 2010 was £15,700,000.

(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 2010.

(j) The mathematical reserves ceded under the treaties total £27,700,000 for NWPSF and £3,300,000 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 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 2010 was £4,100,000.

(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 2010.

(j) The mathematical reserves ceded under the treaty total £25,600,000 for NWPSF and £3,400,000 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.

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 2010**

- (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.

10. Reversionary (annual, regular) bonus

(1)

Ex-CGNU business

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2009)	Regular bonus (2010)	Guaranteed bonus (2010)
Conventional Life					
Series 6 (super-compound)	1,649.5	242.6	3.6% SA / 5.1% RB	3.16% SA / 4.16% RB	0.00%
Series 5 (simple)	42.9	5.0	16.5% simple	14.91% simple	0.00%
Conventional Pensions					
Retirement Annuities	315.5	40.4	3.6% SA / 3.6% RB	3.16% SA / 3.16% RB	0.00%
Group Pensions, Individual Pension Arrangements, Money Purchase Schemes (1974)	112.3	58.7	3.6% SA / 3.6% RB	3.16% SA / 3.16% RB	0.00%
With Profits Annuity	17.3	0.7	5.00%	2.00%	0.00%
Unitised Life - direct written (UK)					
<u>Implicitly-charged business:</u>					
Loyalty fund units	240.2	19.0	2.25%	2.25%	0.50%
Units bought post 31/1/1994 on policies written pre 1/10/1998 (excluding Distribution Bonds)	643.4	51.4	1.75%	1.75%	0.00%
Units bought on policies written post 1/10/1998 (excluding Distribution Bonds)	2,942.1	275.9	1.75%	1.75%	0.00%
Units bought on Distribution Bond policies written post 1/10/1998	435.0	28.9	1.25%	1.50%	0.00%
<u>Explicitly-charged business:</u>					
Excluding distribution bonds	4,348.5	536.2	2.75%	2.75%	0.00%
Distribution Bonds	232.8	27.3	2.50%	2.50%	0.00%
<u>NUL(RBS) products:</u>					
Life excluding Distribution Bonds (Implicit charge)	412.1	63.4	1.75%	1.75%	0.00%
Life excluding Distribution Bonds (Explicit charge)	124.4	19.4	2.75%	2.75%	0.00%
Distribution Bonds (Implicit charge)	108.4	15.0	2.00%	1.50%	0.00%
<u>NUIL products:</u>					
Sterling Bond	400.6	55.7	3.50%	3.50%	0.00%
Dollar Bond	194.8	39.6	3.25%	3.25%	0.00%
Euro Bond	303.6	24.6	3.25%	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)	165.4	35.1	4.00%	4.00%	4.00%
Units bought on or after 22/1/1996 (13/5/1996) for policies sold before 1/10/1998	367.7	69.2	2.25%	2.25%	0.00%
Units bought on policies sold after 1/10/1998	445.7	75.6	2.25%	2.25%	0.00%
<u>Explicitly-charged business (excl Stakeholder)</u>					
All units purchased	469.8	88.2	3.25%	3.25%	0.00%
UNISURE funds 1000 and 1001**	90.8	20.6	2.85%	2.85%	0.00%
<u>Stakeholder Pensions</u>					
All units purchased	713.8	95.0	2.75%	2.75%	0.00%
Overseas business					
France Valeur Plus*	80.8	19.0	0.75%	0.75%	0.00%
Ireland - Life policies	21.7	6.4	1.75%	1.75%	0.00%
Swedish Personal Investment Plans	51.6	4.9	1.50%	1.50%	0.00%

*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.

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 2010**

For Unitised business in addition to the rates above a special bonus of 3.16% of the value of units has been credited to eligible policies during 2010.

Ex-CULAC business

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2009)	Regular bonus (2010)	Guaranteed bonus (2010)
Conventional Life					
New Series	891.8	158.6	3.6% SA / 5.1% RB	3.16% SA / 4.66% RB	0.0
Conventional Pensions					
Red Plan Deferred Annuity	13.9	1.8	5% of Annuity Purchased	4.45% of Annuity Purchased	0.0
All other Conventional Pensions business	294.0	52.2	3.6% SA / 3.6% RB	3.16% SA / 3.16% RB	0.0
Unitised Life - direct written					
All units purchased	668.5	62.3	2.50%	2.50%	0.00%
Unitised Pensions - direct written					
Sterling Group Plan (Deposit Admin)	63.9	15.1	6.35%	5.91%	0.00%
Units purchased pre 1/1/1993	17.5	3.0	4.00%	4.00%	4.00%
Units purchased after 31/12/1992	283.8	57.6	2.75%	2.75%	0.00%
Pensions Explicit pre 1/1/1993	103.8	31.4	5.00%	5.00%	5.00%
Pensions Explicit after 31/12/1992	246.5	69.9	3.75%	3.75%	0.00%
Sterling Group Plan (UWP) (non gteed RB)	24.6	5.5	2.75%	2.75%	0.00%
Red Plan	235.7	17.9	2.75%	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 3.16% of the value of units has been credited to eligible policies during 2010.

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 £113m 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.
- (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 2010**

1. Introduction

- (1) The valuation date is 31 December 2010.
- (2) The previous valuation was completed with an effective date of 31 December 2009.
- (3) An interim valuation was carried out with an effective date of 30 June 2010 for the purposes of Rule 9.3A.

2. Product Range

The only significant changes to products during the financial year were as follows:

For Pensions we launched a new Charge For Advice charging structure, an alternative to commission for Personal Pension, where the customer explicitly pays a charge for the financial advice they receive.

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 2010 for the group non-profit deposit administration benefits shown in Form 51 (UK Pensions).
- (4) Where service charges have been increased in 2010 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.
- (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.

Where a postal 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 or 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.

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 2010**

- (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 is 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 2010. The rate applied to unrealised gains varied by fund in the range 0% to 20% during the year to 31 December 2010.

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 2010.

(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,

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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 (consisting of 'Incurred but not reported' and 'reported but not paid' reserves) 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. Allowances for data quality and expenses are also made. 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.

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.

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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.

(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 2010	31 December 2009
Life Assurances		
Conventional business	2.8%	3.0%
PHI		
Standalone critical illness	3.5%	3.8%
Income Protection		
Active lives	3.5%	3.8%
Disabled lives	4.5%	5.5%
Disabled lives (index-linked)	-0.7%	0.4%
Pensions and General Annuities		
Immediate Annuity	3.9%	4.2%
Deferred Annuity/WDIS		
Post vesting	3.5%	3.8%
In deferment	3.9%	4.2%
Other	3.5%	3.8%
Sterling Reserves – Life		
Fund growth	4.0%	4.3%
Discount rate	3.1%	3.3%
Sterling Reserves – Pensions		
Fund growth	5.0%	5.3%
Discount rate	3.8%	4.1%
Ex-Hamilton Life Assurance Business	2.8%	0.15%

(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:

- (a) The historic experience of bad debts for each of the major fixed interest asset classes,

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- (b) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available,
- (c) 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,
- (d) 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	1.02%
Loans secured by mortgages	1.06%

The deductions above for 'other fixed interest' and mortgages include an additional amount to allow for short-term recessionary risks.

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.

(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 2010	31 December 2009
Assurances		
Whole life (Fifty Plus plan)	106% ELT15	110% ELT15 duration 5+
Whole life (other)	Unchanged	138.9% AM00/AF00 Sel
Endowments	Unchanged	93.3% AM00/AF00
Level Term Assurance (Current Range)	79.2% TMN00/TFN00 (non Smoker) 84.9% TMS00/TFS00 (Smoker)	88% TMN00/TFN00 (non Smoker) 94.3% TMS00/TFS00 (Smoker)
Level Term assurance (Pre merger)	83.6% TMx00/TFx00	88% TMx00/TFx00
Mortgage Protection (Current)	84.0% TMx00/TFx00	93.3% TMx00/TFx00
Mortgage Protection (Pre Merger)	86.6% TMx00/TFx00	91.2% TMx00/TFx00
Term assurance with Critical Illness	Duration 0 and 1 93.6% CIM11A	Duration 0 and 1 104% CIM11A
	Duration 2+ 124.2% CIM11A	Duration 2+ 138% CIM11A
Mortgage Protection with Critical Illness	Duration 0 and 1 93.6% CIM11A	Duration 0 and 1 104% CIM11A
	Duration 2+ 103.5% CIM11A	Duration 2+ 115% CIM11A
Sample "CIM11A" rates are given below		
Unitised Life		
Flexible Whole Life	Unchanged	138.9% AM00/AF00 Sel

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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

CIM11A tables for 2010

Age	Term Assurance with Critical Illness Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	1.05	1.27	0.67	0.90
35	1.36	2.05	1.56	1.71
45	3.18	6.86	3.40	4.78
55	8.82	19.96	7.77	11.98

Age	Mortgage Protection with Critical Illness Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.87	1.05	0.56	0.75
35	1.13	1.71	1.30	1.43
45	2.65	5.72	2.83	3.99
55	7.35	16.63	6.47	9.98

Pensions and General Annuities	31 December 2010	31 December 2009
Immediate Annuities – individual	69% IML00 72% IFL00	74% IML00 77% IFL00
Immediate Annuities – group	88.5% PCMA00 83% PCFA00	90.5% PCMA00 85% PCFA00
Structured Settlements	As individual annuities above + 1 year + 0.01 to rates	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	88.5% PCMA00 83% PCFA00	90.5% PCMA00 85% PCFA00
Variable Annuity In deferment	RMV92 (C=2010)	RMV92 (C=2010)
Unitised Pensions (excluding ex-	Unchanged	106% AM00/AF00 ult

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Hamilton Life Assurance Business)		
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 2011, 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
88.5% PCMA00	24.2	14.8	28.8	26.4
83% PCFA00	26.1	16.6	29.2	27.6
69% IML00	26.8	16.8	31.3	29.0
72% IFL00	28.1	18.0	31.1	29.6

Mortality improvement

The 2011 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 2010	31 December 2009
Standalone Critical Illness	Unchanged	Modified Reassurer rates (see below)
Critical Illness rider benefits	Unchanged	1 periodic premium

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Rates for the modified tables for 31 December 2010 (and 2009) 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 2009):

	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

Age	Safeguard rates			
	Annual rates per mille:			
	31 December 2010	31December 2010	31 December 2009	31December 2009
	Male	Female	Male	Female
25	1.14	1.35	1.20	1.42
35	0.64	1.28	0.68	1.35
45	1.23	2.91	1.29	3.06
55	2.60	8.53	2.74	8.97

Age	PHI rates			
	Annual rates per mille:			
	31 December 2010	31December 2010	31 December 2009	31December 2009
	Male	Female	Male	Female
25	1.30	2.20	1.37	2.31
35	0.97	1.75	1.02	1.84
45	1.65	3.29	1.74	3.47
55	3.36	7.81	3.53	8.22

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

Deferred period 6 months

Non-smoker status

Location – South England

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Age	Safeguard rates : 31 December 2010 (unchanged from 31 December 2009)			
	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 2010 (unchanged from 31 December 2009)			
	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.

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 2010 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, except Income Protection, 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 2010 - valuations were carried out on a Gross Premium basis

The expense assumptions are the same for both premium-paying and non-premium paying contracts.

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Financial year ended **31 December 2010****Per policy expenses in the year after the valuation date**

Category	31/12/2010 Expense (£)	31/12/2009 Expense (£)
Term assurance	13.76	13.06
Critical illness	13.76	13.06
Income protection	14.50	15.00
Income protection claims in payment	14.50	15.00
Annuity	18.00	16.73
UWP bond	51.08	49.18
UWP savings endowment	34.65	15.19
UWP target cash endowment	16.07	15.19
UWP regular premium pension	15.99	15.40
UWP single premium pension	15.99	15.17
UWP group regular premium pension	15.49	14.92
UWP group single premium pension	32.60	36.57
UL bond	18.42	17.74
UL savings endowment	10.87	10.27
UL target cash endowment	16.31	15.19
UL regular premium pension	15.99	15.40
UL single premium pension	15.99	15.17
UL group regular premium pension	15.49	14.92
UL group single premium pension	15.49	14.92

All figures are gross of tax relief which is assumed at 20% on certain products.

Expenses as % of Claim

	2010	2009
Income protection claims in payment		
- Group	10.5%	10.0%
- Individual (Mortgage Payment Protection)	15.0%	14.0%
- Individual (other)	14.5%	13.5%

Investment expenses

For non-unit liabilities, the yield on assets backing the liabilities was reduced for investment expenses of 0.055%. 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 0.125% of the unit fund for unit linked investments and 0.129% 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.

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(7)

	31 December 2010	31 December 2009
Inflation rate for future expenses	3.25%	3.32%
Linked business		
Unit Growth Rate for gross business	5.00%	5.30%
Unit Growth Rate for net business	4.00%	4.30%
Future increases in policy charges	3.25%	3.50%

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	16.5%	12.9%	10.5%	10.4%
Accelerated critical illness	lapse 2	7.9%	6.2%	5.1%	5.0%
Decreasing Term	lapse 1	16.5%	12.9%	10.5%	10.4%
Decreasing Term	lapse 2	7.9%	6.2%	5.1%	5.0%
Level term	lapse 1	12.2%	7.0%	6.8%	6.8%
Level term	lapse 2	5.9%	3.4%	3.3%	3.3%
UL bond	surrender	4.0%	5.8%	4.0%	4.0%
UL individual pension, regular premium	surrender	2.6%	2.6%	2.6%	2.6%
UL individual pension, single premium	surrender	2.1%	2.1%	2.1%	2.1%
UWP individual pension, regular premium	surrender	2.6%	2.6%	2.6%	2.6%
UWP individual 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 12.5%.

(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 80% on policies maturing within 1 year, to 95% on policies maturing after 20 years or more.

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:

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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) 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 2010 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 £42m.

The distribution of policies by outstanding term and retirement age is as follows:

Outstanding Term (years)							
Retirement Age	0-5	5-10	10-15	15-20	20-25	25-30	Total
55 and under	0	0	1	0	0	0	1
56-60	312	152	31	3	0	0	498
61-65	169	93	37	8	1	0	308
66-70	5	8	1	1	0	0	15
71-75	28	78	170	3	0	0	279
Total	514	331	240	15	1	0	1101

The guarantee reserve is £35m.

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.

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 the guarantee date is less than the money-back guarantee.

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31 December 2010(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 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 £1,259m

(iii) Spread of outstanding durations:

Year	Proportion with Guarantee
2014	5.00%
2015	95.00%

(iv) The Guarantee reserves are £22.5m in RIEESA

(v) The Guaranteed amount totals £1,121m

(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.

(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	£7.2m	£3,649.0m	£0.2m
Decreasing Term Assurance	£14.1m	£3,323.2m	£7.6m

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.

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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 loadings, grossed up for taxation where appropriate, expected to arise during 2011 is shown in the table below:

Homogenous risk Group	Implicit allowances	Explicit allowance (investment)	Explicit allowance (other)	Non attributable expenses	Total
UL Life	£17.5m	£13.4m	£6.1m	£0.0m	£37.0m
UL individual pensions	£57.3m	£24.1m	£16.1m	£0.0m	£97.4m
UL employer sponsored pension	£17.4m	£10.1m	£12.5m	£0.0m	£40.1m
All expenses attributable	£0.6m	£0.0m	£29.2m	£0.0m	£29.8m
Total	£92.8m	£47.6m	£63.9m	£0.0m	£204.3m

- (2) Non-attributable expenses on unit linked business are allowed for implicitly, through expected future valuation surplus (on the valuation basis). In 2011, the implicit allowance on unit linked business of £92.8m covers the expected amount of non-attributable expenses, £69.5m.

Investment expenses on conventional business are reserved for implicitly, through a margin in the valuation interest rate. The expected expense over 2011 is £0.6m.

- (3) The total amount of maintenance expenses shown at line 14 of Form 43 (combined for the non-profit sub-funds) is £207.8m

This figure for expenses includes amounts for prior year adjustments and one-off items as well as exceptional expenses that are reserved for explicitly elsewhere. Excluding these items, the allowance for 2011 maintenance expenses in 6(1) above is higher than the adjusted Form 43 expense by £48m. The implicit allowance on unitised business is the main reason that the £204.3m allowance in the table above is higher. 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 2011 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 2011 new business.
- (5) In addition to per policy expense reserves, explicit expense reserves of £105.7m 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 £39.6 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.

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Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
Global business
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- (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.

8. Other Special Reserves

Counterparty Risk Reserve

A reserve of £18.2m 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 £96.7m 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 £55.6m.

Depreciation

A reserve of £19.1m is held for “depreciation”, referring to projects where the expenses have been capitalised, and Aviva Life Services UK Limited plan to amortise the costs, and charge them to the product companies, over an extended period. A reserve is set up for these future payments that are expected to be made by the product companies.

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 reassurer is authorised to carry out insurance business in the United Kingdom, and whether the reassurer is connected to the Company.

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Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

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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	3,032	19,559	Closed	
B	GE Frankona Reinsurance Limited.	Yes	No	Term and Gteed Integrated CI	13,304	63,890	Closed	
C	GE Frankona Reinsurance Limited.	Yes	No	MP and Gteed Integrated CI	76,768	10,495	Open	25% up to £50k
D	Hannover Re (Ireland)	No	No	Term and Gteed Integrated CI	8,586	15,307	Closed	
E	Hannover Life Reassurance (UK) Limited	Yes	No	Term and Gteed Integrated CI	10,401	12,282	Closed	
F	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term and Gteed Integrated CI	66,794	195,982	Open	10% up to £500k
G	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term Assurance, Mortgage Protection, Low Cost Endowment.	-	28,367	Closed	
H	SCOR Global Life Reinsurance Ireland Ltd	No	No	Term and Gteed Integrated CI	3,739	13,703	Closed	
I	RGA Americas Reinsurance Company Limited	No	No	Term and Gteed Integrated CI	55,027	121,736	Closed	
J	RGA Americas Reinsurance Company Limited	No	No	MP and Gteed Integrated CI	31,118	3,911	Open	10% up to £500k
K	RGA Americas Reinsurance Company Limited	No	No	Term with Rev Integrated CI	2,065	73,335	Open	
L	Swiss Re Life & Health Limited	Yes	No	Term and Gteed Integrated CI	4,091	63,607	Closed	
M	Swiss Re Life & Health Limited	Yes	No	MP and Gteed Integrated CI	13,375	2,923	Closed	
N	XL Re Limited (UK Branch)	Yes	No	Term and Gteed Integrated CI	30,784	140,999	Open	Life: 10% up to £500k, CI: 25% up to £50k
O	Swiss Re Life & Health Limited	Yes	No	2008 Existing Business	5,603	346,136	Open	
P	Swiss Re Life & Health Limited	Yes	No	Future SH Transfer	1,925	74,078	Open	
Q	Swiss Re Life & Health Limited	Yes	No	Deferred annuity	-	642,452	Closed	
R	Invesco Pensions Limited	Yes	No	Unit-linked External Funds	8,049	124,316	Open	
S	Deutsche Asset Management Life & Pensions Ltd	Yes	No	Unit-linked External Funds	-	12,190	65,827	Closed
T	Blackrock	Yes	No	Unit-linked External Funds	96,252	251,046	Open	
U	PartnerRe Ltd	Yes	No	Term Assurance	992	26,199	Open	
V	Aviva Annuity UK Ltd	Yes	Yes	Immediate Annuities	6,330	100,475	Open	
W	Legal and General Assurance (Pensions Management)	Yes	No	Unit-linked	-	8,301	711,035	Closed

For Unit-Linked External Funds the reinsurance premium represents the net cashflow of unit transactions from Aviva UK Life fund to the external unit linked fund provider. This can be negative if, for example, claims met by the external unit-linked fund exceed premiums paid into the external unit-linked fund.

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Name of insurer

Aviva Life & Pensions UK Limited – Non-Profit Sub-funds

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An indication of the cover given under each treaty is provided below:

Ref	Benefits Reinsured
A	Quota Share & Surplus Reinsurance
B	Variable % of Sum Assured by sex or smoker status
C	Quota Share - death and CI benefits
D	Quota Share - death and CI benefits
E	Quota Share
F	Quota Share - Life
G	Quota Share - Death Benefits for all business with no previous reinsurance
H	Quota Share - death and CI benefits
I	Quota Share death benefits
J	Quota Share - Life
K	RGA UK 5% of SA, RGA US 45% of SA
L	50% of SA
M	50% of SA
N	Quota Share
O	Financing Arrangement (TDSL)
P	Financing Arrangement (TDSL)
Q	Quota share and surplus
R	Unit-linked External Funds
S	Unit-linked External Funds
T	Unit-linked External Funds
U	49.9% of SA
V	100% of Immediate Annuity Benefits
W	Unit Liability

There are no material contingencies, such as credit risk or legal risk, to which any of these treaties are subject.

There are no significant undischarged obligations to the reinsurers as at 31/12/2010.

There are no deposit back arrangements in any of these treaties.

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Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**

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Financing Treaties (table reference O and P)

Two 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.

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

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1. Introduction

- (1) The valuation date is 31 December 2010.
- (2) The date of the previous valuation was 31 December 2009.
- (3) An interim valuation was carried out with an effective date of 30 June 2010 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-profit business are as follows:

	2010	2009
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	Risk free rate plus 0.5% p.a. Risk free rate
Discount rate	Investment return plus 0.5% p.a.	Investment return plus 0.5% p.a.
Expense inflation	3.25%	3.32%
Tax rates	20%	20%

- 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.
 - 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.

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Global business

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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.

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 2010

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		1,087	5,383
Asset Share (individual)	3,541		
Asset Share (grouped)	88		
BRV	667		
Conventional Pensions		1,450	3,896
Asset Share (individual)	1,343		
Asset Share (grouped)	291		
BRV	786		
Regulatory Reserve	26		
UWP Life		18	1,495
Asset Share (individual)	1,476		
Asset Share (grouped)	1		
UWP Pensions		300	6,240
Asset Share (individual)	5,925		
Asset Share (grouped)	15		
Miscellaneous Other	18	(119)	(101)
Total	14,178	2,736	16,913

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 £667m 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 £612m 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

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

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basis. In line with current bonus practice, the BRV is based on the final bonus scales derived from projected premium paying policies.

Conventional Pensions also contains £174m 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. The miscellaneous items in the With Profits Benefit Reserve relate to amounts yet to be added to individual Asset Shares in respect of past experience.

(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 2010

(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.

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

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- (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

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.

	2010			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	0	1	0	1
Renewal expenses and commission	88	33	0	121
Shareholder Transfers	3	15	0	17

The above table approximately splits out the expenses incurred over 2010. 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 2010 are approximately £88m. 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.

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

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Policy charges are applied to With Profits Sub-fund UWP business

The asset share is deducted the actual charges on the policy. Also note that any surrender penalty would apply to the asset share on exit.

Expenses not charged to the with-profits benefits reserve

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 2010 are approximately £102m (£100m in 2009).

(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	2008	2009	2010
With Profits Sub-fund	Conventional Life	107%	111%	98%
	Conventional Pensions	113%	131%	123%
	UWP Life	104%	102%	97%
	UWP Pensions	108%	107%	99%

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 2010 are 10.7%. 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 is based on a deterministic reserve including an allowance for Final Bonus and a stochastic uplift;
- 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:

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(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	0.73%
5	2.51%
10	3.78%
15	4.37%

Future economic assumptions for the conventional whole life and with-profit immediate annuity business are:

Product Class	2010
With-profit Immediate Annuity	3.37%

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	2010
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.

(e) Future Expense Assumptions

	2010	
Product Class	Renewal Expenses Per policy	Expense Inflation %
Conventional Pension PUPs	£37.94	3.25
With-profit Immediate Annuity	£19.02	3.25

The future expense assumptions used for whole life business is that used for the regulatory valuation. Expenses increase with inflation at the policy anniversary.

(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
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.

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

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(g) Future mortality assumptions

Conventional pension PUPs: No mortality is assumed in deferment

Conventional Pension PUPs post-vesting:

	31 December 2010
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 2010
Males	90.5% * PCMA00 with 100% medium cohort improvement factors, minimum 2% pa, applicable from 2005
Females	85% * 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:

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

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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 0.9 million policies into approximately 1800 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 change to the valuation method for valuing the costs of guarantees, options or smoothing since the previous valuation is an improvement to our equity asset model to move to a stochastic volatility jump diffusion model.

(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	40	0	151	777	0	0
Conventional Pensions	53	0	916	0	480	0
UWP Life	43	0	62	0	0	0
UWP Pensions	193	0	492	0	0	0
Misc	0	9	0	0	0	(252)

Planned Enhancements to WPBR

None

Planned Deductions to WPBR for guarantees and options

This represents the expected future value (from 1 January 2011) 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.

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Global business

Financial year ended **31 December 2010****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	£151m
Central Estimate	£1m
Option value	100%

Conventional life guarantees are almost completely out of the money.

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	£518m
Central Estimate	£485m
Option value	7%

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.

	GMP
Stochastic Reserve	£398m
Central Estimate	£381m
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	£62m
Central Estimate	£7m
Option value	89%

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 guarantees are largely out of the money.

UWP Pensions

Stochastic Reserve	£492m
Central Estimate	£217m
Option value	56%

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

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Financial year ended **31 December 2010**

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 5.6% 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.

Mortgage Endowment Promise

Stochastic Reserve	£777m
Central Estimate	£779m
Option value	0%

The option value is negative as in some scenarios very good returns will mean we don't need to pay the full promise amount.

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.

	GAO
Stochastic Reserve	£480m
Central Estimate	£457m
Option value	5%

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 PPFM for With Profits Sub-fund.

(ii) Description of the asset model

The asset model was calibrated using the following assumptions:

Risk-free rate:

- The Risk-free rate curve used in the model is shown below:

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

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Financial year ended **31 December 2010**

Outstanding term	Risk free annualised spot rate (%) – 2010	Risk free annualised spot rate (%) – 2009
1	0.73%	0.97%
2	1.12%	1.60%
3	1.64%	2.19%
4	2.12%	2.70%
5	2.51%	3.12%
6	2.83%	3.47%
7	3.12%	3.75%
8	3.37%	3.98%
9	3.59%	4.18%
10	3.78%	4.35%
12	4.08%	4.60%
15	4.37%	4.80%
20	4.57%	4.86%
25	4.60%	4.78%
30	4.54%	4.69%

- 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 2009.

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 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.

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Barrie and Hibbert's Stochastic Volatility Jump Diffusion (SVJD) model is used. The SVJD model allows volatility to vary by equity price and time. This allows the model to capture the volatility skew as well as the term structure. As the full implied volatility surface can be captured the model is suitable for valuing guarantees where the characteristics vary by term and moneyness. 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	28.1%	25.8%	23.5%	21.3%	18.8%	16.0%	13.8%
3	28.1%	26.3%	24.7%	23.1%	21.7%	20.2%	18.7%
5	28.3%	26.9%	25.7%	24.5%	23.4%	22.4%	21.4%
10	27.9%	27.0%	26.2%	25.5%	24.8%	24.2%	23.6%
15	27.9%	27.3%	26.8%	26.4%	25.9%	25.6%	25.2%
20	27.9%	27.4%	27.0%	26.6%	26.3%	26.0%	25.8%

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	10%
Short rate changes	-15%

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

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Global business

Financial year ended **31 December 2010****(iii) Option prices from asset model**

	K	0.75				1				1.5			
n	Duration (n)	5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period (r)	2.51%	4.37%	4.60%	4.45%	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	883,394	526,436	324,939	218,034	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	107,341	240,982	340,794	420,879	215,686	388,390	513,305	610,677	553,596	742,716	898,632	1,017,208
3	FTSE All Share Index (p=0.8)	101,048	194,661	246,708	282,292	203,291	315,410	375,316	414,454	524,143	609,735	663,830	698,855
4	Property (p=1)	32,065	106,920	179,704	240,440	134,787	241,277	333,997	409,074	520,855	613,570	715,797	803,525
5	Property (p=0.8)	27,736	71,461	105,651	131,038	121,557	171,783	208,958	235,071	487,918	469,347	479,889	491,939
6	15yr Risk-Free ZCBs (p=1)	18,100	21,478	16,203	24,190	89,897	87,820	90,615	128,182	500,081	500,440	506,599	532,730
7	15yr Risk-Free ZCBs (p=0.8)	15,696	11,823	5,292	3,802	78,955	46,617	23,614	22,395	463,789	325,567	233,033	203,602
8	15yr Corporate Bonds (p=1)	23,719	33,546	33,178	46,300	103,700	118,077	122,023	154,058	499,994	498,951	508,604	537,209
9	15yr Corporate Bonds (p=0.8)	20,849	18,881	11,905	11,255	92,162	69,170	45,395	43,911	464,960	337,251	252,769	224,204
10	Portfolio 1 (p=1)	60,422	154,812	235,173	304,366	156,855	287,123	392,316	479,373	518,965	638,968	766,771	871,989
11	Portfolio 1 (p=0.8)	55,590	116,922	155,659	185,081	144,886	220,069	265,555	298,675	486,661	502,350	536,307	562,728
12	Portfolio 2 (p=1)	56,296	137,707	206,389	268,414	149,770	262,853	354,148	434,527	512,288	609,050	717,204	815,965
13	Portfolio 2 (p=0.8)	51,585	103,100	133,706	158,124	138,118	198,782	234,530	263,054	479,284	474,034	491,926	515,354
14	Portfolio 3 (p=1)	28,651	75,198	120,765	169,286	111,487	182,802	251,416	317,852	502,515	543,096	615,587	693,168
15	Portfolio 3 (p=0.8)	25,379	50,107	65,541	82,804	100,095	124,720	144,079	164,807	467,284	397,040	385,333	394,783
16	Sterling Receiver Swaptions	6.04%	6.43%	6.10%	4.75%	7.39%	8.09%	7.47%	5.69%	8.75%	9.53%	8.57%	6.37%
		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 $K \times £1,000,000 \times (1+r^p)^n$.

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.

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Financial year ended **31 December 2010**

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 11 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 3.05% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

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Global business

Financial year ended **31 December 2010****(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)	%															
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+	
Conventional Life																	
Base guarantee	5.4	2	10	14	18	18	13	9	1	-	1	2	-	2	1	7	100
Mortgage promise	3.5	11	16	14	18	17	14	9	0	-	-	0	-	0	-	-	100
Conventional Pensions																	
Base guarantee	8.6	2	5	5	6	8	7	7	8	8	7	7	7	5	4	14	100
GAR option	6.7	9	14	9	7	7	7	4	7	5	6	4	4	3	4	9	100
S32 GMP guarantee	8.2	4	7	6	6	6	7	6	8	7	8	7	6	5	5	12	100
Unitised Life:																	
Death guarantee	14.0	1	2	3	3	4	4	4	4	4	5	4	4	5	5	49	100
Partial surrender guarantee	9.0	3	5	7	8	8	7	7	6	6	5	5	4	4	4	20	100
Surrender guarantee	6.9	1	1	0	2	19	46	4	0	0	5	13	1	0	0	7	100
Unitised Pensions:																	
Base guarantee	14.0	1	0	3	3	3	4	4	4	4	4	4	5	4	5	50	100

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Name of insurer

Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund

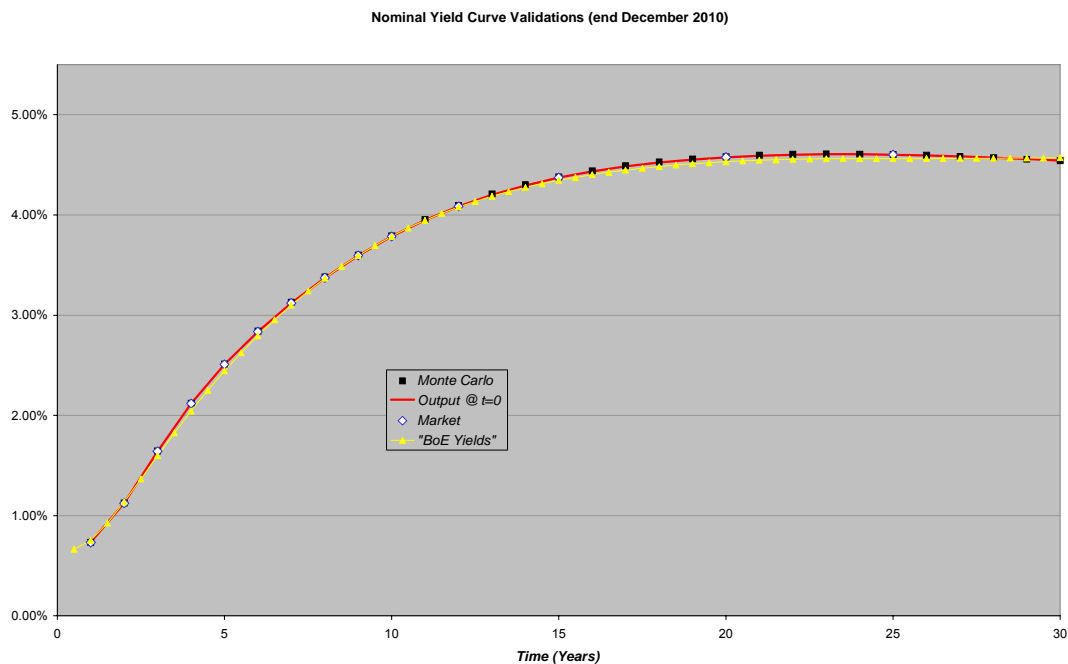
Global business

Financial year ended

31 December 2010

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	30.6%	27.1%	23.8%	20.6%	17.7%	15.6%	14.5%
3	29.4%	27.1%	25.0%	23.0%	21.2%	19.5%	18.1%
5	29.4%	27.6%	25.9%	24.3%	22.9%	21.5%	20.3%
10	30.1%	28.7%	27.3%	26.1%	25.0%	24.0%	23.2%

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	(248)	(136)	(22)	+75	+113	+40	(71)
3	(133)	(82)	(36)	+11	+50	+70	+61
5	(116)	(64)	(21)	+16	+54	+86	+107
10	(225)	(168)	(116)	(67)	(22)	+14	+36

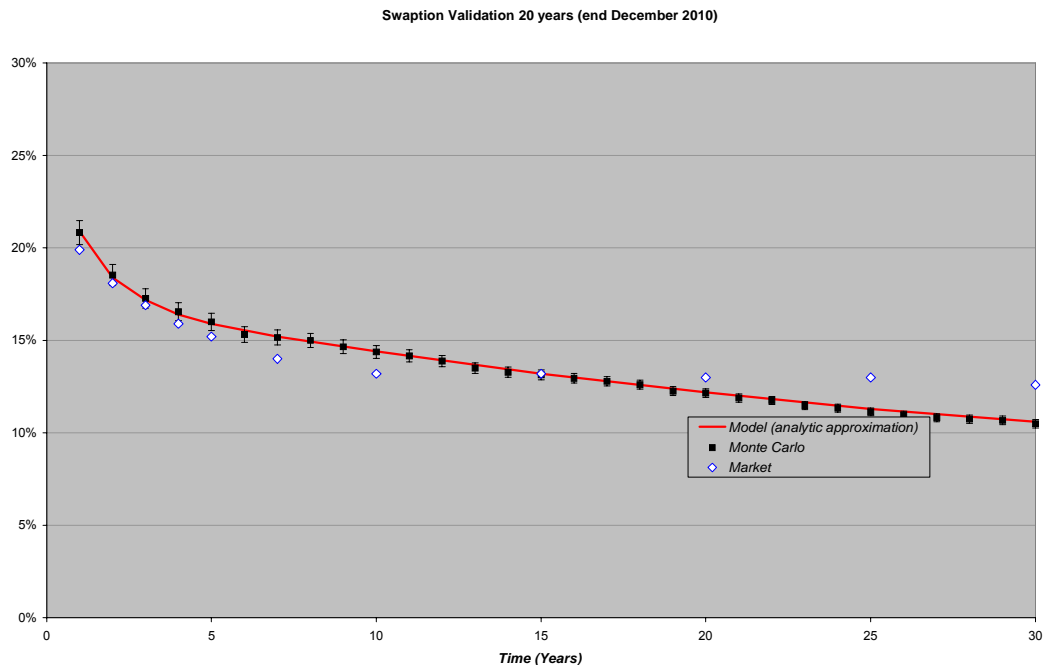
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund

Global business

Financial year ended

31 December 2010Swaption 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%	100.5%	99.6%	100.5%
	standard error	0.4%	0.7%	1.1%	1.6%
Property	5000 Simulation results	99.8%	100.2%	100.3%	100.3%
	standard error	0.2%	0.3%	0.5%	0.7%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	100.0%	101.4%	101.1%	102.2%
	standard error	0.8%	1.6%	2.4%	3.4%
Property	1000 Simulation results	100.0%	100.5%	101.8%	102.5%
	standard error	0.3%	0.7%	1.2%	1.6%

(viii) Number of projections

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations (100, 1000, 2500 and 5000). This has demonstrated that 1,000 projections is sufficient for convergence hence this number has 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.

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

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(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 the current 0.75% guarantee charge on asset shares for With Profits Sub-fund business. 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.

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 the associated tax are assumed to be charged to asset shares or the estate in line with the PPFM.

Mortality costs

Mortality profits and losses are passed on to the asset shares of Conventional policies in line with 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 management action as discussed earlier in this document. The results reflect an average of the simulated positions.

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Global business

Financial year ended **31 December 2010****(i) Projection at risk free rate**UWP Bonus Rates

Product	31-Dec-10	31-Dec-15	31-Dec-20
UWP Life	1.25%	1.79%	2.39%
UWP Life with Gtee	2.50%	2.97%	3.33%
UWP Pension	1.25%	2.27%	2.88%
UWP Pension with Gtee	4.00%	4.06%	4.40%

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 2010:

Asset Class	31/12/2010	31/12/2015	31/12/2020
Equities	44.2%	44.6%	46.6%
Property	23.8%	24.0%	25.1%
Fixed Interest	32.0%	31.4%	28.4%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	68.0%	68.6%	71.6%

(ii) Projection at risk free rate plus 17.5%UWP Bonus rates

Product	31-Dec-10	31-Dec-15	31-Dec-20
UWP Life	1.25%	2.16%	2.83%
UWP Life with Gtee	2.50%	3.21%	3.65%
UWP Pension	1.25%	2.70%	3.38%
UWP Pension with Gtee	4.00%	4.14%	4.64%

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Global business

Financial year ended **31 December 2010**Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2010	31/12/2015	31/12/2020
Equity	44.2%	46.1%	47.4%
Property	23.8%	24.8%	25.5%
Fixed Interest	32.0%	29.1%	27.0%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	68.0%	70.9%	73.0%

(iii) **Projection at risk free rate minus 17.5%**UWP Bonus rates

Product	31-Dec-10	31-Dec-15	31-Dec-20
UWP Life	1.25%	1.42%	1.94%
UWP Life with Gtee	2.50%	2.77%	3.06%
UWP Pension	1.25%	1.84%	2.37%
UWP Pension with Gtee	4.00%	4.02%	4.23%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2010	31/12/2015	31/12/2020
Equity	44.2%	42.3%	45.2%
Property	23.8%	22.8%	24.3%
Fixed Interest	32.0%	34.8%	30.5%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	68.0%	65.2%	69.5%

(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.

WPSF		Average surrender / paid-up rate for			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	4.20%	3.25%	3.45%	2.40%
CWP target cash endowment	surrender	4.20%	3.25%	3.45%	2.40%
UWP savings endowment	surrender	6.00%	6.00%	6.00%	6.00%
UWP target cash endowment	surrender	6.00%	6.00%	6.00%	6.00%
UWP bond	surrender	6.00%	6.00%	6.00%	6.00%
UWP bond	automatic withdrawals	1.75%	1.75%	1.75%	1.75%
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%

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For UWP business we make no allowance for future premiums, so the PUP rate is not applicable.

Automatic partial withdrawals on bonds have no MVRs applied (subject to certain limits). The assumed Automatic Partial Withdrawal rates are 1.75% p.a.

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 2010
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 92% 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	200
Conventional Pensions	0	106
UWP Life	0	0
UWP Pensions	0	0
Miscellaneous	0	141
Total	0	447

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. £306m is held in respect of these liabilities to the estate.

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The following liabilities are held under the miscellaneous category.

£5m is held in respect of future pension transfer review costs.

£7m is held in respect of the funding for the Aviva staff pension scheme deficit.

£8m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

£20m 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.

£23m is held to cover compensation costs other than those identified above.

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 2010 are £1,891m.

The realistic current liabilities are £11m 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	415.5

(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	-22.5%
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.

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(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+70bps	-70bps
long-term yield – level post-stress	4.69%	3.29%
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
With Profits Sub-fund	1.21%	-5.96%

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. 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.

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 = 0.66%

- (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.

Guaranteed Annuity Options

The initial take-up rate for guaranteed annuity options is assumed to increase from 92% 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)
GAO take-up	(2)
Total	(2)

- (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 remains at 0.75% p.a.

(c)

- (i) The assets hypothecated to back the risk capital margin are set out in the following table

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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	415.5	100.0%
Other fixed interest securities	0.0	0.0%
All other assets	0.0	0.0%
Total	415.5	100.0%

(ii) All assets backing the RCM are within the With-Profits Sub-Fund.

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.

	2010 %
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 2010 returns the probability was 50% leading to a notional tax charge/credit of 10%.

(2) Tax treatment in future policy related liabilities

The following tax rates have been used in the future for all projections:

Corporation Tax	27%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

The corporation tax rate has been updated from 28% to 27% in respect of payments from 2011 onwards, following the 2010 budget. No allowance is made for possible further reductions in this rate in future.

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.

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Financial year ended **31 December 2010****12. Derivatives**

Security	Exposure (£m) at 31.12.10
Futures on Bonds - short term trading derivatives	(130)
Futures on Equities - short term trading derivatives	454
Property Swaps	173
Interest Rate Swaps	109
Credit Default Swaps	121
Currency Futures	2,927

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 2011.

The Property swaps are used to manage the property exposure in the fund

The Interest Rate Swaps are used as a partial hedge of the Guaranteed Annuity Option liability.

The Credit Default Swaps are used to manage bond spread and default risk within the fund.

Currency futures are used to hedge the currency risk in the fund.

13. Analysis of working capital

	£m
Working capital at 31/12/2009	1,562
Investment return on opening working capital	0
Profits on assets backing liabilities	305
Economic assumption changes	(21)
Non-economic assumption changes	(3)
Policyholder action assumption changes	(26)
Other experience variances	(19)
Impact of new business	0
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	25
Miscellaneous liabilities	(12)
Working capital at 31/12/2010	1,812

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. 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 strengthening of correlation assumptions and changes to asset mix. These are partially offset by a reduction to assumed equity volatility.
3. There have been no changes to the key non-economic assumptions.
4. The policyholder assumption changes reflect a reduction to lapse rates on UWP pensions (without a regular bonus guarantee) and UWP bonds
5. Experience variances include the impact of premiums, claims and expenses.
6. The fund does not write significant volumes of new business.
7. Modelling changes and opening adjustments include

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- The introduction of the Stochastic Volatility Jump Diffusion model
- Crediting of past stock lending profits to WPBR
- Refinements to smoothing calculations

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.

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1. Introduction

- (1) The valuation date is 31 December 2010.
- (2) The date of the previous valuation was 31 December 2009.
- (3) An interim valuation was carried out with an effective date of 30 June 2010 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

	2010	2009
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	3.25%	3.32%
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 and Group Business (including PM Staff Superannuation Fund) 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

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- Other group schemes, where we have used a BRV approach with a 3.5% bonus rate in line with recent bonus declarations; and
- Policies where the BRV approach using a 0% guaranteed bonus rate gives a higher reserve than the asset share calculation.

The total amount of With Profit Benefit Reserve calculated by reference to the BRV approach is £420m.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

At 31 December 2010

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		13	135
Asset Share (individual)	108		
Regulatory Reserve	14		
Conventional Pensions		278	1,593
Asset Share (individual)	716		
Asset Share (group)	142		
Bonus Reserve Valuation	420		
Regulatory Reserve	37		
Miscellaneous Other	2	3	5
Total	1,439	294	1,733

Conventional life consists mainly of endowment business with £7m of whole life business. The WPBR consists of individual policy level asset shares for premium paying business, regulatory reserve of £10m for premium paying business where reliable asset shares are not available, and another £4m 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 £143m.

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 Fund are calculated at an aggregate level and total £112m at 31 December 2010.

Regulatory reserves of £37m are held mainly in respect of with-profit annuity, executive pensions and self-employed retirement annuities where reliable asset shares are not available. The miscellaneous items in the With Profits Benefit Reserve relate to amounts yet to be added to individual Asset Shares in respect of past experience.

(2) Not applicable

4. With-profits benefits reserve – Retrospective method**(1) Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	57
Asset Share (grouped)	10
BRV	29
Regulatory Reserve	4
Miscellaneous Other	0
Total	100

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The table above shows the proportion of with profit benefit reserves calculated using each method.

The asset shares on a grouped basis relate to the conventional pension DAF scheme. The asset shares are an accumulation of premiums plus investment return, less claims and expenses at product level.

(2) Changes in valuation method

- (a) There have been no significant changes to the valuation methodology during 2010
- (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.

	2010			
	Charged to WPBR	Not-Charged to WPBR	Non-Profit expenses	Total
	£m	£m	£m	£m
Initial expenses and commission	0	1	0	1
Renewal expenses and commission	2	(4)	1	0
Shareholder Transfers	0	4	0	4

The above tables approximately splits out the expenses incurred over 2010. 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, however no such charge is made at present.

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 2010 are approximately £2.5m. 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.

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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.

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 adjustment 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	2008	2009	2010
PM	Life	107%	105%	93%
PM	Pensions	103%	103%	95%

These are estimates of claim amounts relative to asset share for the past three complete calendar years.

The figures above for 2008 to 2010 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.

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 2010 are 10.5%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method

(1) Prospective assumptions

29% of the PM with-profit benefits reserve is made up of bonus reserves and 4% 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 2.89%.

(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

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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 64,000 individual model points into 5,050 grouped model points.

Validations

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	4	0	0	0	0
Conventional Pens	40	0	14	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 2010 the planned enhancements to WPBR totalled £44m.

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 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.

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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 2010, 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	=	£0.1m
Central Estimate	=	£0.0m
Option Value	=	92%

Conventional life guarantees are mostly out of the money.

Conventional Pensions

Stochastic Reserve	=	£14m
Central Estimate	=	£11m
Option Value	=	21%

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 asset model was calibrated using the following assumptions:

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Financial year ended **31 December 2010**Risk-free rate:

- Risk-free rate curve as shown below –

Outstanding term	Risk free annualised spot rate (%) – 2010	Risk free annualised spot rate (%) – 2009
1	0.73%	0.97%
2	1.12%	1.60%
3	1.64%	2.19%
4	2.12%	2.70%
5	2.51%	3.12%
6	2.83%	3.47%
7	3.12%	3.75%
8	3.37%	3.98%
9	3.59%	4.18%
10	3.78%	4.35%
12	4.08%	4.60%
15	4.37%	4.80%
20	4.57%	4.86%
25	4.60%	4.78%
30	4.54%	4.69%

- 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 2009.

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 2010. The following table shows specimen volatilities from the model.

Specimen volatilities

Term	1	2	5	7	10	15	20	25	30
UK Equity volatility	21.30%	22.20%	24.50%	24.80%	25.50%	26.40%	26.60%	27.40%	27.90%

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 25.1% (27.0% at 31 December 2009).

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Financial year ended **31 December 2010***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	19.9
5	15.2
10	13.2
15	13.2
20	13.0
25	13.0

For the purposes of our model, we have used an implied volatility of 15.0% 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	0.49
2	0.99
3	1.48
5	2.48
7	3.49
10	5.02

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 3.25%. 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	3.25%
Other Fixed Interest	5.25%

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Name of insurer

Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund

Global business

Financial year ended

31 December 2010Correlation between different asset classes:

- Correlation between asset classes was taken from internal historic data. The table below shows the figures used at 31 December 2010.

	UK Equities	Property	European Equities	UK government bonds	Corporate Bonds	Cash
UK Equities	1.00	0.35	0.79	0.16	0.16	-0.15
Property	0.35	1.00	0.15	0.10	0.10	-0.10
European Equities	0.79	0.15	1.00	0.37	0.28	-0.10
UK government bonds	0.16	0.10	0.37	1.00	0.97	0.11
Corporate Bonds	0.16	0.10	0.28	0.97	1.00	0.12
Cash	-0.15	-0.10	-0.10	0.11	0.12	1.00

Inflation:

A long-term deterministic expense inflation assumption of 3.25% has been used.

Asset mix/EBR management:

The initial asset mix was equal to the actual mix for the asset share investments in With-Profit funds as at 31 December 2010. The resulting asset mix is shown below, together with the volatility parameters for each class:

Class	Actual asset mix	Volatility
UK	12.8%	25.1%
Property	3.1%	15.0%
Europe	1.7%	24.7%
US	0.0%	24.8%
Japan	0.0%	24.7%
Pacific Basin	0.0%	31.4%
Emerging markets	0.0%	41.1%
UK gov bonds	15.0%	3.3%
Corporate bonds	61.3%	5.3%
Global bonds	0.0%	5.3%
Cash	6.1%	0.0%
TOTAL	100.0%	

Management of the EBR within the stochastic return projector is discussed in 6(5)(a).

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Global business

Financial year ended **31 December 2010****(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	2.51%	4.37%	4.60%	4.45%	2.51%	4.37%	4.60%	4.45%	2.51%	4.37%	4.60%	4.45%
		p:												
1	Risk-free zero coupon bond		883,607	526,590	325,168	217,889	x	x	x	x	x	x	x	x
2	FTSE AllShare	1	75,485	215,734	294,490	357,096	203,281	373,616	468,554	542,171	572,270	754,122	862,522	949,526
3	FTSE AllShare	0.8	68,188	166,965	201,858	227,003	188,993	294,876	329,332	350,577	541,947	611,465	622,742	631,369
4	Property	1	35,407	95,470	144,518	187,020	135,164	225,638	288,212	339,620	525,835	598,554	659,594	715,913
5	Property	0.8	31,200	62,133	79,412	94,926	122,308	157,291	171,869	181,645	492,538	453,608	428,599	420,109
6	15 yr risk free ZCB	1	6,108	34,614	64,923	92,414	78,960	142,945	188,836	224,839	503,971	534,954	571,577	609,864
7	15 yr risk free ZCB	0.8	4,747	15,387	22,660	30,984	66,904	80,707	86,729	87,750	468,409	378,808	328,736	305,476
8	15 yr corporate	1	10,760	45,815	80,334	111,084	91,015	158,694	208,055	247,884	507,368	544,861	586,660	629,373
9	15 yr corporate	0.8	8,758	23,131	32,698	42,542	78,720	95,087	103,330	106,266	472,194	391,661	346,920	328,136
10	65% FTSE AllShare, 35% Property	1	51,319	141,167	202,993	254,849	164,658	282,183	357,907	421,224	541,825	655,348	736,312	807,810
11	65% FTSE AllShare, 35% Property	0.8	45,753	101,096	126,330	145,872	151,061	209,880	233,257	248,989	510,184	512,854	503,287	504,858
12	65% FTSE AllShare, 35% ZCB	1	41,568	105,178	155,930	198,363	154,732	251,813	318,505	370,888	544,059	642,167	717,067	778,185
13	65% FTSE AllShare, 35% ZCB	0.8	36,518	65,774	80,114	92,043	140,859	176,198	187,198	192,286	511,656	493,425	471,982	459,007
14	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	1	19,156	61,187	99,679	132,247	112,756	186,685	239,251	281,672	516,256	574,637	625,308	673,536
15	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	0.8	16,121	33,154	43,072	52,657	99,781	118,032	125,403	126,983	482,302	423,771	384,286	365,055
			L = 15				L = 20				L = 25			
16	Receiver swaptions		4.11%	5.76%	7.81%	7.23%	5.28%	7.73%	9.92%	8.77%	6.67%	9.64%	11.64%	9.79%

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 $K \times £1,000,000 \times (1+r^p)^n$.

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.

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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 10 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.

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Financial year ended

31 December 2010

Proportion of Maturity Guarantee Costs arising in Year (%)		
	Convention	Conventional
Year	Life	Pensions
2011	0	3
2012	34	3
2013	32	3
2014	6	4
2015	7	4
2016	5	5
2017	5	5
2018	3	6
2019	2	5
2020	3	5
2021	0	6
2022	1	5
2023-2027	1	23
2028-2032	0	16
2033 and later	0	8
Total	100	100
Duration (yrs)	3.4	12.1

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:

			K=0.75				K=1				K=1.5			
			5	15	25	35	5	15	25	35	5	15	25	35
Row	r(Continuous)		2.47%	4.28%	4.49%	4.35%	2.47%	4.28%	4.49%	4.35%	2.47%	4.28%	4.49%	4.35%
		p												
2	FTSE AllShare: matrix approach	1	75,485	215,734	294,490	357,096	203,281	373,616	468,554	542,171	572,270	754,122	862,522	949,526
2	FTSE AllShare: Black-Scholes valuation	1	92,387	214,437	295,291	356,720	221,003	373,075	469,668	542,196	592,441	752,658	863,233	948,220
	Difference / MV(0)		-1.7%	0.1%	-0.1%	0.0%	-1.8%	0.1%	-0.1%	0.0%	-2.0%	0.1%	-0.1%	0.1%
4	Property: matrix approach	1	35,407	95,470	144,518	187,020	135,164	225,638	288,212	339,620	525,835	598,554	659,594	715,913
4	Property: Black-Scholes valuation	1	31,238	98,140	148,381	189,401	133,185	228,546	292,340	342,745	522,417	599,620	664,328	718,888
	Difference / MV(0)		0.4%	-0.3%	-0.4%	-0.2%	0.2%	-0.3%	-0.4%	-0.3%	0.3%	-0.1%	-0.5%	-0.3%
10	65% FTSE, 35% Property: matrix approach	1	51,319	141,167	202,993	254,849	164,658	282,183	357,907	421,224	541,825	655,348	736,312	807,810
10	65% FTSE, 35% Property: B-S valuation	1	52,795	141,916	205,078	255,220	166,541	284,287	361,768	422,005	545,289	655,844	740,001	808,197
	Difference / MV(0)		-0.1%	-0.1%	-0.2%	0.0%	-0.2%	-0.2%	-0.4%	-0.1%	-0.3%	0.0%	-0.4%	0.0%

- 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.

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Financial year ended **31 December 2010****(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	0.992	0.993	0.961	1.040
1000 Sims result	1.012	1.017	1.005	1.019
5000 Sims result	1.011	1.010	1.005	1.005
10000 Sims result	1.004	1.004	1.000	0.996
Distribution result	0.999	1.004	1.001	0.996

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.

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 4.1% 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	181
Uplift (4.1%)	7
Adjustment after increase to AS	6
Form 19 reserve	194

The next table shows the split of maturity dates on contracts that have Guaranteed Annuity Options.

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Split of Guaranteed Annuity Option Maturity Dates	
Year	Percentage
2011	20%
2012	10%
2013	8%
2014	7%
2015	7%
2016	6%
2017	5%
2018	5%
2019	4%
2020	4%
2021	4%
2022	3%
2023 - 2027	11%
2028 and later	6%
Total	100%

(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.

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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

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

The fund does not have any Unitised With-Profits business.

Assets Backing With-Profit Benefits Reserve

Asset class	31/12/2010	31/12/2015	31/12/2020
UK equities	12.8%	6.8%	5.2%
Overseas equities	1.7%	0.9%	0.7%
Land and buildings	3.1%	1.3%	0.9%
Approved fixed interest securities	15.0%	16.6%	17.0%
Other fixed interest securities	61.3%	67.7%	69.3%
All other assets	6.1%	6.8%	6.9%
Total assets	100.0%	100.0%	100.0%
EBR	17.6%	9.0%	6.8%

(ii) Projection at risk free rate plus 17.5%

Assets Backing With-Profit Benefits Reserve

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Asset class	31/12/2010	31/12/2015	31/12/2020
UK equities	12.8%	6.9%	6.2%
Overseas equities	1.7%	0.9%	0.8%
Land and buildings	3.1%	1.5%	1.3%
Approved fixed interest securities	15.0%	16.5%	16.7%
Other fixed interest securities	61.3%	67.4%	68.2%
All other assets	6.1%	6.7%	6.8%
Total assets	100.0%	100.0%	100.0%
EBR	17.6%	9.3%	8.3%

(iii) **Projection at risk free rate minus 17.5%**Assets Backing With-Profit Benefits Reserve

Asset class	31/12/2010	31/12/2015	31/12/2020
UK equities	12.8%	4.3%	3.0%
Overseas equities	1.7%	0.6%	0.4%
Land and buildings	3.1%	0.9%	0.5%
Approved fixed interest securities	15.0%	17.2%	17.5%
Other fixed interest securities	61.3%	70.1%	71.4%
All other assets	6.1%	7.0%	7.1%
Total assets	100.0%	100.0%	100.0%
EBR	17.6%	5.7%	3.9%

(6) **Persistency and Mortality Assumptions**

The persistency assumptions used in the calculation of maturity and GAO costs are shown in the following table.

PM		Average surrender / paid-up rate for the			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	1.50%	1.50%	1.50%	1.50%
CWP target cash endowment	surrender	1.50%	1.50%	1.50%	1.50%
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	n/a	n/a	n/a	n/a
UWP bond	automatic withdrawals	n/a	n/a	n/a	n/a
CWP pension regular premium	PUP	0.00%	0.00%	0.00%	0.00%
CWP pension regular premium	surrender	1.64%	1.64%	1.64%	1.64%
CWP pension single premium	surrender	1.64%	1.64%	1.64%	1.64%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	n/a	n/a	n/a	n/a
UWP indiv pension single premium	surrender	n/a	n/a	n/a	n/a

Mortality Assumptions

Mortality assumptions for the Realistic Balance sheet are generally based on own experience adjusted for anticipated trends.

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Annuitant Mortality

	31 December 2010
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 78% has been assumed in respect of Guaranteed Annuity options attaching to pensions. The take-up rates increase by 1% every year from 2012 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

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	11
Pensions Shareholder Transfers	0	28
Miscellaneous	0	31
Total	0	69

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

£39m 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.

£14m 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

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- Other creditors
- Accruals and deferred income

The realistic and regulatory current liabilities at 31 December 2010 are £133m.

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.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+70bps	-70bps
long-term yield – level post-stress	4.69%	3.29%
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	0.98%	-6.05%

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.

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 0.2%, as a result of an increase in GAO and other guarantee costs
- (v) Not applicable

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(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, the reduction in surplus is met by changes to payouts for maturing policies on all classes of business subject to any reduction in payout to meet a deficit in the fund being no higher than 10% of asset share.

Guaranteed Annuity Options

The initial take-up rate for guaranteed annuity options is assumed to increase from 78% to 83% as a result of the fall in fixed interest yields. The take-up rate then increases by 1% every year from 2012 onwards, until an ultimate level of 95% is reached.

- (ii) The increase to payouts will fall to £23m in the stress test, compared to an increase to payouts of £44m in the central scenario.

The cost of Guaranteed Annuity Options increases by £3m.

- (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) Not Applicable

(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

The following tax rates have been used in the future for all projections:

Corporation Tax	27%
Income Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

The corporation tax rate has been updated from 28% to 27% in respect of payments from 2011 onwards, following the 2010 budget. No allowance is made for possible further reductions in this rate in future.

(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.

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Global business

Financial year ended **31 December 2010****12. Derivatives**

Security	Exposure at 31 December 2010 £m
Cashflow Swaps	(349)
Interest Rate Swaps	(19)
Inflation Rate Swaps	(548)

The exposure to Cashflow swaps, Interest Rate Swaps and Inflation Rate Swaps, combined with an index-linked Gilt holding, is a partial hedge of the Guaranteed Annuity Option liability. It is expected that these will be unwound as liabilities fall due.

13. Analysis of working capital

	£m
Working capital at 31/12/2009	16
Zeroisation impact	(16)
Published Working capital at 31/12/2009	0
Investment return on opening working capital	0
Profits on assets backing liabilities	25
Economic assumption changes	(15)
Non-economic assumption changes	(17)
Policyholder action assumption changes	0
Other experience variances	13
Impact of new business	0
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	40
Miscellaneous liabilities	(5)
Working capital at 31/12/2010	55
Zeroisation impact	(55)
Published Working capital at 31/12/2010	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 2009, the impact of the change in Risk Free Rate during 2010 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. The fund is closed to new business.
5. The modelling changes and opening adjustments include a variety of minor changes, the most significant of which is a change to better reflect actual bonus setting practice in the bonus rates used for with-profits immediate annuity products.
6. Note that the change in other liabilities from line 47 is included in the analysis above
7. 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/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2010****1. Introduction**

- (1) The valuation date is 31 December 2010.
- (2) The date of the previous valuation was 31 December 2009.
- (3) An interim valuation was carried out with an effective date of 30 June 2010 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:

	2010	2009
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	Risk free rate plus 0.5% p.a. Risk free rate
Discount rate	Investment return plus 0.5% p.a.	Investment return plus 0.5% p.a.
Expense inflation	3.25%	3.32%
Tax rates	20%	20%

- 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.

- (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.

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.

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Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2010

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 2010**NWPSF**

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		594	4,093
Asset Share (individual)	3,044		
BRV	438		
Regulatory Reserve	17		
Conventional Pensions		267	867
Asset Share (individual)	421		
BRV	133		
Regulatory Reserve	46		
UWP Life (inc. Overseas)		492	12,082
Asset Share (individual)	11,578		
Regulatory Reserve	12		
UWP Pensions (inc. Overseas)		253	2,920
Asset Share (individual)	2,554		
Asset Share (group)	99		
Regulatory Reserve	14		
UWP Stakeholder		13	825
Asset Share (individual)	812		
Regulatory Reserve	-		
Miscellaneous Other	39	13	52
Total	19,206	1,632	20,838

OWPSF

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		125	695
Asset Share (individual)	511		
BRV	57		
Regulatory Reserve	2		
Conventional Pensions		41	154
Asset Share (individual)	49		
BRV	56		
Regulatory Reserve	8		
UWP Life (inc. Overseas)		51	1,337
Asset Share (individual)	1,285		
Regulatory Reserve	1		
UWP Pensions (inc. Overseas)		52	584
Asset Share (individual)	502		
Asset Share (group)	24		
Regulatory Reserve	6		

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Global business

Financial year ended **31 December 2010**

UWP Stakeholder		2	110
Asset Share (individual)	108		
Regulatory Reserve	-		
Miscellaneous Other	3	2	5
Total	2,610	272	2,883

The BRV figures of £438m for conventional life in NWPSF and £57m in OWPSF relate mainly to the WPBR for the whole life policies, which are now entirely BRV. The remaining £7m in NWPSF and £1m in OWPSF 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 £439m for NWPSF and £56m for OWPSF. Conventional new business is not now actively sold. Reinsurance of endowment business from PM has increased the asset share of Conventional Life by £126m in NWPSF and £17m in OWPSF.

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 retirement. Conventional pensions are not now actively sold. In NWPSF, £16m worth of the conventional Red Plan liability uses a discounted benefit basis (BRV) and in OWPSF £2m.

Conventional pensions also includes £21m of single premium with-profit annuity business in NWPSF and £0m in OWPSF 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 £61m of unitised endowments in NWPSF and £23m in OWPSF. 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 between 30 January 2006 and 30 April 2009 a guarantee on premiums exists amounting to the premiums invested plus inflation 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.

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Global business

Financial year ended **31 December 2010**

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 or after 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 Irish Bond business (£20m NWPSF / £6m OWPSF) and French branch business (£81m NWPSF / £19m OWPSF) is Asset Share, whilst German (£3m NWPSF / £2m OWPSF) and Irish pensions (£5m NWPSF / £2m OWPSF) have a regulatory reserve.

'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. The figure also includes the asset/liability for future smoothing costs. The miscellaneous items in the With Profits Benefit Reserve relate to amounts yet to be added to individual Asset Shares in respect of past experience.

(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 (%)	
	NWPSF	OWPSF
Asset Share (individual)	96	94
Asset Share (grouped)	1	1
BRV	3	4
Regulatory Reserve	0	1
Miscellaneous Other	0	0
Total	100	100

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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.

NWPSF

	2010			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	3	36	0	39
Renewal expenses and commission	165	(81)	5	89
Shareholder Transfers	16	62	0	78

OWPSF

	2010			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	1	4	(1)	4
Renewal expenses and commission	22	(10)	1	13
Shareholder Transfers	2	8	0	10

The tables above approximately split out the expenses incurred over 2010.

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.

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

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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, however, some single premium bond 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 2010 are approximately £168m for NWPSF and £23m for OWSPF. 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. An additional £16m in NWPSF and £2m in OWSPF of shareholder transfers are also charged to the with-profits benefit reserves.

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 £487m 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’.

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:

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

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- 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 2010 was £16.5m in NWPSF and £2.2m in OWPSF.

(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	2010	
	NWPSF	OWPSF
Conventional Life	97%	97%
Conventional Pensions	130%	97%
UWP Life	106%	104%
UWP Pensions	99%	96%
UWP Stakeholder	98%	98%

These are estimates of claim amounts relative to asset share for 2010.

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

Asset shares for NWPSF and OWPSF policies are credited investment returns based on the combined assets backing the asset shares of the fund.

Gross returns allocated to asset shares of sterling denominated business in 2010 were 12.7%

A return of 12.7% was also used in respect of business reinsured from Provident Mutual Sub-Fund into NWPSF and OWPSF.

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Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2010**5. With-profits benefits reserve – Prospective method****(1) Prospective assumptions**

Bonus reserve valuation (BRV) is used for 3% of NWPSF (£571m) and 4% of OWPSF (£113m) with-profit benefits reserve. A high proportion of the with-profit benefit reserve is in respect of conventional whole life policies, 2% for both NWPSF and OWPSF.

The prospective assumptions are as follows:

(a) Economic Assumptions

Future earned rate: ex CGNU Whole Life	3.70%
Future earned rate: ex CULAC Whole Life	3.41%
Future earned rate: ex CGNU Pensions	3.72%
Future earned rate: ex CULAC Pensions	3.81%
Discount rate (benefits): ex CGNU Whole Life	3.70%
Discount rate (benefits): ex CULAC Whole Life	3.41%
Discount rate (premium, expenses): ex CGNU Whole Life	3.45%
Discount rate (premium, expenses): ex CULAC Whole Life	3.26%
Discount rate: ex CGNU Pensions	3.72%
Discount rate: ex CULAC Pensions	3.81%
Expense Inflation:	2.89%

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 year at retail price index.

(d) Future Assumed Regular Bonus Rates

Ex CGNU Whole Life bonus series	SA	Bonus
Series 6	0.0%	1.0%
Series 5	3.5% Simple	
Series 4	2.70% Compound	
Series 3	3.35% Simple	
Ex CGNU Pensions		
Conventional Pension	0%	0%
Ex CULAC Product Class		
Conventional Whole Life	0%	1.5%
Conventional Pension	0%	0%

(e) Future Expense Assumptions

Product Class	Renewal Expenses 2011
Ex CGNU and ex CULAC Conventional Whole Life	£18.89
Ex CGNU Conventional Individual Pension	£56.67

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Ex CGNU Conventional Group Pension	£56.67
Ex CULAC Conventional Pension	£37.78

In addition to these per-policy amounts, there is an investment management charge of 0.127% of an adjusted mathematical reserve.

(f) Future Assumed Lapse Rates

Product Class	Policy Duration							
%	1	2	3	4	5	6	7	8+
Ex CGNU and ex CULAC Conventional Whole Life	4	4	3	3	3	2	2	2
Ex CGNU Conventional Pension	1	1	1	1	1	1	1	1
Ex CULAC Conventional Pension	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

(g) Future mortality assumptions

Ex CGNU and ex CULAC Conventional whole life:

127%AMN00 Sel1 / 127%AFN00 Sel1 / 127%AMS00 Sel1 / 127%ASN00 Sel1

These are the base tables to which further age-related adjustments are made.

Conventional pensions:

70%AMN00 Sel0 / 70%AFN00 Sel0 / 70%AMS00 Sel0 / 70%AFS00 Sel0

No further adjustments are made to these tables.

Additional allowance for AIDS mortality

Ex CGNU Conventional whole life: 25% of table GR6B for both Males and Females

Ex CULAC Conventional whole life: 25% of table R6B for Males, nil for Females

Ex CGNU Conventional pensions: nil

Ex CULAC Conventional pensions: 25% of table R6B for Males, nil for Females

(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 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:

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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, 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 1.1 million individual model points into 15,700 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 91% of NWPSF and over 88% of OWPSF 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:
- A change to our equity asset model to move to a stochastic volatility jump diffusion model.
 - Improvements to the modelling of the no-MVR guarantee and the carry forward post the initial no-MVR date.

(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.

NWPSF	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
Product Class						
Conventional Life	2	0	0	510	0	0
Conventional Pensions	0	0	0	134	131	0
UWP Life (incl. Overseas)	26	84	0	879	0	0
UWP Pensions	2	0	0	231	0	0
UWP Stakeholder	0	0	0	34	0	(21)
Misc	0	0	7	(4)	0	(84)

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Name of insurer

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OWPSF	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
Product Class						
Conventional Life	0	0	0	107	0	0
Conventional Pensions	0	0	0	25	16	0
UWP Life (incl. Overseas)	2	11	0	103	0	0
UWP Pensions	0	0	0	46	0	0
UWP Stakeholder	0	0	0	4	0	(3)
Misc	0	0	1	(1)	0	(11)

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 has been made in three tranches over 2008, 2009 and 2010. The remaining realistic liability for planned enhancements to WPBR is a residual amount not yet distributed.

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 certain UWP life contracts sold since 2007.

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 £28m (NWPSF) and £5m (OWPSF) 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.

	NWPSF	OWPSF
Stochastic Reserve	£174m	£32m
Central Estimate	£25m	£4m
Option value	85%	87%

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

	NWPSF	OWPSF
Stochastic Reserve	£335m	£74m
Central Estimate	£349m	£78m
Option value	-4%	-5%

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

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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.

	NWPSF	OWPSF
Stochastic Reserve	£134m	£25m
Central Estimate	£105m	£21m
Option value	21%	15%

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.

NWPSF

Type of guarantee	No-MVR Guarantee on Bond surrenders	Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£188m	£574m	£118m
Central Estimate	£96m	£210m	£39m
Option value	49%	63%	67%

OWPSF

Type of guarantee	No-MVR Guarantee on Bond surrenders	Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£19m	£71m	£13m
Central Estimate	£10m	£26m	£4m
Option value	50%	63%	69%

A large proportion of the no-MVR guarantees, taken out in the period from 1998 to 2001, remain in the money despite market improvements during 2010.

The inflation protected guarantees have significant time value due to stock market performance since the inception date of these policies.

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This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

	NWPSF	OWPSF
Stochastic Reserve	£204m	£41m
Central Estimate	£56m	£10m
Option value	73%	75%

UWP Pension guarantees are still largely 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.

	NWPSF	OWPSF
Stochastic Reserve	£34m	£4m
Central Estimate	£0m	£0m
Option value	100%	100%

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.

NWPSF	CWP GAO	UWP GAO
Stochastic Reserve	£82m	£44m
Central Estimate	£76m	£44m
Option value	8%	2%

OWPSF	CWP GAO	UWP GAO
Stochastic Reserve	£13m	£2m
Central Estimate	£12m	£2m
Option value	10%	5%

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.

NWPSF	CWP Cash
Stochastic Reserve	£4m
Central Estimate	£0m
Option value	100%

OWPSF	CWP Cash
Stochastic Reserve	£1m
Central Estimate	£0m
Option value	100%

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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. The reported figure also allows for future smoothing on Stakeholder business to recover any past/future smoothing and guarantee costs in line with the PPFM.

(ii) Description of the asset model

The asset model was calibrated 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 (%) – 2010	Risk free annualised spot rate (%) – 2009
1	0.73%	0.97%
2	1.12%	1.60%
3	1.64%	2.19%
4	2.12%	2.70%
5	2.51%	3.12%
6	2.83%	3.47%
7	3.12%	3.75%
8	3.37%	3.98%
9	3.59%	4.18%
10	3.78%	4.35%
12	4.08%	4.60%
15	4.37%	4.80%
20	4.57%	4.86%
25	4.60%	4.78%
30	4.54%	4.69%

- 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 2009.

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.

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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.

Barrie and Hibbert's Stochastic Volatility Jump Diffusion (SVJD) model is used. The SVJD model allows volatility to vary by equity price and time. This allows the model to capture the volatility skew as well as the term structure. As the full implied volatility surface can be captured the model is suitable for valuing guarantees where the characteristics vary by term and moneyness.. 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	28.1%	25.8%	23.5%	21.3%	18.8%	16.0%	13.8%
3	28.1%	26.3%	24.7%	23.1%	21.7%	20.2%	18.7%
5	28.3%	26.9%	25.7%	24.5%	23.4%	22.4%	21.4%
10	27.9%	27.0%	26.2%	25.5%	24.8%	24.2%	23.6%
15	27.9%	27.3%	26.8%	26.4%	25.9%	25.6%	25.2%
20	27.9%	27.4%	27.0%	26.6%	26.3%	26.0%	25.8%

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.

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The target correlations used within the ESG are displayed below:

Equity Return Vs	Target
Property Returns	20%
Bond Returns	16%
Index-linked bond returns	10%
Short rate changes	-15%

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

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n	K	0.75				1				1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period (r)	2.51%	4.37%	4.60%	4.45%	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	883,394	526,436	324,939	218,034	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	107,341	240,982	340,794	420,879	215,686	388,390	513,305	610,677	553,596	742,716	898,632	1,017,208
3	FTSE All Share Index (p=0.8)	101,048	194,661	246,708	282,292	203,291	315,410	375,316	414,454	524,143	609,735	663,830	698,855
4	Property (p=1)	32,065	106,920	179,704	240,440	134,787	241,277	333,997	409,074	520,855	613,570	715,797	803,525
5	Property (p=0.8)	27,736	71,461	105,651	131,038	121,557	171,783	208,958	235,071	487,918	469,347	479,889	491,939
6	15yr Risk-Free ZCBs (p=1)	18,100	21,478	16,203	24,190	89,897	87,820	90,615	128,182	500,081	500,440	506,599	532,730
7	15yr Risk-Free ZCBs (p=0.8)	15,696	11,823	5,292	3,802	78,955	46,617	23,614	22,395	463,789	325,567	233,033	203,602
8	15yr Corporate Bonds (p=1)	23,719	33,546	33,178	46,300	103,700	118,077	122,023	154,058	499,994	498,951	508,604	537,209
9	15yr Corporate Bonds (p=0.8)	20,849	18,881	11,905	11,255	92,162	69,170	45,395	43,911	464,960	337,251	252,769	224,204
10	Portfolio 1 (p=1)	60,422	154,812	235,173	304,366	156,855	287,123	392,316	479,373	518,965	638,968	766,771	871,989
11	Portfolio 1 (p=0.8)	55,590	116,922	155,659	185,081	144,886	220,069	265,555	298,675	486,661	502,350	536,307	562,728
12	Portfolio 2 (p=1)	56,296	137,707	206,389	268,414	149,770	262,853	354,148	434,527	512,288	609,050	717,204	815,965
13	Portfolio 2 (p=0.8)	51,585	103,100	133,706	158,124	138,118	198,782	234,530	263,054	479,284	474,034	491,926	515,354
14	Portfolio 3 (p=1)	28,651	75,198	120,765	169,286	111,487	182,802	251,416	317,852	502,515	543,096	615,587	693,168
15	Portfolio 3 (p=0.8)	25,379	50,107	65,541	82,804	100,095	124,720	144,079	164,807	467,284	397,040	385,333	394,783
16	Sterling Receiver Swaptions	6.04%	6.43%	6.10%	4.75%	7.39%	8.09%	7.47%	5.69%	8.75%	9.53%	8.57%	6.37%
		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 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.

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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.

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 inflation protection guarantees that are priced through this process have a discounted mean term of around 9 years for NWPSF and 10 years for OWPSF. 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 3.05% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

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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

NWPSF	Duration (yrs)	%															
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+	
Conventional Life																	
Base guarantee	6.2	2	5	12	11	11	11	10	9	7	5	6	5	3	1	1	100
Mortgage promise	6.9	2	5	6	7	9	12	13	13	11	5	6	6	4	1	1	100
Conventional Pensions																	
Base guarantee	8.1	12	5	5	5	6	7	7	7	6	5	5	5	5	4	16	100
GAR option	7.5	5	10	9	9	10	10	5	5	4	4	4	3	3	2	16	100
Unitised Life																	
Partial surrender	12.2	4	5	6	6	5	5	5	5	4	4	4	4	3	3	38	100
No-MVR (surrender)	6.1	14	3	4	14	24	12	1	2	6	7	4	0	1	2	8	100
Money-back (surrender)	6.9	0	1	3	7	13	2	21	23	13	19	-	-	-	-	-	100
Inflation protected (surrender)	9.2	0	3	9	12	9	10	8	6	5	5	4	3	3	2	22	100
Unitised Pensions excl Stk																	
Base guarantee	12.8	1	3	0	4	8	4	1	12	0	5	8	4	-	12	38	100
GAR option	6.4	22	8	2	8	6	8	10	6	4	2	4	4	5	2	9	100
Stakeholder																	
Base guarantee	14.3	0	2	-	-	12	-	0	14	-	-	14	-	-	15	43	100

Returns under the Accounts and Statements Rules

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OWPSF	Duration (yrs)	%															
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+	
Conventional Life																	
Base guarantee	7.5	1	3	7	7	8	10	10	10	8	7	10	9	6	2	2	100
Mortgage promise	7.9	1	3	3	4	6	10	13	13	12	7	8	9	8	2	1	100
Conventional Pensions																	
Base guarantee	9.8	11	3	4	5	2	5	5	6	5	5	5	7	6	5	27	100
GAR option	8.2	4	9	6	8	10	12	4	4	4	4	6	3	4	3	18	100
Unitised Life																	
Partial surrender	12.1	4	5	6	6	6	5	5	5	4	4	4	4	3	3	37	100
No-MVR (surrender)	6.0	13	3	4	14	26	11	1	2	5	8	4	0	0	2	8	100
Money-back (surrender)	7.0	0	1	3	9	10	2	21	24	13	19	-	-	-	-	-	100
Inflation protected (surrender)	9.2	0	2	9	12	9	10	8	6	5	5	4	3	3	2	22	100
Unitised Pensions excl Stk																	
Base guarantee	15.4	0	1	0	2	3	3	0	9	-	5	6	5	-	12	53	100
GAR option	7.4	2	1	3	13	35	2	0	6	6	-	4	6	11	2	8	100
Stakeholder																	
Base guarantee	14.3	0	2	-	-	12	-	0	14	-	-	14	-	-	15	43	100

Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

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Name of insurer

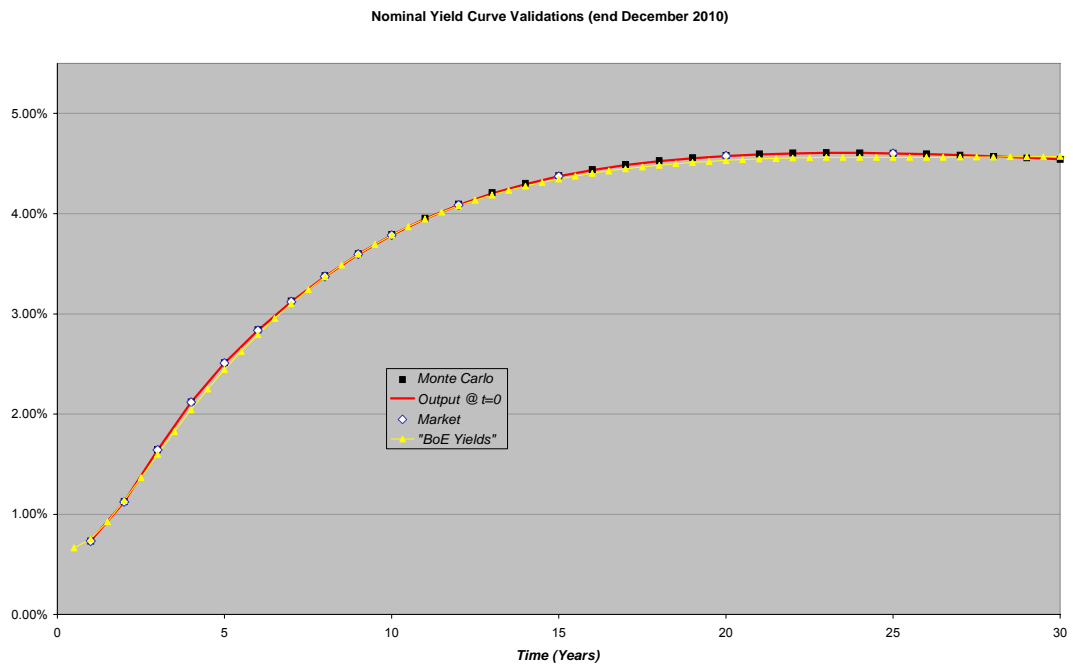
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The following graphs/tables illustrate the fit of the asset model to specimen market traded instruments:

Yield curve validationMarket implied volatilities:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	30.6%	27.1%	23.8%	20.6%	17.7%	15.6%	14.5%
3	29.4%	27.1%	25.0%	23.0%	21.2%	19.5%	18.1%
5	29.4%	27.6%	25.9%	24.3%	22.9%	21.5%	20.3%
10	30.1%	28.7%	27.3%	26.1%	25.0%	24.0%	23.2%

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	(248)	(136)	(22)	+75	+113	+40	(71)
3	(133)	(82)	(36)	+11	+50	+70	+61
5	(116)	(64)	(21)	+16	+54	+86	+107
10	(225)	(168)	(116)	(67)	(22)	+14	+36

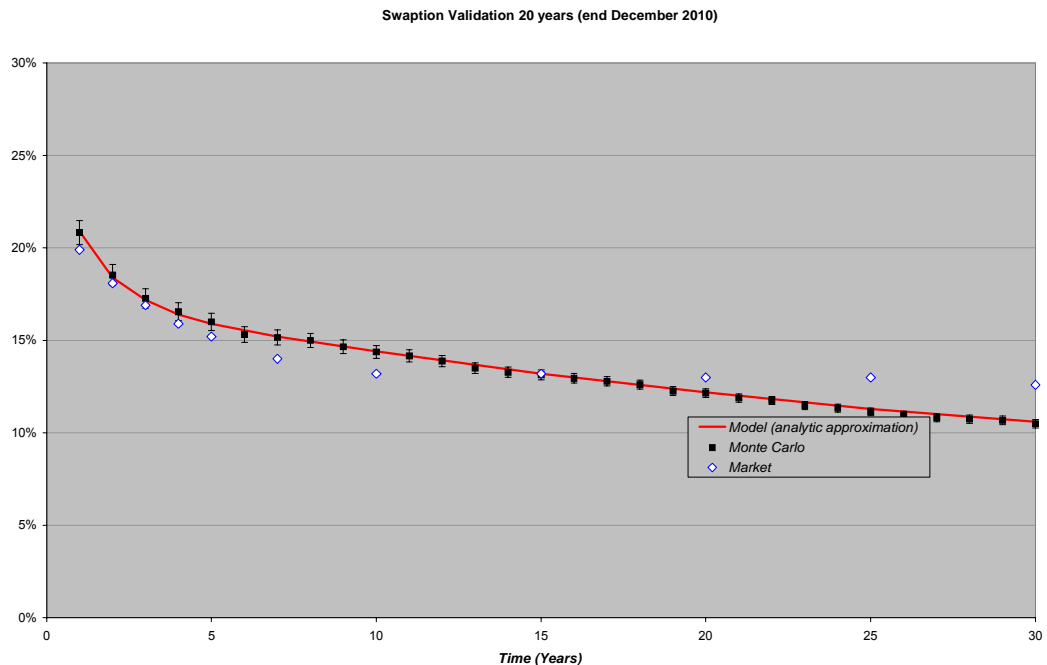
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31 December 2010Swaption implied volatilities**(vii) Nature of validations of asset model**

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%	100.5%	99.6%	100.5%
	standard error	0.4%	0.7%	1.1%	1.6%
Property	5000 Simulation results	99.8%	100.2%	100.3%	100.3%
	standard error	0.2%	0.3%	0.5%	0.7%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	100.0%	101.4%	101.1%	102.2%
	standard error	0.8%	1.6%	2.4%	3.4%
Property	1000 Simulation results	100.0%	100.5%	101.8%	102.5%
	standard error	0.3%	0.7%	1.2%	1.6%

(viii) Number of projections

To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations (100, 1000, 2500 and 5000). This has demonstrated that 1,000 projections is sufficient for convergence hence this number has 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).

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Note the GMP liabilities are calculated using an annuity vesting rate based on the average duration of liabilities rather than a curve.

The costs of these guarantees are shown below.

NWPSF Cost of Guaranteed Minimum Pensions		£m
Base cost of GMP gtee on S32		24
Uplift (15%)		4
Total		28

OWPSF Cost of Guaranteed Minimum Pensions		£m
Base cost of GMP gtee on S32		4
Uplift (15%)		1
Total		5

(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, which are consistent with the requirements of the reattribution scheme.

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 that UWP life business written since 2007 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).

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2010**

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 and 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.

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 PPFMs.

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/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2010****(i) Projection at risk free rate**UWP Bonus Rates

Product ex CGNU	31-Dec-10	31-Dec-15	31-Dec-20
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.75%	2.91%	3.29%
UWP Life (implicit charged): Units purchased on policies written post 30/09/98	1.75%	2.26%	2.75%
UWP Life (explicit charged)	2.75%	3.12%	3.72%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.25%	3.07%	3.84%
UWP Pension (implicit charged): Units purchased on policies written post 30/09/98	2.25%	3.15%	3.97%
UWP Pension (explicit charged)	3.25%	4.06%	4.57%
UWP Pension (Stakeholder)	2.75%	4.07%	4.61%

Product ex CULAC	31-Dec-10	31-Dec-15	31-Dec-20
UWP Life (Direct Written)	2.50%	3.29%	3.70%
UWP Pension (Direct Written)	4.00%	4.23%	4.89%

- 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 2010:

Asset Class	31/12/2010	31/12/2015	31/12/2020
Equities	44.7%	47.7%	48.5%
Property	24.1%	25.7%	26.1%
Fixed Interest	31.2%	26.6%	25.3%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	68.8%	73.4%	74.7%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2010**(ii) Projection at risk free rate plus 17.5%**

UWP Bonus Rates

Product ex CGNU	31-Dec-10	31-Dec-15	31-Dec-20
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.75%	3.30%	3.73%
UWP Life (implicit charged): Units purchased on policies written post 30/09/98	1.75%	2.62%	3.17%
UWP Life (explicit charged)	2.75%	3.57%	4.21%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.25%	3.51%	4.34%
UWP Pension (implicit charged): Units purchased on policies written post 30/09/98	2.25%	3.58%	4.49%
UWP Pension (explicit charged)	3.25%	4.55%	5.12%
UWP Pension (Stakeholder)	2.75%	4.55%	5.15%

Product ex CULAC	31-Dec-10	31-Dec-15	31-Dec-20
UWP Life (Direct Written)	2.50%	3.67%	4.14%
UWP Pension (Direct Written)	4.00%	4.39%	5.20%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2010	31/12/2015	31/12/2020
Equity	44.7%	48.0%	48.6%
Property	24.1%	25.9%	26.2%
Fixed Interest	31.2%	26.1%	25.2%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	68.8%	73.9%	74.8%

(iii) Projection at risk free rate minus 17.5%

UWP Bonus Rates

Product ex CGNU	31-Dec-10	31-Dec-15	31-Dec-20
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.75%	2.54%	2.87%
UWP Life (implicit charged): Units purchased on policies written post 30/09/98	1.75%	1.90%	2.32%
UWP Life (explicit charged)	2.75%	2.69%	3.26%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.25%	2.65%	3.33%
UWP Pension (implicit charged): Units purchased on policies written post 30/09/98	2.25%	2.72%	3.46%
UWP Pension (explicit charged)	3.25%	3.57%	4.01%
UWP Pension (Stakeholder)	2.75%	3.58%	4.06%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2010**

Product ex CULAC	31-Dec-10	31-Dec-15	31-Dec-20
UWP Life (Direct Written)	2.50%	2.92%	3.26%
UWP Pension (Direct Written)	4.00%	4.11%	4.62%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2010	31/12/2015	31/12/2020
Equity	44.7%	47.2%	48.4%
Property	24.1%	25.4%	26.1%
Fixed Interest	31.2%	27.3%	25.5%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	68.8%	72.7%	74.5%

(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	3.28%	10.85%	7.69%	6.00%
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%

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Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2010

ex CULAC		Average surrender / paid-up rate for the policy			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	8.00%	5.80%	4.40%
CWP target cash endowment	surrender	n/a	8.00%	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	3.80%	10.60%	8.80%	6.00%
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	1.50%	1.50%	1.50%	1.50%
CWP pension single premium	surrender	1.50%	1.50%	1.50%	1.50%
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.

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 2010
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 82% for ex CGNU and 89% 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 2012 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.

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Global business

Financial year ended **31 December 2010****7. Financing Costs**

There are no financing costs.

8. Other long-term insurance liabilities**NWPSF**

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	82
Conventional Pensions	0	3
UWP Life (incl. Overseas)	0	(329)
UWP Pensions	0	20
UWP Stakeholder	0	0
Miscellaneous	0	107
Total	0	(117)

OWPSF

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	18
Conventional Pensions	0	1
UWP Life (incl. Overseas)	0	(43)
UWP Pensions	0	6
UWP Stakeholder	0	0
Miscellaneous	0	15
Total	0	(4)

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 £282m in NWPSF and £45m in OWPSF 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.

£9m (NWPSF) and £1m (OWPSF) is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

£25m (NWPSF) and £6m (OWPSF) is included for Mortgage Endowment Legal Risk provision,

A credit of £540m (NWPSF) and £71m OWPSF 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.

The following liabilities are held under the miscellaneous category.

£10m (NWPSF) and £1m (OWPSF) is held in respect of future pension transfer review costs.

£7m (NWPSF) and £1m (OWPSF) is held in respect of the funding for the Aviva staff pension scheme deficit.

£20m (NWPSF) and £3m (OWPSF) is held to cover compensation costs other than those identified above.

£60m (NWPSF) and £8m (OWPSF) is held to cover the cost of future expenses not charged to asset shares

£10m (NWPSF) and £2m (OWPSF) is included for Mortgage Endowment Promise data provisions,

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Global business

Financial year ended **31 December 2010****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 2010 are £2,123m in NWPSF and £289m in OWPSF.

The realistic current liabilities are £25m lower than the regulatory liabilities in NWPSF and £3m lower than the regulatory liabilities in OWPSF. 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	445.5
OWPSF	59.2

(a)

- (i) Changes in asset values under stress scenarios for equities and real estate (property) for NWPSF and OWPSF

Asset Class	Change in market values
UK Equities	20.0%
OS Equities	22.5%
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 is more onerous than a fall in market values for NWPSF and OWPSF. A rise in market values of property is more onerous than a fall in market values for NWPSF. A fall in market values of property is more onerous than a rise in market values for OWPSF.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+70bps	-70bps
long-term yield – level post-stress	4.69%	3.29%
long-term yield - % movement post-stress	+17.50%	-17.50%

For NWPSF and 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
NWPSF	1.17%	-5.74%
OWPSF	1.18%	-5.73%

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Global business

Financial year ended **31 December 2010**

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 for NWPSF and from £0.4m to £0.6m for OWPSF in the stress scenario.

In the credit risk scenario the credit default swaps held in the funds are assumed to increase by £101.8m in NWPSF and by £13.6m in OWPSF.

- (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 for NWPSF = 0.62%

% increase in realistic liabilities for OWPSF = 0.68%

- (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 82% to 87% for ex CGNU and from 89% to 94% for ex CULAC as a result of the fall in fixed interest yields. The take-up rate then increases by 1% every year from 2012 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) NWPSF	Effect of action (£m) OWPSF
GAO take-up	(4.1)	(0.5)
Total	(4.1)	(0.5)

- (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.

NWPSF Assets backing RCM	£m	%
UK equities	0.0	0.00%
Overseas equities	0.0	0.00%
Land and buildings	0.0	0.00%
Approved fixed interest securities	0.0	0.00%
Other fixed interest securities	0.0	0.00%
All other assets	445.5	100.0%
Total	445.5	100.0%

All assets backing the New With-Profits Sub-Fund RCM are within the Reattributed Inherited Estate External Support Account (RIEESA) which forms part of Non-Profit Sub-Fund 1.

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Global business

Financial year ended **31 December 2010**

OWPSF 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	59.2	100.0%
Other fixed interest securities	0.0	0.0%
All other assets	0.0	0.0%
Total	59.2	100.0%

All assets backing the Old With-Profits Sub-Fund RCM are within the Old With-Profits Sub-Fund.

(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.

	2010 %
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 2010 returns the probability was 50% leading to a notional tax charge/credit of 10%.

(2) Tax treatment in future policy related liabilities

The following tax rates have been used in the future for all projections:

Corporation Tax	27%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

The corporation tax rate has been updated from 28% to 27% in respect of payments from 2011 onwards, following the 2010 budget. No allowance is made for possible further reductions in this rate in future.

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.

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Global business

Financial year ended **31 December 2010**

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	NWPSF exposure (£m) at 31.12.10	OWPSF exposure (£m) at 31.12.10
Futures on Bonds - short term trading derivatives	338	6
Futures on Equities - short term trading derivatives	1,079	159
Property swaps	(245)	(28)
Inflation Rate Swaps	323	0
Credit Default swaps	2,137	303
Currency Futures	3,006	436

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 2011.

The Property swaps are used to manage property exposure in the fund

The Inflation Rate Swaps are used to manage inflation risk within the fund.

The Credit Default Swaps are used to manage bond spread and default risk within the fund.

Currency futures are used to hedge the currency risk in the fund.

13. Analysis of working capital

	NWPSF £m	OWPSF £m
Working capital at 31/12/2009	0	197
Investment return on opening working capital	0	0
Profits on assets backing liabilities	84	11
Economic assumption changes	79	16
Non-economic assumption changes	3	1
Policyholder action assumption changes	30	1
Other experience variances	6	6
Impact of new business	(4)	(0)
Changes in reinsurance and regulation	0	0
Modelling changes and opening adjustments	(18)	(4)
Miscellaneous liabilities	(39)	(4)
Special distribution	(0)	0
Transfer to RIEESA	(141)	0
Working capital at 31/12/2010	0	223

Notes:

- 1 The profits on assets backing liabilities includes the release of time value in guarantees, the impacts of assets backing guarantee costs moving adversely relative to 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. In OWPSF 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.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer **Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2010**

- 2 The economic assumption impact is mainly driven by a change to the asset mix backing non-profit business and a reduction in equity volatility over the period.
- 3 There have been no changes to the key non-economic assumptions.
- 4 The policyholder action assumption changes reflect a change to our assumed dynamic lapse behaviour on bonds with a no-MVR guarantee and a reduction in lapse rates on UWP bonds post their 10th anniversary.
- 5 Experience variances include the impact of premiums, claims, and expenses.
- 6 The impact of new business is small as an adjustment is made to future shareholders transfers to eliminate new business subsidy.
- 7 Modelling changes and opening adjustments include
 - The introduction of the Stochastic Volatility Jump Diffusion model
 - Changes to the treatment of shareholders transfers when Inflation Protection and Money-back guarantees are biting.
 - Refinements to smoothing calculations
- 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 resulting surplus in New With-Profits Sub-Fund is transferred to the RIEESA as a repayment of the contingent loan made to the sub-fund as part of the fund reattribution.

Statement on derivatives required by IPRU (INS) 9.29

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

Global business

Financial year ended **31st December 2010**

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 the description above. 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 £4.6m.

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 2010**

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

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

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

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

All shares are voting shares.

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 2010**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, R G Myers, who resigned as the with-profits actuary of the Company on 22 April 2010, and N M Rowley, who was appointed as the with-profits actuary of the Company on 22 April 2010, were requested to furnish and have provided the following information:

(1) R G Myers

- (a) The actuary holds 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 Aviva Staff Pension Scheme following employment between 1980 and 1989.
- (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 Aviva Life & Pensions UK 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 2010 was £198,511 (2009: £369,263). 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 (formerly 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.

(2) N M Rowley

- (a) (1) The actuary holds an interest in 100,820 ordinary shares in Aviva plc at 31 December 2010 (2009: 100,599). The actuary is a member of the Defined Benefit Section of the Aviva Staff Pension Scheme.
- (2) The actuary held 1,873 ordinary shares in the Aviva Long Term Incentive Plan at 31 December 2009 that lapsed on 27 February 2010, and 1,872 ordinary shares in the Aviva Long Term Incentive Plan and 9,343 ordinary shares in the Aviva Annual Bonus Plan that were released on 23 March 2010.
- (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 life insurance policy issued by Aviva Life & Pensions UK Limited for which total premiums of £265 were paid in the year to 31 December 2010 (2009: £265).
- (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 2010 was £214,951 (2009: £185,008). Under the contract he was:

With-profits actuary of:-

Commercial Union Life Assurance Company Limited (up to 22 September 2010)

CGNU Life Assurance Limited (up to 6 October 2010)

Norwich Union Life (RBS) Limited (up to 22 September 2010)

Aviva Life & Pensions UK Limited (formerly Norwich Union Life & Pensions Limited)

The particulars of this statement were furnished to the company by Mr N M Rowley 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 2010**

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.

..... **T E STRAUSS**
Chief Executive

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

..... **D B BARRAL**
Director

March 2011

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 2010**

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to 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 valuation reports required by IPRU(INS) rule 9.31 ("the valuation reports").

We are not required to audit and do not express an opinion on:

- Forms 46, 47, 50 to 54, 57, 59A and 59B (including the supplementary notes);
- the statement required by IPRU(INS) rule 9.30 and 9.36; and
- the certificate required by 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 audit work 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 auditor's 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 audit work, 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. 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 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited; or
- the Forms, the statement and the valuation reports are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

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 29 March 2011. It also included an assessment of the significant estimates and judgments 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.

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 2010**

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.

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 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

Statutory Auditor

London

March 2011