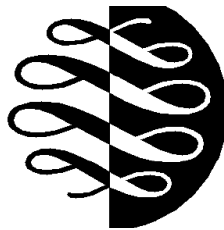




Aviva Life & Pensions UK Limited

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

**Annual FSA Insurance Returns for the year ended
31 December 2011**



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Global Business

Financial year ended **31st December 2011****Contents***Forms* *Page***IPRU (INS) Appendix 9.1**

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

Global Business

Financial year ended **31st December 2011**

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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 2011**

Adjusted solo solvency calculation

R2	Company registration number 3253947	GL/UK/CM GL	Period ended			units £000
			day	month	year	
			31	12	2011	
			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	6615870	7976996
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	2247742	2502551
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	8863612	10479547

Guarantee fund

Guarantee fund requirement	21	1988259	1828209
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	6875353	8651338

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	2429784	2351206
Resilience capital requirement	32		
Base capital resources requirement	33	3056	3040
Individual minimum capital requirement	34	2429784	2351206
Capital requirements of regulated related undertakings	35	1178331	1069474
Minimum capital requirement (34+35)	36	3608115	3420680
Excess (deficiency) of available capital resources to cover 50% of MCR	37	7059554	8769207
Excess (deficiency) of available capital resources to cover 75% of MCR	38	6157526	7914037

Enhanced capital requirement

With-profits insurance capital component	39	2120994	2511720
Enhanced capital requirement	40	5729108	5932400

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	5729108	5932400
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	3134504	4547147

Contingent liabilities

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

Covering page to Form 2

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

Global business

Financial year ended **31st December 2011**

.....
D B BARRAL
Chief Executive

.....
J R LISTER
Director

.....
P WILLCOCK
Director

March 2012

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

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

Global business

Financial year ended **31st December 2011**

	R3	Company registration number 3253947	GL/UK/CM GL	Period ended			units £000
				day	month	year	
				31	12	2011	
		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		3530179	3530179	3653513
Share premium account	13		622900	622900	622900
Positive valuation differences	14		4715407	4715407	5630817
Fund for future appropriations	15		1669514	1669514	2050820
Core tier one capital in related undertakings	16		276396	276396	(120499)
Core tier one capital (sum of 11 to 16)	19		10914396	10914396	11937551

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		10914396	10914396	11937551
Investments in own shares	32				
Intangible assets	33		149356	149356	
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36		259376	259376	67397
Deductions from tier one (32 to 36)	37		408732	408732	67397
Total tier one capital after deductions (31-37)	39		10505664	10505664	11870154

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

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

Global business

Financial year ended **31st December 2011**

	Company registration number	GL/UK/CM	Period ended			units	
			day	month	year		
	R3	3253947	GL	31	12	2011	£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 2011**

	Company registration number	GL/UK/CM	Period ended			units	
			day	month	year		
	R3	3253947	GL	31	12	2011	£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		10705664	10705664	12070154
Inadmissible assets other than intangibles and own shares	73		1842052	1842052	1590607
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		8863612	8863612	10479547

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		8863612	8863612	10479547
Available capital resources for 50% MCR requirement	82		8863612	8863612	10479547
Available capital resources for 75% MCR requirement	83		8863612	8863612	10479547

Financial engineering adjustments

Implicit items	91				
Financial reinsurance – ceded	92		368800	368800	420200
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		368800	368800	420200

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

Global business

Financial year ended **31st December 2011**

Long-term insurance business

		Company registration number	GL/UK/CM	Period ended			units
		R11	3253947	GL	day	month	year
					31	12	2011
							£000
				This financial year		Previous year	
				1		2	
Gross premiums written		11			81845		74883
Premiums taxes and levies (included in line 11)		12					
Premiums written net of taxes and levies (11-12)		13			81845		74883
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			81845		74883
Gross premiums earned		21			81845		74883
Premium taxes and levies (included in line 21)		22					
Premiums earned net of taxes and levies (21-22)		23			81845		74883
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			81845		74883
Sub-total I (higher of sub-total A and sub-total H)		30			81845		74883
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			14732		13479
	Excess (if any) over 57.5M EURO x 0.02	33			633		499
Sub-total J (32-33)		34			14099		12980
Claims paid in period of 3 financial years		41			180435		179561
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			203802		203190
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			167472		195290
Sub-total C (41+42+43-44-45)		46			216765		187461
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47			17265		15917
Sub-total D (46-47)		48			199500		171544
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)		49			0.92		0.92
Premiums amount (Sub-total J x reinsurance ratio)		50			12976		11878
Provisions for claims outstanding (before discounting and net of reinsurance)		51			176119		176938
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			23832		23943
Greater of lines 50 and 53		54			23832		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 2011**

Long-term insurance business

		Company registration number	GL/UK/CM	Period ended			units	
		R12	3253947	GL	31 day	12 month	2011 year	£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	180435		179561		
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	203802		203190		
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	167472		195290		
Claims incurred in reference period (21+22+23-24-25)			26	216765		187461		
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	216765		187461		
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	72255		62487		
Division of sub-total F (gross adjusted claims amount)	X 0.26		32	18786		16247		
	Excess (if any) over 40.3M EURO x 0.03		33	1112		824		
Sub-total G (32 - 33)			39	17674		15423		
Claims amount Sub-total G x reinsurance ratio (11.49)			41	16266		14113		
Higher of premiums amount and brought forward amount (11.54)			42	23832		23943		
General insurance capital requirement (higher of lines 41 and 42)			43	23832		23943		

Analysis of admissible assets
Form 13
(Sheet 1)

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

Global business

Financial year ended **31st December 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£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	488198	661001
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non-insurance dependants	shares	25	92196	318422
	debts and loans	26		14098
Other group undertakings	shares	27		
	debts and loans	28	19000	79000
Participating interests	shares	29	4375	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	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	13387
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	5653
	More than one month withdrawal	55	1500
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 2011**

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

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
					day	month	year			
			R13	3253947	GL	31	12	2011	£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	6009	4671
	due in more than 12 months	77		
Other	due in 12 months or less	78	9122	8860
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	427851	357159
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	204	43
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	1070466	1451305
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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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£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	1070466	1451305
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	135068	
Capital resources requirement deduction of regulated related undertakings	94	1178331	1069474
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	(113154)	181755
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	332	92
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	2271043	2702626
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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£000	10
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	2647509		2616858		

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	155950	160206
	debts and loans	26	305819	290388
Other group undertakings	shares	27		
	debts and loans	28	343399	384111
Participating interests	shares	29	3380	3371
	debts and loans	30		

Other financial investments

Equity shares		41	7070224	7497434
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	10359004	10918226
Rights under derivative contracts		44	266693	118716
Fixed interest securities	Approved	45	9784119	11180435
	Other	46	7116299	7851619
Variable interest securities	Approved	47	2876130	2537027
	Other	48	1436260	1298320
Participation in investment pools		49		
Loans secured by mortgages		50	1336236	1305381
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	35631	40375
Other loans		53	4441806	3999248
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	23965	44678
	More than one month withdrawal	55	319878	442370
Other financial investments		56	48300	45750

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

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

Global business

Financial year ended **31st December 2011**

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

				Company registration number	GL/UK/CM	Period ended			units	Category of assets	
				R13	3253947	GL	day	month	year	£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	519061			526	
	Property linked					59	35738407			34546698	

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	230932	206344
	Intermediaries	72	15102	11951
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	81071	68745
	Ceded	75	15442	3174
Dependants	due in 12 months or less	76	1533	13203
	due in more than 12 months	77		
Other	due in 12 months or less	78	540036	611730
	due in more than 12 months	79	148141	

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	2740481	2474462
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	451101	461420
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	10074	142868

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	89061983	89275634
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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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£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	89061983	89275634
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	495617	10224
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	1257141	1188612
Reinsurers' share of technical provisions excluded from line 89	100	3836334	2805554
Other asset adjustments (may be negative)	101	519275	945339
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	95170350	94225363

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		
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Analysis of admissible assets
Form 13
(Sheet 1)

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

Global business

Financial year ended **31st December 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£000	11
				As at end of this financial year			As at end of the previous year	
				1			2	
Land and buildings			11	1042629			1066700	

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	38031	33956
Other group undertakings	shares	27		
	debts and loans	28	156379	179176
Participating interests	shares	29	950	948
	debts and loans	30		

Other financial investments

Equity shares		41	3335202	3651793
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	3970925	4050266
Rights under derivative contracts		44	159662	73031
Fixed interest securities	Approved	45	5099597	4535362
	Other	46	2043145	2182876
Variable interest securities	Approved	47	495647	331635
	Other	48	602728	616808
Participation in investment pools		49		
Loans secured by mortgages		50	584428	547317
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	20718	24969
Other loans		53	2564773	2005153
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	20002	43001
	More than one month withdrawal	55	10010	364862
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 2011**

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

			Company registration number	GL/UK/CM	Period ended			units	Category of assets
					day	month	year		
R13			3253947	GL	31	12	2011	£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	(4328)	41112
	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	209752	159243
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	364801	1087550
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	218466	190177
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	20933517	21185935
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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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£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	20933517	21185935
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	18275	
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	20951792	21205331
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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£000	12
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11					

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares		41	215585	227544
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	54736	54540
Rights under derivative contracts		44	14596	12103
Fixed interest securities	Approved	45	438601	423026
	Other	46	741032	784754
Variable interest securities	Approved	47	336094	315647
	Other	48	58176	178
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	398	413
Other loans		53	263	263
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	3000	
	More than one month withdrawal	55	40306	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 2011**

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

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
					day	month	year			
			R13	3253947	GL	31	12	2011	£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	4776	7941
	Intermediaries	72	603	603
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	13723	9510
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	69780	125983
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	27189	25646
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	2018858	2011155
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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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£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	2018858	2011155
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	5150	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	1595	1765
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	2025603	2017711
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 2011**

Category of assets **Belgian Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£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
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		264
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	97164
	Other	46	74822
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 2011**

Category of assets **Belgian Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R13	3253947	GL	31	12	2011	£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	1533	1643
	due in more than 12 months	77		
Other	due in 12 months or less	78	1173	1390
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1821	4934
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	7	1881

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	79356	118708
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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 2011**

Category of assets **Belgian Sub-Fund**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£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	79356	118708
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	(257)	(8)
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	79099	118700
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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£000	14
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	4476		4811		

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		4776
	debts and loans	26		138373
Other group undertakings	shares	27		
	debts and loans	28	58420	72802
Participating interests	shares	29	2430	2423
	debts and loans	30		

Other financial investments

Equity shares		41	7906	12753
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	82606	121183
Rights under derivative contracts		44		7
Fixed interest securities	Approved	45	110891	103063
	Other	46	386624	298448
Variable interest securities	Approved	47	6897	6272
	Other	48	90875	7511
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	6998	7120
Other loans		53	25	7054
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	233	97
	More than one month withdrawal	55	195832	3896
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 2011**

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

		Company registration number	GL/UK/CM	Period ended			units	Category of assets	
		R13	3253947	GL	31	12	2011	£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	518508				
	Property linked			59	10838315			9887771	

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	38706	7961
	Intermediaries	72	26	73
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	38111	34400
	Ceded	75	10419	
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	(108704)	(62143)
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1070015	663606
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	12201	8795
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	285	

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	13372095	11331052
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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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£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	13372095	11331052
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	380887	
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	745443	621564
Reinsurers' share of technical provisions excluded from line 89	100	1407486	778800
Other asset adjustments (may be negative)	101	(346631)	(33694)
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	15559280	12697722
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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£000	15
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	1561		3320		

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
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28	60459	71922
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	5993	27952
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	38702	52552
Rights under derivative contracts		44		405
Fixed interest securities	Approved	45	4163	4092
	Other	46	203565	215774
Variable interest securities	Approved	47	107120	63367
	Other	48	5937	1863
Participation in investment pools		49		
Loans secured by mortgages		50	243443	250329
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	4	21396
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	730	1580
	More than one month withdrawal	55	9766	14949
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 2011**

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

				Company registration number	GL/UK/CM	Period ended			units	Category of assets	
				R13	3253947	GL	day	month	year	£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		24828365		24569575

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	96638	35105
	Intermediaries	72	3923	416
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	7224	29879
	Ceded	75		
Dependants	due in 12 months or less	76		11560
	due in more than 12 months	77		
Other	due in 12 months or less	78	142695	285122
	due in more than 12 months	79	148141	

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	412786	259795
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	28545	24183
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	9782	140987

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	26359542	26086124
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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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£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	26359542	26086124
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	7724	
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	490471	543451
Reinsurers' share of technical provisions excluded from line 89	100	2318059	1954900
Other asset adjustments (may be negative)	101	866163	941606
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	30041959	29526081
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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£000	16
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	1389218		1345384		

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	134795	135591
	debts and loans	26	253468	104187
Other group undertakings	shares	27		
	debts and loans	28	59290	51464
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Other financial investments				
Equity shares		41	3028156	3107086
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	5372070	5795066
Rights under derivative contracts		44	83257	28820
Fixed interest securities	Approved	45	3499900	5333802
	Other	46	3101375	3752305
Variable interest securities	Approved	47	1700326	1605914
	Other	48	592499	588140
Participation in investment pools		49		
Loans secured by mortgages		50	448632	448076
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	6309	6620
Other loans		53	1763715	1718014
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	58690	31355
Other financial investments		56	41967	39910

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

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

Global business

Financial year ended **31st December 2011**

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

		Company registration number	GL/UK/CM	Period ended			units	Category of assets	
		R13	3253947	GL	31	12	2011	£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	488			464	
	Property linked			59	63299			78853	

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	77862	100712
	Intermediaries	72	9285	9576
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	29356	3941
	Ceded	75	4420	2801
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	216663	182684
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	809387	233752
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	140118	184886
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	22884545	24889403
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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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£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	22884545	24889403
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	74096	4795
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	18733	20824
Reinsurers' share of technical provisions excluded from line 89	100	96913	62180
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	23074287	24993116
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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£000	17
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11	209625		196643		

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	21155	19838
	debts and loans	26	14320	13872
Other group undertakings	shares	27		
	debts and loans	28	8851	8747
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	477382	458874
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	839965	844355
Rights under derivative contracts		44	9178	4350
Fixed interest securities	Approved	45	630967	683926
	Other	46	565736	617462
Variable interest securities	Approved	47	230046	214192
	Other	48	86045	83820
Participation in investment pools		49		
Loans secured by mortgages		50	59733	59659
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	1208	1253
Other loans		53	113026	247368
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	5274	4304
Other financial investments		56	6333	5840

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

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

Global business

 Financial year ended **31st December 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
	R13	3253947	GL	day	month	year	£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	65			62	
	Property linked		59	8428			10499	

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	17278	13513
	Intermediaries	72	1265	1283
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	6378	525
	Ceded	75	603	373
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	64734	35924
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	9340	98842
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	24582	27733
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	3411517	3653257
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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 2011**

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

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£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	3411517	3653257
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	9485	638
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	2494	2773
Reinsurers' share of technical provisions excluded from line 89	100	12281	7909
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	3435777	3666702
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 2011**

Category of assets **With-Profits Sub-Fund 5**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			day	month	year			
	R13	3253947	GL	31	12	2011	£000	18
				As at end of this financial year		As at end of the previous year		
				1		2		
Land and buildings			11					

Investments in group undertakings and participating interests

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

Other financial investments

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

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

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

Global business

 Financial year ended **31st December 2011**

 Category of assets **With-Profits Sub-Fund 5**

				Company registration number	GL/UK/CM	Period ended			units	Category of assets	
				R13	3253947	GL	day	month	year	£000	18
							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	2	
	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		
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	2551	
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		

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	2553	
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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 2011**

Category of assets **With-Profits Sub-Fund 5**

	Company registration number	GL/UK/CM	Period ended			units	Category of assets
			day	month	year		
R13	3253947	GL	31	12	2011	£000	18
			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	2553	
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		
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	2553	
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 2011**
 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	76640005	76495433
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	320970	72011
Long term insurance business fund carried forward (11 to 13)	14	76960975	76567444
Claims outstanding	Gross	15	441871
	Reinsurers' share	16	
	Net (15-16)	17	441871
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23	3000	
Creditors	Direct insurance business	31	499278
	Reinsurance accepted	32	4251
	Reinsurance ceded	33	35094
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	83218	54595
Creditors	Taxation	37	101230
	Other	38	4607511
Accruals and deferred income	39	30657	38320
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	5806110	4803205
Excess of the value of net admissible assets	51	6294898	7904985
Total liabilities and margins	59	89061983	89275634
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	132369	127187
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	35738407	34546698
Total liabilities (11+12+49)	71	82446115	81298638
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	3836334	2805554
Other adjustments to liabilities (may be negative)	74	5235151	6378264
Capital and reserves and fund for future appropriations	75	3652750	3742907
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	95170350	94225363

Long-term insurance business liabilities and margins
Form 14

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

Global business

 Financial year ended **31st December 2011**

 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	15347400	15684700
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	15347400	15684700
Claims outstanding	Gross	15	179805
	Reinsurers' share	16	
	Net (15-16)	17	179805
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	25529
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		17479
Creditors	Taxation	37	123746
	Other	38	2273549
Accruals and deferred income	39	15735	18596
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	2618364	1901715
Excess of the value of net admissible assets	51	2967753	3599520
Total liabilities and margins	59	20933517	21185935
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	(3113)	6443
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	17965764	17586415
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 2011**

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	1584851	1626704
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	1584851	1626704
Claims outstanding	Gross	15	55596
	Reinsurers' share	16	
	Net (15-16)	17	55596
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	30463
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	786	
Creditors	Taxation	37	7709
	Other	38	34360
Accruals and deferred income	39	15	
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	128929	132881
Excess of the value of net admissible assets	51	305078	251570
Total liabilities and margins	59	2018858	2011155
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	(1854)	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	1713780	1759585
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 2011**

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	69550
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	69550	108715
Excess of the value of net admissible assets	51	9806	9993
Total liabilities and margins	59	79356	118708

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	69550	108715
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 2011**

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

 Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	18738058	20172764
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	18738058	20172764
Claims outstanding	Gross	15	70303
	Reinsurers' share	16	
	Net (15-16)	17	70303
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	211405
	Reinsurance accepted	32	11151
	Reinsurance ceded	33	19175
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	68039	31110
Creditors	Taxation	37	159464
	Other	38	1818176
Accruals and deferred income	39	11815	16086
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	2369528	2147288
Excess of the value of net admissible assets	51	1070655	1851533
Total liabilities and margins	59	22178241	24171585
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	63299	78853
Total liabilities (11+12+49)	71	21107586	22320052
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 2011**

 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	2673411	2746773
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	2673411	2746773
Claims outstanding	Gross	15	11091
	Reinsurers' share	16	
	Net (15-16)	17	11091
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	37088
	Reinsurance accepted	32	(6900)
	Reinsurance ceded	33	3635
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	9641	4820
Creditors	Taxation	37	23661
	Other	38	124083
Accruals and deferred income	39	1785	2351
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	204084	291852
Excess of the value of net admissible assets	51	439981	523643
Total liabilities and margins	59	3317476	3562268
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	8428	10499
Total liabilities (11+12+49)	71	2877495	3038625
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 2011**

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	800345	808807
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	800345	808807
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	800345	808807
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	800345	808807
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 2011**

 Fund **With-Profits Sub-Fund 5**

 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	2095	
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	2095	
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	8
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	8	
Excess of the value of net admissible assets	51	450	
Total liabilities and margins	59	2553	
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	8	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		
Total liabilities (11+12+49)	71	2103	
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 2011**

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	11583582	9819913
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	248959	
Long term insurance business fund carried forward (11 to 13)	14	11832541	9819913
Claims outstanding	Gross	15	66167
	Reinsurers' share	16	
	Net (15-16)	17	66167
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23	3000	
Creditors	Direct insurance business	31	92675
	Reinsurance accepted	32	
	Reinsurance ceded	33	11144
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	3146	110
Creditors	Taxation	37	(201844)
	Other	38	193360
Accruals and deferred income	39	1307	97
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	168955	10516
Excess of the value of net admissible assets	51	1370599	1500623
Total liabilities and margins	59	13372095	11331052
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	91734	70293
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	10838315	9887771
Total liabilities (11+12+49)	71	11752537	9830429
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 2011**

 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	25910263	25635772
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	25982274	25707783
Claims outstanding	Gross	15	58909
	Reinsurers' share	16	
	Net (15-16)	17	58909
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	102118
	Reinsurance accepted	32	
	Reinsurance ceded	33	1140
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	1606	1076
Creditors	Taxation	37	(11506)
	Other	38	94425
Accruals and deferred income	39		1190
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	246692	210238
Excess of the value of net admissible assets	51	130576	168103
Total liabilities and margins	59	26359542	26086124
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	45594	50451
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	24828365	24569575
Total liabilities (11+12+49)	71	26156955	25846010
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 2011**

R15	Company registration number 3253947	GL/UK/CM GL	Period ended			units £000
			day	month	year	
			31	12	2011	
			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	2197	6925
	Foreseeable dividend	48		
	Other	49	(1216)	11303
Accruals and deferred income		51	72	
Total (19 to 51)		59	1053	18228
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	1053	18228

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	147	72
Capital and reserves	84	2269843	2684326
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	2271043	2702626

Profit and loss account (non-technical account)
Form 16

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

Global business

 Financial year ended **31st December 2011**

		Company registration number	GL/UK/CM	Period ended			units	
		R16	3253947	GL	31	12	2011	£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	27592	231046				
Investment income	Income	14	7620	22029				
	Value re-adjustments on investments	15	123371	(4269)				
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17	4	84				
	Value re-adjustments on investments	18	2468	103				
	Loss on the realisation of investments	19		5751				
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	156111	242868				
Tax on profit or loss on ordinary activities		31	(5006)	977				
Profit or loss on ordinary activities after tax (29-31)		39	161117	241891				
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	161117	241891				
Dividends (paid or foreseeable)		51	235000	515000				
Profit or loss retained for the financial year (49-51)		59	(73883)	(273109)				

Analysis of derivative contracts

Form 17

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

Global business

Financial year ended **31st December 2011**Category of assets **Total Long-term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2011	£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	21315	25390	914113	1597058				
	Interest rates	12	497796	671952	2598874	2560051				
	Inflation	13	30700	63878	862502	705237				
	Credit index / basket	14	105307	6942	297097	1969730				
	Credit single name	15	25705	3006		284472				
	Equity index	16	18231	17270	658931	762013				
	Equity stock	17								
	Land	18	38130		82160	8281				
	Currencies	19	14442	7670	536718	3699126				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33	34436		34742					
	Equity index puts	34								
	Equity stock puts	35	47		53					
	Other	36	34		35					
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43		1489		1489				
	Equity index puts	44								
	Equity stock puts	45		13953		13954				
	Other	46								
Total (11 to 46)		51	786143	811550	5985225	11601411				
Adjustment for variation margin		52	(519450)	(648386)						
Total (51 + 52)		53	266693	163164						

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 2011**Category of assets **With-Profits Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2011	£000	11
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets	Liabilities	Bought / Long	Sold / Short				
			1	2	3	4				
Futures and contracts for differences	Fixed-interest securities	11	1859	13929	69881	846347				
	Interest rates	12	263934	56025	435704	1045156				
	Inflation	13		12055	218700					
	Credit index / basket	14		2660	116631					
	Credit single name	15	1616	1458		35148				
	Equity index	16	9906	12443	89493	654110				
	Equity stock	17								
	Land	18	24181		40515	8281				
	Currencies	19	10505	6289	236915	1667002				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33	14212		14338					
	Equity index puts	34								
	Equity stock puts	35	21		24					
	Other	36	29		29					
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43		615		615				
	Equity index puts	44								
	Equity stock puts	45		5753		5753				
	Other	46								
Total (11 to 46)		51	326263	111227	1222230	4262412				
Adjustment for variation margin		52	(166601)	(6277)						
Total (51 + 52)		53	159662	104950						

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 2011**Category of assets **Provident Mutual Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2011	£000	12
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets	Liabilities	Bought / Long		Sold / Short			
			1	2	3		4			
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12	210125	609711	2087073		1447902			
	Inflation	13	8383	14807	488802		95237			
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16		800			62551			
	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	218508	625318	2575875		1605690			
Adjustment for variation margin		52	(203912)	(624518)						
Total (51 + 52)		53	14596	800						

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 2011**Category of assets **Non-Profit Sub-Fund 1**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2011	£000	14
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets	Liabilities	Bought / Long		Sold / Short			
			1	2	3		4			
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12								
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15	600	96			12238			
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19		213	1189		18010			
	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	600	309	1189		30248			
Adjustment for variation margin		52	(600)	(131)						
Total (51 + 52)		53		178						

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 2011**Category of assets **Non-Profit Sub-Fund 2**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2011	£000	15
Derivative contracts			Value as at the end of this financial year			Notional amount as at the end of this financial year				
			Assets	Liabilities	Bought / Long		Sold / Short			
			1	2	3		4			
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12	23737	6216	76097		25348			
	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	23737	6216	76097		25348			
Adjustment for variation margin		52	(23737)							
Total (51 + 52)		53		6216						

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 2011**Category of assets **New With-Profits Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2011	£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	16841	9909	730211	649020				
	Interest rates	12				36185				
	Inflation	13	22150	35959	155000	510000				
	Credit index / basket	14	89955	3702	156020	1702215				
	Credit single name	15	23485	1243		231480				
	Equity index	16	7187	3472	491768	38896				
	Equity stock	17								
	Land	18	12120		36185					
	Currencies	19	3470	1026	257283	1741432				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33	17485		17640					
	Equity index puts	34								
	Equity stock puts	35	22		25					
	Other	36	4		5					
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43		756		756				
	Equity index puts	44								
	Equity stock puts	45		7089		7090				
	Other	46								
Total (11 to 46)		51	192719	63156	1844137	4917074				
Adjustment for variation margin		52	(109462)	(15579)						
Total (51 + 52)		53	83257	47577						

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 2011**Category of assets **Old With-Profits Sub-Fund**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253947	GL	31	12	2011	£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	2615	1552	114021	101691				
	Interest rates	12				5460				
	Inflation	13	167	1057		100000				
	Credit index / basket	14	15352	580	24446	267515				
	Credit single name	15	4	209		5606				
	Equity index	16	1138	555	77670	6456				
	Equity stock	17								
	Land	18	1829		5460					
	Currencies	19	467	142	41331	272682				
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33	2739		2764					
	Equity index puts	34								
	Equity stock puts	35	4		4					
	Other	36	1		1					
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43		118		118				
	Equity index puts	44								
	Equity stock puts	45		1111		1111				
	Other	46								
Total (11 to 46)		51	24316	5324	265697	760639				
Adjustment for variation margin		52	(15138)	(1881)						
Total (51 + 52)		53	9178	3443						

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 2011**

 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	20933517	21185935
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	859983	735047
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	34401	29405
	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	20039133	20421483
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	14487417	14949653
	Regulatory current liabilities of the fund	22	2618364	1901715
	Total (21+22)	29	17105781	16851368
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	581960	601425
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	17687741	17452793
Regulatory excess capital (19-39)		49	2351392	2968690

Realistic excess capital

Realistic excess capital	51	1020560	1396356
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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	1330832	1572334
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	22451	123924
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	1308381	1448410

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 2011**

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	2018858	2011155
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	185590	175893
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	54414	54673
	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	1778854	1780589
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	1399261	1450811
	Regulatory current liabilities of the fund	22	128929	132883
	Total (21+22)	29	1528190	1583694
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	58356	60434
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	1586546	1644128
Regulatory excess capital (19-39)		49	192308	136461

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	192308	136461
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	36353	30043
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	155955	106418

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 2011**

 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	22884545	24889403
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	2659183	2578970
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	163800	130208
	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	20061562	22180225
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	16785180	18307566
	Regulatory current liabilities of the fund	22	2369527	2147289
	Total (21+22)	29	19154707	20454855
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	677559	739570
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	19832266	21194425
Regulatory excess capital (19-39)		49	229296	985800

Realistic excess capital

Realistic excess capital	51	(389124)	(445451)
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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	618420	1431251
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	90256	624416
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	528164	806835

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 2011**

 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	3411517	3653257
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	354406	345730
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	22785	18541
	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	3034326	3288986
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	2413046	2496077
	Regulatory current liabilities of the fund	22	204084	291851
	Total (21+22)	29	2617130	2787928
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	97672	101160
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	2714802	2889088
Regulatory excess capital (19-39)		49	319524	399898

Realistic excess capital

Realistic excess capital	51	165432	164126
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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	154092	235772
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	25598	85715
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	128494	150057

Realistic balance sheet
Form 19
(Sheet 1)

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

Global business

Financial year ended **31st December 2011**

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	20039133	20421483
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	258206	195523
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	20297339	20617006
Support arrangement assets	27		
Assets available to the fund (26+27)	29	20297339	20617006

Realistic value of liabilities of fund

With-profits benefits reserve		31	12649039	14177974
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	305291	
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	416601	328762
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	12973	8707
	Future costs of contractual guarantees (other than financial options)	41	2209783	1621377
	Future costs of non-contractual commitments	42	670639	776723
	Future costs of financial options	43	644515	480265
	Future costs of smoothing (possibly negative)	44	(238005)	(251551)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	263234	447157
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	3425883	2736502
Realistic current liabilities of the fund		51	2608169	1890626
Realistic value of liabilities of the fund (31+49+51)		59	18683091	18805102

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

Global business

Financial year ended **31st December 2011**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	19276779	19220650
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	19276779	19220650
Risk capital margin for fund (62-59)	65	593688	415548
Realistic excess capital for fund (26-(59+65))	66	1020560	1396356
Realistic excess available capital for fund (29-(59+65))	67	1020560	1396356
Working capital for for fund (29-59)	68	1614248	1811904
Working capital ratio for fund (68/29)	69	7.95	8.79

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 2011**

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	1778854	1780589
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	76800	84845
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	1855654	1865434
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1855654	1865434

Realistic value of liabilities of fund

With-profits benefits reserve		31	1325239	1439176
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	36666	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	7342	8882
	Future costs of contractual guarantees (other than financial options)	41	19532	13741
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	274982	194147
	Future costs of smoothing (possibly negative)	44	(18928)	(18846)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	96894	69603
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	401804	293550
Realistic current liabilities of the fund		51	128611	132708
Realistic value of liabilities of the fund (31+49+51)		59	1855654	1865434

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

Global business

Financial year ended **31st December 2011**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	1855654	1865434
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	1855654	1865434
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 2011**

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	20061562	22180225
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	833969	780263
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	20895531	22960488
Support arrangement assets	27	997825	1160585
Assets available to the fund (26+27)	29	21893356	24121073

Realistic value of liabilities of fund

With-profits benefits reserve		31	16635885	19206116
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	12366	30279
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	66883	84253
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	25500	7424
	Future costs of contractual guarantees (other than financial options)	41	2051900	1783623
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	193014	130853
	Future costs of smoothing (possibly negative)	44	(99067)	(104296)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	(126701)	(117170)
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	1939129	1631612
Realistic current liabilities of the fund		51	2320517	2122760
Realistic value of liabilities of the fund (31+49+51)		59	20895531	22960488

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

Global business

Financial year ended **31st December 2011**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	21284655	23405939
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	21284655	23405939
Risk capital margin for fund (62-59)	65	389124	445451
Realistic excess capital for fund (26-(59+65))	66	(389124)	(445451)
Realistic excess available capital for fund (29-(59+65))	67	608701	715134
Working capital for for fund (29-59)	68	997825	1160585
Working capital ratio for fund (68/29)	69	4.56	4.81

**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 2011**

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	3034326	3288985
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	114347	105624
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	3148673	3394609
Support arrangement assets	27		
Assets available to the fund (26+27)	29	3148673	3394609

Realistic value of liabilities of fund

With-profits benefits reserve		31	2377965	2610498
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	1001	3072
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	8905	11218
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	3978	988
	Future costs of contractual guarantees (other than financial options)	41	340703	283129
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	33081	15570
	Future costs of smoothing (possibly negative)	44	(12337)	(13653)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	(13116)	(3780)
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	336449	272132
Realistic current liabilities of the fund		51	197179	288686
Realistic value of liabilities of the fund (31+49+51)		59	2911593	3171316

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

Global business

Financial year ended **31st December 2011**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	2983241	3230483
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	2983241	3230483
Risk capital margin for fund (62-59)	65	71648	59167
Realistic excess capital for fund (26-(59+65))	66	165432	164126
Realistic excess available capital for fund (29-(59+65))	67	165432	164126
Working capital for for fund (29-59)	68	237080	223293
Working capital ratio for fund (68/29)	69	7.53	6.58

**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 2011**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	5714806	5288200
Investment income receivable before deduction of tax	12	2685565	2698979
Increase (decrease) in the value of non-linked assets brought into account	13	2020080	1937338
Increase (decrease) in the value of linked assets	14	(1437237)	2738625
Other income	15		
Total income	19	8983214	12663142

Expenditure

Claims incurred	21	9938509	9362395
Expenses payable	22	1070589	1087029
Interest payable before deduction of tax	23	89417	29510
Taxation	24	203739	53835
Other expenditure	25		
Transfer to (from) non technical account	26	27592	231046
Total expenditure	29	11329846	10763815

Business transfers-in	31	2740163	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	393531	1899327
Fund brought forward	49	76567444	74668117
Fund carried forward (39+49)	59	76960975	76567444

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 2011**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	261624	304433
Investment income receivable before deduction of tax	12	706251	675374
Increase (decrease) in the value of non-linked assets brought into account	13	984237	388189
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	1952112	1367996

Expenditure

Claims incurred	21	2072991	1823440
Expenses payable	22	63655	86377
Interest payable before deduction of tax	23	5797	3199
Taxation	24	95860	63883
Other expenditure	25	61263	62344
Transfer to (from) non technical account	26	(10154)	5320
Total expenditure	29	2289412	2044563

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(337300)	(676567)
Fund brought forward	49	15684700	16361267
Fund carried forward (39+49)	59	15347400	15684700

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 2011**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	25297	24054
Investment income receivable before deduction of tax	12	80278	76557
Increase (decrease) in the value of non-linked assets brought into account	13	105818	92546
Increase (decrease) in the value of linked assets	14		
Other income	15	2914	5849
Total income	19	214307	199006

Expenditure

Claims incurred	21	237804	199904
Expenses payable	22	9419	(1938)
Interest payable before deduction of tax	23	611	1430
Taxation	24	2976	(5450)
Other expenditure	25		
Transfer to (from) non technical account	26	5350	4499
Total expenditure	29	256160	198445

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(41853)	561
Fund brought forward	49	1626704	1626143
Fund carried forward (39+49)	59	1584851	1626704

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 2011**

 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	204	(674)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	204	(674)

Expenditure

Claims incurred	21		
Expenses payable	22		
Interest payable before deduction of tax	23	204	(674)
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	204	(674)

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 2011**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	433567	665303
Investment income receivable before deduction of tax	12	655555	686315
Increase (decrease) in the value of non-linked assets brought into account	13	504339	1106399
Increase (decrease) in the value of linked assets	14	(7228)	(16)
Other income	15	25037	25141
Total income	19	1611270	2483142

Expenditure

Claims incurred	21	2747700	2665809
Expenses payable	22	115607	128841
Interest payable before deduction of tax	23	11604	9716
Taxation	24	141938	100720
Other expenditure	25		
Transfer to (from) non technical account	26	29127	77888
Total expenditure	29	3045976	2982974

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1434706)	(499832)
Fund brought forward	49	20172764	20672596
Fund carried forward (39+49)	59	18738058	20172764

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 2011**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	76035	110482
Investment income receivable before deduction of tax	12	101504	104761
Increase (decrease) in the value of non-linked assets brought into account	13	73717	133537
Increase (decrease) in the value of linked assets	14	(962)	(2)
Other income	15	3335	3348
Total income	19	253629	352126

Expenditure

Claims incurred	21	286078	264346
Expenses payable	22	16361	17194
Interest payable before deduction of tax	23	1052	2232
Taxation	24	20231	15270
Other expenditure	25		
Transfer to (from) non technical account	26	3269	10212
Total expenditure	29	326991	309254

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(73362)	42872
Fund brought forward	49	2746773	2703901
Fund carried forward (39+49)	59	2673411	2746773

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 2011**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	34023	41295
Investment income receivable before deduction of tax	12	23414	24755
Increase (decrease) in the value of non-linked assets brought into account	13	3831	7254
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	61268	73304

Expenditure

Claims incurred	21	69730	63411
Expenses payable	22		
Interest payable before deduction of tax	23		
Taxation	24		83
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	69730	63494

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(8462)	9810
Fund brought forward	49	808807	798997
Fund carried forward (39+49)	59	800345	808807

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 5**
 Financial year ended **31st December 2011**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11		
Investment income receivable before deduction of tax	12	1	
Increase (decrease) in the value of non-linked assets brought into account	13	(141)	
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	(140)	

Expenditure

Claims incurred	21		
Expenses payable	22	6	
Interest payable before deduction of tax	23		
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	6	

Business transfers-in	31	2241	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	2095	
Fund brought forward	49		
Fund carried forward (39+49)	59	2095	

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 2011**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	1090539	1198292
Investment income receivable before deduction of tax	12	368197	427079
Increase (decrease) in the value of non-linked assets brought into account	13	259288	27902
Increase (decrease) in the value of linked assets	14	(189137)	648304
Other income	15	8148	8624
Total income	19	1537035	2310201

Expenditure

Claims incurred	21	1730722	1505038
Expenses payable	22	570089	529757
Interest payable before deduction of tax	23	39531	7317
Taxation	24	(78013)	(99070)
Other expenditure	25		
Transfer to (from) non technical account	26		12027
Total expenditure	29	2262329	1955069

Business transfers-in	31	2737922	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	2012628	355132
Fund brought forward	49	9819913	9464781
Fund carried forward (39+49)	59	11832541	9819913

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 2011**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	3793721	2944341
Investment income receivable before deduction of tax	12	750365	704138
Increase (decrease) in the value of non-linked assets brought into account	13	88787	182185
Increase (decrease) in the value of linked assets	14	(1239910)	2090339
Other income	15	21829	19382
Total income	19	3414792	5940385

Expenditure

Claims incurred	21	2793484	2840447
Expenses payable	22	295452	326798
Interest payable before deduction of tax	23	30618	6290
Taxation	24	20747	(21601)
Other expenditure	25		
Transfer to (from) non technical account	26		121100
Total expenditure	29	3140301	3273034

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	274491	2667351
Fund brought forward	49	25707783	23040432
Fund carried forward (39+49)	59	25982274	25707783

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 2011**
 Units **£000**

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

Gross

Regular premiums	11	1164006	1966642	27419	3158067	2862140
Single premiums	12	862326	2455533	12367	3330226	2997839

Reinsurance - external

Regular premiums	13	409140	(17877)		391263	436279
Single premiums	14	9379	345306		354685	99096

Reinsurance - intra-group

Regular premiums	15	27539			27539	36404
Single premiums	16					

Net of reinsurance

Regular premiums	17	727327	1984519	27419	2739265	2389457
Single premiums	18	852947	2110227	12367	2975541	2898743

Total

Gross	19	2026332	4422175	39786	6488293	5859979
Reinsurance	20	446058	327429		773487	571779
Net	21	1580274	4094746	39786	5714806	5288200

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 2011**

 Units **£000**

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

Gross

Regular premiums	11	119409	58066	11201	188676	214201
Single premiums	12	(2931)	69754	6125	72948	90232

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	119409	58066	11201	188676	214201
Single premiums	18	(2931)	69754	6125	72948	90232

Total

Gross	19	116478	127820	17326	261624	304433
Reinsurance	20					
Net	21	116478	127820	17326	261624	304433

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 2011**

 Units **£000**

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

Gross

Regular premiums	11	4640	13522		18162	16062
Single premiums	12	424	6711		7135	7992

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	4640	13522		18162	16062
Single premiums	18	424	6711		7135	7992

Total

Gross	19	5064	20233		25297	24054
Reinsurance	20					
Net	21	5064	20233		25297	24054

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 2011**

 Units **£000**

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

Gross

Regular premiums	11	27539		27539	36404
Single premiums	12				

Reinsurance - external

Regular premiums	13				
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15	27539		27539	36404
Single premiums	16				

Net of reinsurance

Regular premiums	17				
Single premiums	18				

Total

Gross	19	27539		27539	36404
Reinsurance	20	27539		27539	36404
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 2011**

 Units **£000**

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

Gross

Regular premiums	11	173998	64011	4834	242843	240014
Single premiums	12	139295	72122	2545	213962	447740

Reinsurance - external

Regular premiums	13	19090			19090	22451
Single premiums	14		4148		4148	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	154908	64011	4834	223753	217563
Single premiums	18	139295	67974	2545	209814	447740

Total

Gross	19	313293	136133	7379	456805	687754
Reinsurance	20	19090	4148		23238	22451
Net	21	294203	131985	7379	433567	665303

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 2011**

 Units **£000**

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

Gross

Regular premiums	11	30074	12452	1072	43598	44138
Single premiums	12	22907	12149	475	35531	69333

Reinsurance - external

Regular premiums	13	2542			2542	2989
Single premiums	14		552		552	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	27532	12452	1072	41056	41149
Single premiums	18	22907	11597	475	34979	69333

Total

Gross	19	52981	24601	1547	79129	113471
Reinsurance	20	2542	552		3094	2989
Net	21	50439	24049	1547	76035	110482

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 2011**
 Units **£000**

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

Gross

Regular premiums	11		35190		35190	39800
Single premiums	12		(1167)		(1167)	1495

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17		35190		35190	39800
Single premiums	18		(1167)		(1167)	1495

Total

Gross	19		34023		34023	41295
Reinsurance	20					
Net	21		34023		34023	41295

Long-term insurance business: Analysis of premiums
Form 41

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

 Total business / subfund **With-Profits Sub-Fund 5**

 Financial year ended **31st December 2011**

 Units **£000**

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

Gross

Regular premiums	11	39	1	40	
Single premiums	12		(17)	(17)	

Reinsurance - external

Regular premiums	13	39	(16)	23	
Single premiums	14				

Reinsurance - intra-group

Regular premiums	15				
Single premiums	16				

Net of reinsurance

Regular premiums	17		17	17	
Single premiums	18		(17)	(17)	

Total

Gross	19	39	(16)	23	
Reinsurance	20	39	(16)	23	
Net	21				

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 2011**

 Units **£000**

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

Gross

Regular premiums	11	713507	32663	3	746173	685705
Single premiums	12	710110	28734		738844	875850

Reinsurance - external

Regular premiums	13	384030	4		384034	360992
Single premiums	14	9379	1065		10444	2271

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	329477	32659	3	362139	324713
Single premiums	18	700731	27669		728400	873579

Total

Gross	19	1423617	61397	3	1485017	1561555
Reinsurance	20	393409	1069		394478	363263
Net	21	1030208	60328	3	1090539	1198292

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 2011**

 Units **£000**

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

Gross

Regular premiums	11	94800	1750737	10309	1855846	1585816
Single premiums	12	(7479)	2267247	3222	2262990	1505197

Reinsurance - external

Regular premiums	13	3439	(17865)		(14426)	49847
Single premiums	14		339541		339541	96825

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	91361	1768602	10309	1870272	1535969
Single premiums	18	(7479)	1927706	3222	1923449	1408372

Total

Gross	19	87321	4017984	13531	4118836	3091013
Reinsurance	20	3439	321676		325115	146672
Net	21	83882	3696308	13531	3793721	2944341

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 2011**
 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	886090	209357	4478	1099925	1118934
Disability periodic payments	12	53162	865	1	54028	58982
Surrender or partial surrender	13	3300454	2638099	107552	6046105	6024363
Annuity payments	14	10336	197138	2414	209888	200081
Lump sums on maturity	15	1337127	1469481	56421	2863029	2282326
Total	16	5587169	4514940	170866	10272975	9684686

Reinsurance - external

Death or disability lump sums	21	268513	1569		270082	301845
Disability periodic payments	22	13683	1		13684	3417
Surrender or partial surrender	23	322	24334	21	24677	13
Annuity payments	24	754			754	
Lump sums on maturity	25	6034	5941		11975	
Total	26	289306	31845	21	321172	305275

Reinsurance - intra-group

Death or disability lump sums	31	13294			13294	16851
Disability periodic payments	32					10
Surrender or partial surrender	33					
Annuity payments	34					155
Lump sums on maturity	35					
Total	36	13294			13294	17016

Net of reinsurance

Death or disability lump sums	41	604283	207788	4478	816549	800238
Disability periodic payments	42	39479	864	1	40344	55555
Surrender or partial surrender	43	3300132	2613765	107531	6021428	6024350
Annuity payments	44	9582	197138	2414	209134	199926
Lump sums on maturity	45	1331093	1463540	56421	2851054	2282326
Total	46	5284569	4483095	170845	9938509	9362395

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 2011**

 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	73324	23588	1139	98051	79783
Disability periodic payments	12	656	5		661	1316
Surrender or partial surrender	13	231125	308874	32592	572591	635711
Annuity payments	14		13639		13639	13212
Lump sums on maturity	15	805862	547790	34397	1388049	1093418
Total	16	1110967	893896	68128	2072991	1823440

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	73324	23588	1139	98051	79783
Disability periodic payments	42	656	5		661	1316
Surrender or partial surrender	43	231125	308874	32592	572591	635711
Annuity payments	44		13639		13639	13212
Lump sums on maturity	45	805862	547790	34397	1388049	1093418
Total	46	1110967	893896	68128	2072991	1823440

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 2011**

 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	3388	2830		6218	7700
Disability periodic payments	12	1158	705		1863	2125
Surrender or partial surrender	13	2466	20897		23363	21509
Annuity payments	14	1039	38567		39606	33126
Lump sums on maturity	15	46739	120015		166754	135444
Total	16	54790	183014		237804	199904

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	3388	2830		6218	7700
Disability periodic payments	42	1158	705		1863	2125
Surrender or partial surrender	43	2466	20897		23363	21509
Annuity payments	44	1039	38567		39606	33126
Lump sums on maturity	45	46739	120015		166754	135444
Total	46	54790	183014		237804	199904

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 2011**

 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	13294		13294	16851
Disability periodic payments	12				
Surrender or partial surrender	13				
Annuity payments	14				
Lump sums on maturity	15				
Total	16	13294		13294	16851

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	13294		13294	16851
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34				
Lump sums on maturity	35				
Total	36	13294		13294	16851

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 2011**

 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	267016	23877	2099	292992	273556
Disability periodic payments	12	659	7		666	4670
Surrender or partial surrender	13	1582271	188902	49879	1821052	1853044
Annuity payments	14	6350	111865	2130	120345	115021
Lump sums on maturity	15	320018	188109	16367	524494	434165
Total	16	2176314	512760	70475	2759549	2680456

Reinsurance - external

Death or disability lump sums	21	11849			11849	14637
Disability periodic payments	22					10
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	11849			11849	14647

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	255167	23877	2099	281143	258919
Disability periodic payments	42	659	7		666	4660
Surrender or partial surrender	43	1582271	188902	49879	1821052	1853044
Annuity payments	44	6350	111865	2130	120345	115021
Lump sums on maturity	45	320018	188109	16367	524494	434165
Total	46	2164465	512760	70475	2747700	2665809

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 2011**

 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	44044	4890	367	49301	51305
Disability periodic payments	12	423	14		437	878
Surrender or partial surrender	13	132438	19947	6538	158923	145744
Annuity payments	14	857	14648	284	15789	14956
Lump sums on maturity	15	37727	22791	2688	63206	53413
Total	16	215489	62290	9877	287656	266296

Reinsurance - external

Death or disability lump sums	21	1578			1578	1949
Disability periodic payments	22					1
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	1578			1578	1950

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	42466	4890	367	47723	49356
Disability periodic payments	42	423	14		437	877
Surrender or partial surrender	43	132438	19947	6538	158923	145744
Annuity payments	44	857	14648	284	15789	14956
Lump sums on maturity	45	37727	22791	2688	63206	53413
Total	46	213911	62290	9877	286078	264346

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 2011**
 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	1320		1320	1214
Disability periodic payments	12				
Surrender or partial surrender	13	41763		41763	38710
Annuity payments	14				
Lump sums on maturity	15	26647		26647	23487
Total	16	69730		69730	63411

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	1320		1320	1214
Disability periodic payments	42				
Surrender or partial surrender	43	41763		41763	38710
Annuity payments	44				
Lump sums on maturity	45	26647		26647	23487
Total	46	69730		69730	63411

Long-term insurance business: Analysis of claims
Form 42

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

 Total business / subfund **With-Profits Sub-Fund 5**

 Financial year ended **31st December 2011**

 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				
Disability periodic payments	12				
Surrender or partial surrender	13	44	68	112	
Annuity payments	14				
Lump sums on maturity	15				
Total	16	44	68	112	

Reinsurance - external

Death or disability lump sums	21				
Disability periodic payments	22				
Surrender or partial surrender	23	44	68	112	
Annuity payments	24				
Lump sums on maturity	25				
Total	26	44	68	112	

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				
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 **Non-Profit Sub-Fund 1**

 Financial year ended **31st December 2011**

 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	482996	3767		486763	484487
Disability periodic payments	12	7300	2		7302	5672
Surrender or partial surrender	13	1352090	18006	(43)	1370053	1236339
Annuity payments	14	2090	178		2268	3015
Lump sums on maturity	15	126781	1470		128251	27920
Total	16	1971257	23423	(43)	1994637	1757433

Reinsurance - external

Death or disability lump sums	21	252270	217		252487	252395
Disability periodic payments	22	4361	1		4362	
Surrender or partial surrender	23	278			278	
Annuity payments	24	754			754	
Lump sums on maturity	25	6034			6034	
Total	26	263697	218		263915	252395

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	230726	3550		234276	232092
Disability periodic payments	42	2939	1		2940	5672
Surrender or partial surrender	43	1351812	18006	(43)	1369775	1236339
Annuity payments	44	1336	178		1514	3015
Lump sums on maturity	45	120747	1470		122217	27920
Total	46	1707560	23205	(43)	1730722	1505038

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 2011**

 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	2028	149085	873	151986	204038
Disability periodic payments	12	42966	132	1	43099	44321
Surrender or partial surrender	13	20	2039642	18586	2058248	2093306
Annuity payments	14		18241		18241	20751
Lump sums on maturity	15		562659	2969	565628	514479
Total	16	45014	2769759	22429	2837202	2876895

Reinsurance - external

Death or disability lump sums	21	2816	1352		4168	32864
Disability periodic payments	22	9322			9322	3406
Surrender or partial surrender	23		24266	21	24287	13
Annuity payments	24					
Lump sums on maturity	25		5941		5941	
Total	26	12138	31559	21	43718	36283

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	(788)	147733	873	147818	171174
Disability periodic payments	42	33644	132	1	33777	40905
Surrender or partial surrender	43	20	2015376	18565	2033961	2093293
Annuity payments	44		18241		18241	20596
Lump sums on maturity	45		556718	2969	559687	514479
Total	46	32876	2738200	22408	2793484	2840447

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 2011**
 Units **£000**

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

Gross

Commission - acquisition	11	192793	96332	384	289509	301854
Commission - other	12	36364	12804	616	49784	68176
Management - acquisition	13	87049	161688		248737	211691
Management - maintenance	14	151133	215393	1059	367585	398250
Management - other	15	58488	56436	50	114974	109592
Total	16	525827	542653	2109	1070589	1089563

Reinsurance - external

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

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					22
Management - maintenance	34					1762
Management - other	35					287
Total	36					2071

Net of reinsurance

Commission - acquisition	41	192793	96332	384	289509	301391
Commission - other	42	36364	12804	616	49784	68176
Management - acquisition	43	87049	161688		248737	211669
Management - maintenance	44	151133	215393	1059	367585	396488
Management - other	45	58488	56436	50	114974	109305
Total	46	525827	542653	2109	1070589	1087029

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 2011**

 Units **£000**

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

Gross

Commission - acquisition	11		537	64	601	404
Commission - other	12	2438	183	113	2734	3214
Management - acquisition	13	298	8		306	819
Management - maintenance	14	28555	44706	183	73444	82126
Management - other	15	(5129)	(8309)	8	(13430)	(186)
Total	16	26162	37125	368	63655	86377

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		537	64	601	404
Commission - other	42	2438	183	113	2734	3214
Management - acquisition	43	298	8		306	819
Management - maintenance	44	28555	44706	183	73444	82126
Management - other	45	(5129)	(8309)	8	(13430)	(186)
Total	46	26162	37125	368	63655	86377

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 2011**

 Units **£000**

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

Gross

Commission - acquisition	11	268	56	324	420
Commission - other	12	120	1464	1584	1981
Management - acquisition	13	(710)	(1500)	(2210)	1762
Management - maintenance	14	1818	8201	10019	6560
Management - other	15	(949)	651	(298)	(12661)
Total	16	547	8872	9419	(1938)

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	268	56	324	420
Commission - other	42	120	1464	1584	1981
Management - acquisition	43	(710)	(1500)	(2210)	1762
Management - maintenance	44	1818	8201	10019	6560
Management - other	45	(949)	651	(298)	(12661)
Total	46	547	8872	9419	(1938)

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 2011**

 Units **£000**

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

Gross

Commission - acquisition	11	13891	(134)	137	13894	25860
Commission - other	12	4613	3208	437	8258	9720
Management - acquisition	13	5925	(468)		5457	17061
Management - maintenance	14	36374	36319	384	73077	89073
Management - other	15	10122	4780	19	14921	(12873)
Total	16	70925	43705	977	115607	128841

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	13891	(134)	137	13894	25860
Commission - other	42	4613	3208	437	8258	9720
Management - acquisition	43	5925	(468)		5457	17061
Management - maintenance	44	36374	36319	384	73077	89073
Management - other	45	10122	4780	19	14921	(12873)
Total	46	70925	43705	977	115607	128841

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 2011**

 Units **£000**

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

Gross

Commission - acquisition	11	1679	(31)	18	1666	2444
Commission - other	12	749	432	62	1243	1390
Management - acquisition	13	767	28		795	2359
Management - maintenance	14	5894	5322	82	11298	12678
Management - other	15	882	473	4	1359	(1677)
Total	16	9971	6224	166	16361	17194

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	1679	(31)	18	1666	2444
Commission - other	42	749	432	62	1243	1390
Management - acquisition	43	767	28		795	2359
Management - maintenance	44	5894	5322	82	11298	12678
Management - other	45	882	473	4	1359	(1677)
Total	46	9971	6224	166	16361	17194

Long-term insurance business: Analysis of expenses
Form 43

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

 Total business / subfund **With-Profits Sub-Fund 5**

 Financial year ended **31st December 2011**

 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	6		6	
Management - other	15				
Total	16	6		6	

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				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	6		6	
Management - other	45				
Total	46	6		6	

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 2011**

 Units **£000**

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

Gross

Commission - acquisition	11	170835	87399		258234	216376
Commission - other	12	28106	431		28537	28869
Management - acquisition	13	63435	81523		144958	152076
Management - maintenance	14	76039	4663	103	80805	69558
Management - other	15	52032	5504	19	57555	63659
Total	16	390447	179520	122	570089	530538

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41	170835	87399		258234	215913
Commission - other	42	28106	431		28537	28869
Management - acquisition	43	63435	81523		144958	152054
Management - maintenance	44	76039	4663	103	80805	69549
Management - other	45	52032	5504	19	57555	63372
Total	46	390447	179520	122	570089	529757

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 2011**

 Units **£000**

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

Gross

Commission - acquisition	11	6120	8505	165	14790	56350
Commission - other	12	338	7086	4	7428	23002
Management - acquisition	13	17334	82097		99431	37614
Management - maintenance	14	2453	116176	307	118936	138255
Management - other	15	1530	53337		54867	73330
Total	16	27775	267201	476	295452	328551

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					1753
Management - other	35					
Total	36					1753

Net of reinsurance

Commission - acquisition	41	6120	8505	165	14790	56350
Commission - other	42	338	7086	4	7428	23002
Management - acquisition	43	17334	82097		99431	37614
Management - maintenance	44	2453	116176	307	118936	136502
Management - other	45	1530	53337		54867	73330
Total	46	27775	267201	476	295452	326798

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 2011**

 Units **£000**

	Financial year	Previous year
	1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	24140355	23230806
Directly held assets in collective investment schemes of connected companies	12	7097638	7356010
Directly held assets in other collective investment schemes	13	4848505	4484451
Total assets (excluding cross investment) (11+12+13)	14	36086498	35071267
Provision for tax on unrealised capital gains	15	1782	43798
Secured and unsecured loans	16		
Other liabilities	17	269493	393955
Total net assets (14-15-16-17)	18	35815223	34633514

Directly held linked assets

Value of directly held linked assets	21	9684	9106
--------------------------------------	-----------	------	------

Total

Value of directly held linked assets and units held (18+21)	31	35824907	34642620
Surplus units	32	86500	95922
Deficit units	33		
Net unit liability (31-32+33)	34	35738407	34546698

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 2011**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Value of total creation of units	11	2755143	1125762
Investment income attributable to the funds before deduction of tax	12	1039473	981838
Increase (decrease) in the value of investments in the financial year	13	(1471320)	2709584
Other income	14	1901968	70615
Total income	19	4225264	4887799

Expenditure

Value of total cancellation of units	21	2872071	1626520
Charges for management	22	101258	101866
Charges in respect of tax on investment income	23	53499	51710
Taxation on realised capital gains	24	30805	78056
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(66616)	(5873)
Other expenditure	26	52538	52826
Total expenditure	29	3043555	1905105

Increase (decrease) in funds in financial year (19-29)	39	1181709	2982694
Internal linked fund brought forward	49	34633514	31650820
Internal linked funds carried forward (39+49)	59	35815223	34633514

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 2011**

 Units **£000**

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

Number of new policyholders / scheme members for direct insurance business

Regular premium business	11	286902	39432	241	326575	355796
Single premium business	12	22042	83703		105745	73954
Total	13	308944	123135	241	432320	429750

Amount of new regular premiums

Direct insurance business	21	104473	232847	6007	343327	376684
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	104473	232847	6007	343327	376684

Amount of new single premiums

Direct insurance business	25	796286	2425300	12459	3234045	2860700
External reinsurance	26					
Intra-group reinsurance	27					90104
Total	28	796286	2425300	12459	3234045	2950804

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 2011**

Units **£000**

UK Life / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
195	Annuity with-profits (PLA)				655
300	Regular premium non-profit WL/EA OB	35282	8001		
305	Single premium non-profit WL/EA OB			1115	1287
325	Level term assurance	143189	45223		
330	Decreasing term assurance	60206	12771		(193)
340	Accelerated critical illness (guaranteed premiums)	29668	14675		
345	Accelerated critical illness (reviewable premiums)	10119	6426		
360	Income protection non-profit (guaranteed premiums)	3919	15625		
365	Income protection non-profit (reviewable premiums)	4519	1539		
395	Annuity non-profit (PLA)				213
500	Life UWP single premium			7297	212389
505	Life UWP whole life regular premium		60		
700	Life property linked single premium			13630	581935
710	Life property linked whole life regular premium		146		
780	Stand-alone critical illness rider		7		

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 2011**

Units **£000**

UK Pension / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
200	Annuity with-profits (CPA)			211	12465
390	Deferred annuity non-profit	25	4057	63	50979
395	Annuity non-profit (PLA)			75	4080
400	Annuity non-profit (CPA)			86	1064
410	Group Life	350	30285		
525	Individual pensions UWP	69	254	248	4569
530	Individual pensions UWP - increments		2531		14959
535	Group money purchase pensions UWP	244	3876	174	13831
540	Group money purchase pensions UWP - increments		1761		499
565	DWP National Insurance rebates UWP				1698
571	Trustee investment plan UWP			9	494
725	Individual pensions property linked	6874	26433	14529	257482
730	Individual pensions property linked - increments		52985		441906
735	Group money purchase pensions property linked	31870	42530	67691	451672
740	Group money purchase pensions property linked - increments		68135		904791
745	DWP National Insurance rebates property linked				188109
750	Income drawdown property linked			555	71602
755	Trustee investment plan			62	5100

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 2011**Units **£000**

Overseas / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
300	Regular premium non-profit WL/EA OB	241	88		
525	Individual pensions UWP		72		402
725	Individual pensions property linked		5847		12057

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 2011**
 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	6037	10343	367	3.81	
Approved fixed interest securities	12	950510	951152	39456	2.53	
Other fixed interest securities	13	3770217	3815179	215490	4.17	
Variable interest securities	14	408550	411798	9604	0.52	
UK listed equity shares	15	13872	97729	2929	3.12	
Non-UK listed equity shares	16		10183	284	3.40	
Unlisted equity shares	17	27	34			
Other assets	18	2349749	2202544	21916	1.33	
Total	19	7498962	7498962	290046	2.91	

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

Land and buildings	21	2641472	7838870	236229	3.01	5.22
Approved fixed interest securities	22	8929880	8814780	346002	2.27	19.73
Other fixed interest securities	23	3514699	5162344	265692	3.97	6.63
Variable interest securities	24	3918651	5667308	93598	0.51	
UK listed equity shares	25	4616567	6148857	203124	3.30	(4.48)
Non-UK listed equity shares	26	2390212	4192667	96900	2.31	(11.00)
Unlisted equity shares	27	205496	248062	2636	1.06	16.36
Other assets	28	19088576	7232665	78878	1.09	(0.71)
Total	29	45305553	45305553	1323059	2.32	3.85

Overall return on with-profits assets

Post investment costs but pre-tax	31					(0.29)
Return allocated to non taxable 'asset shares'	32					(0.16)
Return allocated to taxable 'asset shares'	33					(0.28)

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 2011**

 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	587910	587910	24682	2.68	
Other fixed interest securities	13	192074	192074	8742	4.40	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	114400	114400	903		
Total	19	894384	894384	34327	2.71	

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

Land and buildings	21	1042629	3162219	85392	2.70	4.41
Approved fixed interest securities	22	4558746	4013822	168513	2.68	23.71
Other fixed interest securities	23	1896867	2895935	131798	4.40	6.77
Variable interest securities	24	1098646	1167650	20207	1.49	
UK listed equity shares	25	2092181	2550512	87274	3.42	(4.46)
Non-UK listed equity shares	26	1193497	1385957	44453	3.21	(9.26)
Unlisted equity shares	27	49524	102645	2629	2.56	13.82
Other assets	28	8107043	4760393	37580	0.79	(1.20)
Total	29	20039133	20039133	577846	2.54	0.40

Overall return on with-profits assets

Post investment costs but pre-tax	31					0.27
Return allocated to non taxable 'asset shares'	32					0.40
Return allocated to taxable 'asset shares'	33					0.25

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 2011**

 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	64974	64974	2828	2.88	
Other fixed interest securities	13	144122	144122	8904	5.28	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	30908	30908	452	2.29	
Total	19	240004	240004	12184	4.25	

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

Land and buildings	21		50204	8	0.02	6.07
Approved fixed interest securities	22	379756	379756	16528	2.88	18.66
Other fixed interest securities	23	615042	647131	39981	3.58	7.09
Variable interest securities	24	395921	379263	6280	(0.42)	
UK listed equity shares	25	190694	127961	7118	5.56	(3.39)
Non-UK listed equity shares	26	24869	29505	1134	3.84	(12.61)
Unlisted equity shares	27	22	22			
Other assets	28	172550	165012	2415	1.31	0.67
Total	29	1778854	1778854	73464	2.41	6.67

Overall return on with-profits assets

Post investment costs but pre-tax	31					6.55
Return allocated to non taxable 'asset shares'	32					6.67
Return allocated to taxable 'asset shares'	33					5.51

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 2011**

 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				
Other fixed interest securities	13	74822	74822	1.97	
Variable interest securities	14				
UK listed equity shares	15				
Non-UK listed equity shares	16				
Unlisted equity shares	17				
Other assets	18	4534	4534		
Total	19	79356	79356	1.86	

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 2011**

 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	4476	8782	361	4.42	
Approved fixed interest securities	12	111943	112585	5145	2.58	
Other fixed interest securities	13	395773	407927	25991	8.35	
Variable interest securities	14	98294	101409	6248	2.14	
UK listed equity shares	15	7879	63689	2000	2.63	
Non-UK listed equity shares	16					
Unlisted equity shares	17	27	27			
Other assets	18	1007755	931729	6146	0.71	
Total	19	1626148	1626148	45891	2.94	

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	389124	389124	1088	0.29	
Total	29	389124	389124	1088	0.29	

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 2011**

 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	1561	1561	6	0.38	
Approved fixed interest securities	12	4195	4195	141	2.69	
Other fixed interest securities	13	213769	246577	12698	7.45	
Variable interest securities	14	113508	113641	135	(0.56)	
UK listed equity shares	15	5993	34040	929	4.03	
Non-UK listed equity shares	16		10183	284	3.40	
Unlisted equity shares	17		7			
Other assets	18	1192151	1120973	14415	1.96	
Total	19	1531177	1531177	28609	2.71	

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 2011**

 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	37781	37781	1373	1.83	
Other fixed interest securities	13	2524666	2524666	145998	3.19	
Variable interest securities	14	196748	196748	3221	0.31	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	2759195	2759195	150592	2.97	

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

Land and buildings	21	1389218	4016083	130915	3.26	5.76
Approved fixed interest securities	22	3497461	3866406	140552	1.83	16.20
Other fixed interest securities	23	648813	1197389	69243	3.19	6.18
Variable interest securities	24	2106674	3575952	58547	0.31	
UK listed equity shares	25	2017624	3000463	94020	3.13	(4.54)
Non-UK listed equity shares	26	1010532	2393213	44217	1.85	(11.85)
Unlisted equity shares	27	134795	125877	6		18.16
Other assets	28	9256446	1886180	33058	1.75	0.25
Total	29	20061563	20061563	570558	2.10	(1.17)

Overall return on with-profits assets

Post investment costs but pre-tax	31					(1.30)
Return allocated to non taxable 'asset shares'	32					(1.17)
Return allocated to taxable 'asset shares'	33					(1.20)

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 2011**

 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	143707	143707	5287	1.88	
Other fixed interest securities	13	224991	224991	13157	3.79	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	368698	368698	18444	3.05	

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

Land and buildings	21	209625	610364	19914	3.26	5.76
Approved fixed interest securities	22	493917	554796	20409	1.88	16.20
Other fixed interest securities	23	353977	421889	24670	3.79	6.18
Variable interest securities	24	317410	544443	8564	0.35	
UK listed equity shares	25	316068	469921	14712	3.13	(4.54)
Non-UK listed equity shares	26	161314	383992	7096	1.85	(11.85)
Unlisted equity shares	27	21155	19518	1		18.16
Other assets	28	1160860	29403	4737	16.11	0.25
Total	29	3034326	3034326	100103	2.46	(1.17)

Overall return on with-profits assets

Post investment costs but pre-tax	31					(1.30)
Return allocated to non taxable 'asset shares'	32					(1.17)
Return allocated to taxable 'asset shares'	33					(1.20)

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 2011**

 Category of assets **With-Profits Sub-Fund 5**

 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				
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				

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	2553	2553		
Total	29	2553	2553		

Overall return on with-profits assets

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

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

Name of insurer **Aviva Life & Pensions UK Limited**
 Financial year ended **31st December 2011**
 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	8785724	10.32	2.04	2.04
Other approved fixed interest securities	21	980208	13.12	4.54	4.54
Other fixed interest securities					
AAA/Aaa	31	1964701	8.23	2.42	2.27
AA/Aa	32	1199400	5.37	2.96	2.70
A/A	33	3541454	4.98	3.82	3.22
BBB/Baa	34	2684276	4.40	5.66	4.06
BB/Ba	35	396396	4.29	10.22	5.24
B/B	36	20226	5.05	12.58	2.30
CCC/Caa	37				
Other (including unrated)	38	(903752)	8.26	7.02	4.78
Total other fixed interest securities	39	8902701	5.21	3.93	3.12
Approved variable interest securities	41	3974276	4.42	(0.58)	(0.58)
Other variable interest securities	51	2104830	4.17	2.56	2.21
Total (11+21+39+41+51)	61	24747739	7.12	2.44	2.12

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

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

 Financial year ended **31st December 2011**

 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	4318679	12.89	2.51	2.51
Other approved fixed interest securities	21	283053	17.96	5.31	5.31
Other fixed interest securities					
AAA/Aaa	31	918169	9.05	2.29	2.10
AA/Aa	32	347285	4.37	2.47	2.23
A/A	33	783236	4.55	3.62	3.05
BBB/Baa	34	951508	4.03	5.98	4.33
BB/Ba	35	204683	3.77	10.53	5.80
B/B	36	10743	5.52	10.87	2.08
CCC/Caa	37				
Other (including unrated)	38	(127615)	2.01	1.41	(1.44)
Total other fixed interest securities	39	3088009	5.76	4.40	3.43
Approved variable interest securities	41	763674	12.74	(0.33)	(0.33)
Other variable interest securities	51	403976	1.16	4.94	4.52
Total (11+21+39+41+51)	61	8857391	10.02	3.12	2.77

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

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

 Financial year ended **31st December 2011**

 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	142544	12.17	2.46	2.46
Other approved fixed interest securities	21	302186	7.57	3.08	3.08
Other fixed interest securities					
AAA/Aaa	31	180113	8.43	3.13	2.95
AA/Aa	32	140213	8.30	4.24	3.94
A/A	33	285858	6.48	5.59	4.91
BBB/Baa	34	125229	4.02	7.25	5.61
BB/Ba	35	27134	4.82	12.46	8.65
B/B	36	79	0.65	16.84	9.77
CCC/Caa	37				
Other (including unrated)	38	32627	5.47	(28.43)	(30.06)
Total other fixed interest securities	39	791253	6.76	3.89	3.09
Approved variable interest securities	41	321000	10.73	(0.44)	(0.44)
Other variable interest securities	51	58263	14.30	(0.27)	(0.50)
Total (11+21+39+41+51)	61	1615246	8.45	2.60	2.20

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

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

 Financial year ended **31st December 2011**

 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	69746	9.44	1.86	1.86
Other approved fixed interest securities	21	42839	9.71	3.70	3.70
Other fixed interest securities					
AAA/Aaa	31	48772	8.54	2.70	2.59
AA/Aa	32	37218	7.06	3.76	3.44
A/A	33	110514	5.72	4.65	3.76
BBB/Baa	34	119613	6.79	7.65	5.78
BB/Ba	35	76293	5.32	9.59	3.32
B/B	36	7965	4.65	14.33	1.61
CCC/Caa	37				
Other (including unrated)	38	7552	8.78	4.55	2.68
Total other fixed interest securities	39	407927	6.45	6.33	4.04
Approved variable interest securities	41	10079	8.29	(0.04)	(0.04)
Other variable interest securities	51	91330	10.40	2.21	1.78
Total (11+21+39+41+51)	61	621921	7.62	4.94	3.37

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

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

 Financial year ended **31st December 2011**

 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	4195	18.34	2.67	2.67
Other approved fixed interest securities	21				
Other fixed interest securities					
AAA/Aaa	31	1315	9.84	4.36	4.25
AA/Aa	32	31556	10.08	4.18	3.86
A/A	33	124872	7.69	5.33	4.44
BBB/Baa	34	65278	6.79	6.23	4.36
BB/Ba	35	21802	5.68	11.25	4.98
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	1754	7.58	4.16	2.29
Total other fixed interest securities	39	246577	7.59	5.93	4.38
Approved variable interest securities	41	107582	6.35	(1.18)	(1.18)
Other variable interest securities	51	6059	2.92	6.33	5.58
Total (11+21+39+41+51)	61	364413	7.27	3.80	2.74

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

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

 Financial year ended **31st December 2011**

 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	3607407	7.57	1.54	1.54
Other approved fixed interest securities	21	296780	14.57	5.34	5.34
Other fixed interest securities					
AAA/Aaa	31	701567	7.23	2.39	2.29
AA/Aa	32	551765	4.93	2.84	2.58
A/A	33	1909363	4.75	3.52	2.95
BBB/Baa	34	1225254	4.33	5.07	3.53
BB/Ba	35	43504	4.02	7.97	3.64
B/B	36	179	0.03	6.46	(1.59)
CCC/Caa	37				
Other (including unrated)	38	(709577)	9.12	6.57	4.47
Total other fixed interest securities	39	3722055	4.26	3.19	2.68
Approved variable interest securities	41	2430054	4.82	(0.64)	(0.64)
Other variable interest securities	51	1342646	4.21	2.05	1.73
Total (11+21+39+41+51)	61	11398942	5.69	1.77	1.57

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

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

 Financial year ended **31st December 2011**

 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	643153	8.06	1.61	1.61
Other approved fixed interest securities	21	55350	13.57	5.02	5.02
Other fixed interest securities					
AAA/Aaa	31	114765	7.28	2.42	2.32
AA/Aa	32	91363	4.97	2.87	2.61
A/A	33	327611	4.77	3.69	3.12
BBB/Baa	34	197394	4.57	5.40	3.86
BB/Ba	35	22980	4.05	10.22	5.89
B/B	36	1260	4.49	16.62	8.57
CCC/Caa	37				
Other (including unrated)	38	(108493)	9.14	5.70	3.46
Total other fixed interest securities	39	646880	4.42	3.79	3.18
Approved variable interest securities	41	341887	4.82	(0.63)	(0.63)
Other variable interest securities	51	202556	4.24	2.02	1.67
Total (11+21+39+41+51)	61	1889826	5.98	2.09	1.85

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 2011**
 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	7292192	4714005	272725	12278922	12558296
Form 51 - non-profit	12	2550996	4781522	205897	7538415	6400404
Form 52	13	11829916	10034894	520461	22385271	23641168
Form 53 - linked	14	9613929	27121913	426733	37162575	35717051
Form 53 - non-linked	15	123222	344382	7934	475538	374592
Form 54 - linked	16	519932	553		520485	526
Form 54 - non-linked	17	83387	111	3985	87483	67373
Total	18	32013574	46997380	1437735	80448689	78759410

Reinsurance - external

Form 51 - with-profits	21			87373	87373	87259
Form 51 - non-profit	22	1708020	954063	54758	2716841	2023995
Form 52	23	4258	2461		6719	
Form 53 - linked	24	37922	1386247		1424169	1170353
Form 53 - non-linked	25	3962	208		4170	28
Form 54 - linked	26	1424			1424	
Form 54 - non-linked	27	5			5	
Total	28	1755591	2342979	142131	4240701	3281635

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32	5584		104142	109726	97461
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37	639		3985	4624	4104
Total	38	6223		108127	114350	101565

Net of reinsurance

Form 51 - with-profits	41	7292192	4714005	185352	12191549	12471037
Form 51 - non-profit	42	837392	3827459	46997	4711848	4278948
Form 52	43	11825658	10032433	520461	22378552	23641168
Form 53 - linked	44	9576007	25735666	426733	35738406	34546698
Form 53 - non-linked	45	119260	344174	7934	471368	374564
Form 54 - linked	46	518508	553		519061	526
Form 54 - non-linked	47	82743	111		82854	63269
Total	48	30251760	44654401	1187477	76093638	75376210

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 2011**

 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	3716078	3726544	162617	7605239	7831618
Form 51 - non-profit	12		832986	26997	859983	735047
Form 52	13	1206448	5258896	241830	6707174	6934697
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	4922526	9818426	431444	15172396	15501362

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	3716078	3726544	162617	7605239	7831618
Form 51 - non-profit	42		832986	26997	859983	735047
Form 52	43	1206448	5258896	241830	6707174	6934697
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	4922526	9818426	431444	15172396	15501362

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 2011**

 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	77845	436344		514189	531963
Form 51 - non-profit	12	20036	167149		187185	177748
Form 52	13		873199		873199	908724
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	97881	1476692		1574573	1618435

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	1595			1595	1853
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	1595			1595	1853

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	77845	436344		514189	531963
Form 51 - non-profit	42	18441	167149		185590	175895
Form 52	43		873199		873199	908724
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	96286	1476692		1572978	1616582

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 2011**

 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			87373	87373	87259
Form 51 - non-profit	12			40103	40103	43197
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18			127476	127476	130456

Reinsurance - external

Form 51 - with-profits	21			87373	87373	87259
Form 51 - non-profit	22			40103	40103	43197
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28			127476	127476	130456

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 2011**

 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	2982587	447795	19267	3449649	3501242
Form 51 - non-profit	12	496416	2087220	15508	2599144	2441115
Form 52	13	9525955	2581668	223930	12331553	13298329
Form 53 - linked	14	431	12047	50821	63299	78853
Form 53 - non-linked	15	39375	50283	3142	92800	120350
Form 54 - linked	16		488		488	464
Form 54 - non-linked	17		98		98	98
Total	18	13044764	5179599	312668	18537031	19440451

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	94414	1555	677	96646	61910
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	94414	1555	677	96646	61910

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	2982587	447795	19267	3449649	3501242
Form 51 - non-profit	42	402002	2085665	14831	2502498	2379205
Form 52	43	9525955	2581668	223930	12331553	13298329
Form 53 - linked	44	431	12047	50821	63299	78853
Form 53 - non-linked	45	39375	50283	3142	92800	120350
Form 54 - linked	46		488		488	464
Form 54 - non-linked	47		98		98	98
Total	48	12950350	5178044	311991	18440385	19378541

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 2011**

 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	515682	103322	3468	622472	606214
Form 51 - non-profit	12	73588	270081	2117	345786	327002
Form 52	13	1090980	512558	53909	1657447	1685995
Form 53 - linked	14	58	1604	6766	8428	10499
Form 53 - non-linked	15	5244	6695	418	12357	16024
Form 54 - linked	16		65		65	62
Form 54 - non-linked	17		13		13	13
Total	18	1685552	894338	66678	2646568	2645809

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	11927	207	109	12243	7871
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	11927	207	109	12243	7871

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	515682	103322	3468	622472	606214
Form 51 - non-profit	42	61661	269874	2008	333543	319131
Form 52	43	1090980	512558	53909	1657447	1685995
Form 53 - linked	44	58	1604	6766	8428	10499
Form 53 - non-linked	45	5244	6695	418	12357	16024
Form 54 - linked	46		65		65	62
Form 54 - non-linked	47		13		13	13
Total	48	1673625	894131	66569	2634325	2637938

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 2011**

 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		777614	777614	786102
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		777614	777614	786102

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		777614	777614	786102
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48		777614	777614	786102

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 5**

 Financial year ended **31st December 2011**

 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	5725	3089	8814	
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	5725	3089	8814	

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23	4258	2461	6719	
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	4258	2461	6719	

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	1467	628	2095	
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	1467	628	2095	

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 2011**

 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	1634715	184293	790	1819798	1127312
Form 52	13	808			808	769
Form 53 - linked	14	9613440	1261251	1546	10876237	9887771
Form 53 - non-linked	15	78603	25176	161	103940	2334
Form 54 - linked	16	519932			519932	
Form 54 - non-linked	17	24678			24678	11874
Total	18	11872176	1470720	2497	13345393	11030060

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	1562455	146116	3496	1712067	1204010
Form 52	23					
Form 53 - linked	24	37922			37922	
Form 53 - non-linked	25	3962	208		4170	28
Form 54 - linked	26	1424			1424	
Form 54 - non-linked	27	5			5	
Total	28	1605768	146324	3496	1755588	1204038

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32	5584			5584	5463
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37	639			639	646
Total	38	6223			6223	6109

Net of reinsurance

Form 51 - with-profits	41					
Form 51 - non-profit	42	66676	38177	(2706)	102147	(82161)
Form 52	43	808			808	769
Form 53 - linked	44	9575518	1261251	1546	10838315	9887771
Form 53 - non-linked	45	74641	24968	161	99770	2306
Form 54 - linked	46	518508			518508	
Form 54 - non-linked	47	24034			24034	11228
Total	48	10260185	1324396	(999)	11583582	9819913

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 2011**

 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	326241	1239793	120382	1686416
Form 52	13		27870	792	28662
Form 53 - linked	14		25847011	367600	26214611
Form 53 - non-linked	15		262228	4213	266441
Form 54 - linked	16				
Form 54 - non-linked	17	58709		3985	62694
Total	18	384950	27376902	496972	28258824

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	37629	806185	10373	854187
Form 52	23				
Form 53 - linked	24		1386247		1386247
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	37629	2192432	10373	2240434

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32			104142	104142
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37			3985	3985
Total	38			108127	108127

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	288612	433608	5867	728087
Form 52	43		27870	792	28662
Form 53 - linked	44		24460764	367600	24828364
Form 53 - non-linked	45		262228	4213	266441
Form 54 - linked	46				
Form 54 - non-linked	47	58709			58709
Total	48	347321	25184470	378472	25910263

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 2011**

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	20520	829479	10135	n/a	n/a	n/a	503006
120	Conventional endowment with-profits OB savings	23893	282928	7559	n/a	n/a	n/a	203080
125	Conventional endowment with-profits OB target cash	171134	2643326	76085	n/a	n/a	n/a	2252502
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	757479

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 2011**

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	75249	2327381	4422	n/a	n/a	n/a	3180247
165	Conventional deferred annuity with-profits	5893	20313	572	n/a	n/a	n/a	270073
175	Group conventional deferred annuity with-profits	498	1814		n/a	n/a	n/a	26260
185	Group conventional pensions endowment with-profits	2398	142552	1623	n/a	n/a	n/a	103438
200	Annuity with-profits (CPA)	3759	14682	8	n/a	n/a	n/a	129071
210	Additional reserves with-profits OB				n/a	n/a	n/a	17455
305	Single premium non-profit WL/EA OB	2641	144832		n/a	n/a	n/a	143366
390	Deferred annuity non-profit	7690	28692		n/a	n/a	n/a	612046
400	Annuity non-profit (CPA)		14081		n/a	n/a	n/a	77574

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 2011**

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	104	13689	128	n/a	n/a	n/a	7752
120	Conventional endowment with-profits OB savings	334	5831	134	n/a	n/a	n/a	4618
125	Conventional endowment with-profits OB target cash	1203	26803	790	n/a	n/a	n/a	22472
155	Conventional pensions endowment with-profits	2562	66589	466	n/a	n/a	n/a	81998
165	Conventional deferred annuity with-profits	424	2623	228	n/a	n/a	n/a	34405
185	Group conventional pensions endowment with-profits	665	24623	777	n/a	n/a	n/a	11372
305	Single premium non-profit WL/EA OB	27	1547		n/a	n/a	n/a	1488
390	Deferred annuity non-profit	280	1972		n/a	n/a	n/a	23347
395	Annuity non-profit (PLA)		386		n/a	n/a	n/a	2162

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 2011**

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	2177	7123	41	n/a	n/a	n/a	5589
120	Conventional endowment with-profits OB savings	3067	6741	110	n/a	n/a	n/a	6060
125	Conventional endowment with-profits OB target cash	6851	49679	1445	n/a	n/a	n/a	46027
165	Conventional deferred annuity with-profits	284	55		n/a	n/a	n/a	1403
195	Annuity with-profits (PLA)	160	630		n/a	n/a	n/a	7389
205	Miscellaneous conventional with-profits	27286	68828	1354	n/a	n/a	n/a	8030
210	Additional reserves with-profits OB				n/a	n/a	n/a	3347
300	Regular premium non-profit WL/EA OB	2187	4990	53	n/a	n/a	n/a	3746
365	Income protection non-profit (reviewable premiums)	1000	7290	143	n/a	n/a	n/a	421
385	Income protection claims in payment	42	375		n/a	n/a	n/a	2861
390	Deferred annuity non-profit	455	66		n/a	n/a	n/a	496
395	Annuity non-profit (PLA)	690	628		n/a	n/a	n/a	7406
410	Group Life	587	458	16	n/a	n/a	n/a	207
420	Group income protection	111	1175	21	n/a	n/a	n/a	91
425	Group income protection claims in payment	66	576		n/a	n/a	n/a	3462
435	Miscellaneous non-profit	1514	117191	213	n/a	n/a	n/a	1346

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 2011**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
420	Group income protection		100		n/a	n/a	n/a	
425	Group income protection claims in payment		281		n/a	n/a	n/a	1595

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 2011**

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	504	372	1	n/a	n/a	n/a	13245
200	Annuity with-profits (CPA)	10562	50310		n/a	n/a	n/a	423099
390	Deferred annuity non-profit	88523	18482		n/a	n/a	n/a	165873
410	Group Life	23	2450	19	n/a	n/a	n/a	334
435	Miscellaneous non-profit	1034	49437	179	n/a	n/a	n/a	872
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 **Belgian Sub-Fund**

Financial year ended **31st December 2011**

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	70264	253386	15649	n/a	n/a	n/a	71440
120	Conventional endowment with-profits OB savings	1860	11516	110	n/a	n/a	n/a	7289
175	Group conventional deferred annuity with-profits	179	8873	302	n/a	n/a	n/a	3379
195	Annuity with-profits (PLA)	15	22		n/a	n/a	n/a	268
210	Additional reserves with-profits OB				n/a	n/a	n/a	4997
300	Regular premium non-profit WL/EA OB		261281	546	n/a	n/a	n/a	246
325	Level term assurance	92160	4015899	9717	n/a	n/a	n/a	39857
435	Miscellaneous non-profit			199	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 8)

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

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

Financial year ended **31st December 2011**

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		253386	15649	n/a	n/a	n/a	71440
120	Conventional endowment with-profits OB savings		11516	110	n/a	n/a	n/a	7289
175	Group conventional deferred annuity with-profits		8873	302	n/a	n/a	n/a	3379
195	Annuity with-profits (PLA)		22		n/a	n/a	n/a	268
210	Additional reserves with-profits OB				n/a	n/a	n/a	4997
300	Regular premium non-profit WL/EA OB		261281	546	n/a	n/a	n/a	246
325	Level term assurance		4015899	9717	n/a	n/a	n/a	39857
435	Miscellaneous non-profit			199	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 **New With-Profits Sub-Fund**

Financial year ended **31st December 2011**

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	28839	789988	17616	n/a	n/a	n/a	340407
120	Conventional endowment with-profits OB savings	11549	198649	5072	n/a	n/a	n/a	143280
125	Conventional endowment with-profits OB target cash	152776	2837588	93755	n/a	n/a	n/a	2013372
175	Group conventional deferred annuity with-profits	12	1764	26	n/a	n/a	n/a	2053
205	Miscellaneous conventional with-profits	104	6720	64	n/a	n/a	n/a	5682
210	Additional reserves with-profits OB				n/a	n/a	n/a	477793
300	Regular premium non-profit WL/EA OB	30326	124318	1390	n/a	n/a	n/a	98039
305	Single premium non-profit WL/EA OB	407	1029		n/a	n/a	n/a	1209
325	Level term assurance	47763	3882144	11302	n/a	n/a	n/a	28478
330	Decreasing term assurance	32018	3567252	20118	n/a	n/a	n/a	98991
340	Accelerated critical illness (guaranteed premiums)	44180	1825092	8399	n/a	n/a	n/a	55731
360	Income protection non-profit (guaranteed premiums)	3136	69654	423	n/a	n/a	n/a	(14)
390	Deferred annuity non-profit	10944	12126	30	n/a	n/a	n/a	27328
395	Annuity non-profit (PLA)	1330	1284		n/a	n/a	n/a	10726
400	Annuity non-profit (CPA)	5916	10411		n/a	n/a	n/a	138263
410	Group Life	154	1145		n/a	n/a	n/a	27
415	Collective Life	941	32717	114	n/a	n/a	n/a	114
435	Miscellaneous non-profit	3227	466453	1474	n/a	n/a	n/a	29434
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)

Form 51
(Sheet 10)

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

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

Financial year ended **31st December 2011**

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		2533459	6779	n/a	n/a	n/a	16994
330	Decreasing term assurance		838335	7856	n/a	n/a	n/a	54234
340	Accelerated critical illness (guaranteed premiums)		853532	4182	n/a	n/a	n/a	23515
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)

Form 51
(Sheet 11)

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

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

Financial year ended **31st December 2011**

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	6768	255346	922	n/a	n/a	n/a	288186
175	Group conventional deferred annuity with-profits	1372	4257	17	n/a	n/a	n/a	59046
185	Group conventional pensions endowment with-profits	462	27450	186	n/a	n/a	n/a	34052
200	Annuity with-profits (CPA)	683	2720		n/a	n/a	n/a	15620
205	Miscellaneous conventional with-profits	1316	17702	35	n/a	n/a	n/a	787
210	Additional reserves with-profits OB				n/a	n/a	n/a	50104
300	Regular premium non-profit WL/EA OB	3198	7697		n/a	n/a	n/a	17182
325	Level term assurance	4896	330154	1102	n/a	n/a	n/a	2613
330	Decreasing term assurance	739	4040	10	n/a	n/a	n/a	48
390	Deferred annuity non-profit	25996	34077	3	n/a	n/a	n/a	545346
400	Annuity non-profit (CPA)	74917	132404		n/a	n/a	n/a	1516684
410	Group Life	398	173550	862	n/a	n/a	n/a	761
435	Miscellaneous non-profit	7420	101005	169	n/a	n/a	n/a	4586

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 12)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2011**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		222617	786	n/a	n/a	n/a	1536
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)

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 2011**

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	89	3010	118	n/a	n/a	n/a	1031
120	Conventional endowment with-profits OB savings	85	1822	63	n/a	n/a	n/a	1246
125	Conventional endowment with-profits OB target cash	490	17551	575	n/a	n/a	n/a	11970
175	Group conventional deferred annuity with-profits	54	402	62	n/a	n/a	n/a	4982
205	Miscellaneous conventional with-profits	12	10	1	n/a	n/a	n/a	38
300	Regular premium non-profit WL/EA OB	34	152	1	n/a	n/a	n/a	110
325	Level term assurance	537	80544	267	n/a	n/a	n/a	409
330	Decreasing term assurance	617	53672	211	n/a	n/a	n/a	146
340	Accelerated critical illness (guaranteed premiums)	579	36034	188	n/a	n/a	n/a	598
360	Income protection non-profit (guaranteed premiums)	4	198	1	n/a	n/a	n/a	
390	Deferred annuity non-profit	1	1		n/a	n/a	n/a	20
400	Annuity non-profit (CPA)	223	1218		n/a	n/a	n/a	14066
410	Group Life	7	61		n/a	n/a	n/a	
435	Miscellaneous non-profit	48	4460	10	n/a	n/a	n/a	159

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 14)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **New With-Profits Sub-Fund**Financial year ended **31st December 2011**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		47716	110	n/a	n/a	n/a	262
330	Decreasing term assurance		15496	65	n/a	n/a	n/a	35
340	Accelerated critical illness (guaranteed premiums)		17012	78	n/a	n/a	n/a	380

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 **Old With-Profits Sub-Fund**

Financial year ended **31st December 2011**

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	4123	114825	2008	n/a	n/a	n/a	42824
120	Conventional endowment with-profits OB savings	2260	37842	1081	n/a	n/a	n/a	24548
125	Conventional endowment with-profits OB target cash	30073	538164	18383	n/a	n/a	n/a	338507
175	Group conventional deferred annuity with-profits	12	1735	4	n/a	n/a	n/a	1878
205	Miscellaneous conventional with-profits	31	1084	8	n/a	n/a	n/a	946
210	Additional reserves with-profits OB				n/a	n/a	n/a	106979
300	Regular premium non-profit WL/EA OB	4136	16552	185	n/a	n/a	n/a	13053
305	Single premium non-profit WL/EA OB	55	137		n/a	n/a	n/a	161
325	Level term assurance	6733	523586	1512	n/a	n/a	n/a	3818
330	Decreasing term assurance	4372	644619	2875	n/a	n/a	n/a	14479
340	Accelerated critical illness (guaranteed premiums)	7936	365688	1427	n/a	n/a	n/a	13438
360	Income protection non-profit (guaranteed premiums)	436	9290	56	n/a	n/a	n/a	(2)
390	Deferred annuity non-profit	1489	1667	4	n/a	n/a	n/a	3779
395	Annuity non-profit (PLA)	178	171		n/a	n/a	n/a	1428
400	Annuity non-profit (CPA)	809	1386		n/a	n/a	n/a	18409
410	Group Life	38	62		n/a	n/a	n/a	6
415	Collective Life	125	4356	15	n/a	n/a	n/a	15
435	Miscellaneous non-profit	428	60936	189	n/a	n/a	n/a	3927
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)

Form 51
(Sheet 16)

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

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

Financial year ended **31st December 2011**

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		337374	903	n/a	n/a	n/a	2263
330	Decreasing term assurance		122571	908	n/a	n/a	n/a	6576
340	Accelerated critical illness (guaranteed premiums)		113643	557	n/a	n/a	n/a	3131
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)

Form 51
(Sheet 17)

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

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

Financial year ended **31st December 2011**

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	1925	50662	170	n/a	n/a	n/a	56811
175	Group conventional deferred annuity with-profits	1138	1393	2	n/a	n/a	n/a	18582
185	Group conventional pensions endowment with-profits	506	16929	77	n/a	n/a	n/a	20177
200	Annuity with-profits (CPA)	42	122		n/a	n/a	n/a	676
205	Miscellaneous conventional with-profits	268	3143	6	n/a	n/a	n/a	233
210	Additional reserves with-profits OB				n/a	n/a	n/a	6843
300	Regular premium non-profit WL/EA OB	436	1025		n/a	n/a	n/a	2288
325	Level term assurance	668	43958	147	n/a	n/a	n/a	348
330	Decreasing term assurance	98	538	1	n/a	n/a	n/a	6
390	Deferred annuity non-profit	4623	4826		n/a	n/a	n/a	64784
400	Annuity non-profit (CPA)	10186	17629		n/a	n/a	n/a	201938
410	Group Life	106	23938	118	n/a	n/a	n/a	107
435	Miscellaneous non-profit	996	15093	22	n/a	n/a	n/a	610

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 18)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2011**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		29640	105	n/a	n/a	n/a	205
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)

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 2011**

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	18	133	4	n/a	n/a	n/a	59
120	Conventional endowment with-profits OB savings	20	605	24	n/a	n/a	n/a	284
125	Conventional endowment with-profits OB target cash	112	3399	114	n/a	n/a	n/a	2126
175	Group conventional deferred annuity with-profits	19	76	6	n/a	n/a	n/a	994
205	Miscellaneous conventional with-profits	2	1		n/a	n/a	n/a	5
300	Regular premium non-profit WL/EA OB	5	20		n/a	n/a	n/a	15
325	Level term assurance	73	10724	36	n/a	n/a	n/a	54
330	Decreasing term assurance	84	7597	31	n/a	n/a	n/a	46
340	Accelerated critical illness (guaranteed premiums)	79	5434	28	n/a	n/a	n/a	105
360	Income protection non-profit (guaranteed premiums)	1	26		n/a	n/a	n/a	
390	Deferred annuity non-profit				n/a	n/a	n/a	3
400	Annuity non-profit (CPA)	30	162		n/a	n/a	n/a	1873
410	Group Life	10	78		n/a	n/a	n/a	
435	Miscellaneous non-profit	6	514	1	n/a	n/a	n/a	21

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 20)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Old With-Profits Sub-Fund**Financial year ended **31st December 2011**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		6353	15	n/a	n/a	n/a	35
330	Decreasing term assurance		2055	10	n/a	n/a	n/a	23
340	Accelerated critical illness (guaranteed premiums)		2265	10	n/a	n/a	n/a	51

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 **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2011**

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	248009	869895	47375	n/a	n/a	n/a	195975
305	Single premium non-profit WL/EA OB	2992	64488		n/a	n/a	n/a	62784
325	Level term assurance	1095918	158652366	329819	n/a	n/a	n/a	992870
330	Decreasing term assurance	467346	44778249	111038	n/a	n/a	n/a	(68901)
340	Accelerated critical illness (guaranteed premiums)	399661	33774698	191406	n/a	n/a	n/a	101399
345	Accelerated critical illness (reviewable premiums)	145023	13916746	86198	n/a	n/a	n/a	(76439)
350	Stand-alone critical illness (guaranteed premiums)	4061	226816	1158	n/a	n/a	n/a	6965
355	Stand-alone critical illness (reviewable premiums)	1008	38106	283	n/a	n/a	n/a	808
360	Income protection non-profit (guaranteed premiums)	2101	96466	520	n/a	n/a	n/a	993
390	Deferred annuity non-profit	784	1188	545	n/a	n/a	n/a	22131
395	Annuity non-profit (PLA)	2193	1753	1	n/a	n/a	n/a	49677
400	Annuity non-profit (CPA)	587	211		n/a	n/a	n/a	2154
410	Group Life	48861	7605484	8939	n/a	n/a	n/a	4340
415	Collective Life		3081746		n/a	n/a	n/a	29791
435	Miscellaneous non-profit	269	122544	28	n/a	n/a	n/a	43093
440	Additional reserves non-profit OB		2851068	252	n/a	n/a	n/a	267075

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

Form 51
(Sheet 22)

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

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

Financial year ended **31st December 2011**

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		286827	7119	n/a	n/a	n/a	133451
325	Level term assurance		146689965	200950	n/a	n/a	n/a	1138078
330	Decreasing term assurance		39504175	57889	n/a	n/a	n/a	14279
340	Accelerated critical illness (guaranteed premiums)		27549062	114834	n/a	n/a	n/a	146790
345	Accelerated critical illness (reviewable premiums)		10634445	36644	n/a	n/a	n/a	(1615)
350	Stand-alone critical illness (guaranteed premiums)		151132	851	n/a	n/a	n/a	5505
355	Stand-alone critical illness (reviewable premiums)		26919	113	n/a	n/a	n/a	690
360	Income protection non-profit (guaranteed premiums)		5428	177	n/a	n/a	n/a	910
395	Annuity non-profit (PLA)				n/a	n/a	n/a	197
410	Group Life				n/a	n/a	n/a	4105
415	Collective Life		219052		n/a	n/a	n/a	22542
435	Miscellaneous non-profit		844		n/a	n/a	n/a	6547
440	Additional reserves non-profit OB			240	n/a	n/a	n/a	90976

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 23)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 1**Financial year ended **31st December 2011**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)		392		n/a	n/a	n/a	3430
400	Annuity non-profit (CPA)		211		n/a	n/a	n/a	2154

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 2011**

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
325	Level term assurance	2604	436654	1406	n/a	n/a	n/a	201
330	Decreasing term assurance	1112	144869	535	n/a	n/a	n/a	(426)
390	Deferred annuity non-profit		10721		n/a	n/a	n/a	9022
395	Annuity non-profit (PLA)		4194		n/a	n/a	n/a	3875
400	Annuity non-profit (CPA)	12561	7560		n/a	n/a	n/a	144784
440	Additional reserves non-profit OB				n/a	n/a	n/a	26837

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

Form 51
(Sheet 25)

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

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

Financial year ended **31st December 2011**

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		341287	545	n/a	n/a	n/a	1132
330	Decreasing term assurance		115572	256	n/a	n/a	n/a	196
400	Annuity non-profit (CPA)		7560		n/a	n/a	n/a	144784
440	Additional reserves non-profit OB				n/a	n/a	n/a	4

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

Form 51
(Sheet 26)

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

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

Financial year ended **31st December 2011**

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	976	304003	698	n/a	n/a	n/a	1796
330	Decreasing term assurance	1052	251701	442	n/a	n/a	n/a	(392)
340	Accelerated critical illness (guaranteed premiums)	1547	110807	624	n/a	n/a	n/a	(510)
345	Accelerated critical illness (reviewable premiums)	192	17001	80	n/a	n/a	n/a	(105)
440	Additional reserves non-profit OB			1	n/a	n/a	n/a	1

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

Form 51
(Sheet 27)

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

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

Financial year ended **31st December 2011**

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		302627	236	n/a	n/a	n/a	2593
330	Decreasing term assurance		250568	133	n/a	n/a	n/a	242
340	Accelerated critical illness (guaranteed premiums)		99476	287	n/a	n/a	n/a	647
345	Accelerated critical illness (reviewable premiums)		12924	22	n/a	n/a	n/a	13
440	Additional reserves non-profit OB			1	n/a	n/a	n/a	1

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

Form 51
(Sheet 28)

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

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

Financial year ended **31st December 2011**

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)	9962	745602	3718	n/a	n/a	n/a	24224
355	Stand-alone critical illness (reviewable premiums)	1359	109658	593	n/a	n/a	n/a	1319
360	Income protection non-profit (guaranteed premiums)	22927	310606	8706	n/a	n/a	n/a	(4125)
365	Income protection non-profit (reviewable premiums)	82387	991296	28809	n/a	n/a	n/a	(22657)
370	Long-term care policy	7396	40873	4954	n/a	n/a	n/a	98050
385	Income protection claims in payment				n/a	n/a	n/a	37536
415	Collective Life	42202	717378		n/a	n/a	n/a	17999
420	Group income protection	176707	5699911	46289	n/a	n/a	n/a	44767
425	Group income protection claims in payment				n/a	n/a	n/a	87612
435	Miscellaneous non-profit	448	3481	588	n/a	n/a	n/a	
440	Additional reserves non-profit OB				n/a	n/a	n/a	41516

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

Form 51
(Sheet 29)

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

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

Financial year ended **31st December 2011**

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)		458797	2241	n/a	n/a	n/a	14162
355	Stand-alone critical illness (reviewable premiums)		80731	356	n/a	n/a	n/a	1317
360	Income protection non-profit (guaranteed premiums)		75570	2147	n/a	n/a	n/a	926
365	Income protection non-profit (reviewable premiums)		417993	11531	n/a	n/a	n/a	(3220)
385	Income protection claims in payment				n/a	n/a	n/a	13008
415	Collective Life				n/a	n/a	n/a	1026
420	Group income protection		84798	1599	n/a	n/a	n/a	134
425	Group income protection claims in payment				n/a	n/a	n/a	10276

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

Form 51
(Sheet 30)

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

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

Financial year ended **31st December 2011**

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	26	6		n/a	n/a	n/a	8
325	Level term assurance	28273	4363407	7942	n/a	n/a	n/a	26815
330	Decreasing term assurance	774	110201	261	n/a	n/a	n/a	(493)
390	Deferred annuity non-profit	23381	57973	8	n/a	n/a	n/a	807613
400	Annuity non-profit (CPA)	6950	19825		n/a	n/a	n/a	260703
410	Group Life	282	114516627	118998	n/a	n/a	n/a	60600
411	Group death in service dependants' annuities		946442	26577	n/a	n/a	n/a	13888
435	Miscellaneous non-profit	6592	5394	23	n/a	n/a	n/a	11399
440	Additional reserves non-profit OB				n/a	n/a	n/a	59260

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

Form 51
(Sheet 31)

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

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

Financial year ended **31st December 2011**

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		3703431	6564	n/a	n/a	n/a	25145
330	Decreasing term assurance		97696	162	n/a	n/a	n/a	(156)
390	Deferred annuity non-profit		54905		n/a	n/a	n/a	780248
400	Annuity non-profit (CPA)		144		n/a	n/a	n/a	745
410	Group Life		1609016	1024	n/a	n/a	n/a	203

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 2011**

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	115
325	Level term assurance	6350	1441671	3391	n/a	n/a	n/a	12753
330	Decreasing term assurance	6835	953464	2287	n/a	n/a	n/a	(2024)
340	Accelerated critical illness (guaranteed premiums)	5951	628078	3632	n/a	n/a	n/a	826
345	Accelerated critical illness (reviewable premiums)	445	65787	357	n/a	n/a	n/a	(172)
390	Deferred annuity non-profit	42	189		n/a	n/a	n/a	2486
400	Annuity non-profit (CPA)	3316	6971		n/a	n/a	n/a	104142
410	Group Life	5008	2212198	2595	n/a	n/a	n/a	1278
411	Group death in service dependants' annuities		32975	874	n/a	n/a	n/a	392
435	Miscellaneous non-profit	8	18182		n/a	n/a	n/a	526
440	Additional reserves non-profit OB			12	n/a	n/a	n/a	60

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

Form 51
(Sheet 33)

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

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

Financial year ended **31st December 2011**

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		1289074	2648	n/a	n/a	n/a	10784
330	Decreasing term assurance		832903	1559	n/a	n/a	n/a	(1040)
340	Accelerated critical illness (guaranteed premiums)		501172	2400	n/a	n/a	n/a	773
345	Accelerated critical illness (reviewable premiums)		48890	214	n/a	n/a	n/a	(156)
440	Additional reserves non-profit OB			12	n/a	n/a	n/a	12

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 34)Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2011**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)		6971		n/a	n/a	n/a	104142

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 2011**

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	32276	983247		973059	978464		978464
505	Life UWP whole life regular premium	10477	33674	5554	33674	34055		34055
510	Life UWP endowment regular premium - savings	1437	18923	937	18923	19023		19023
515	Life UWP endowment regular premium £ target cash	12651	173993	10432	173993	174906		174906

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 2011**

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	240487	4057985	27884	4057921	4293680		4293680
535	Group money purchase pensions UWP	99198	865139	18271	864916	949480		949480
570	Income drawdown UWP	9	1534		1534	1556		1556
575	Miscellaneous UWP						14180	14180

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 2011**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	8370	163469	3062	163469	168909		168909
535	Group money purchase pensions UWP	3641	70355	3931	70355	72921		72921

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 2011**

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		92624	4526	92624	92624	56496	149120
575	Miscellaneous UWP	30101	394824	2609	538458	449523	274556	724079

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 2011**

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	236312	8817354		8735528	8787406	3101	8790507
505	Life UWP whole life regular premium	2314	9523	1795	9523	9502	(2)	9500
510	Life UWP endowment regular premium - savings		19	1	19	18		18
515	Life UWP endowment regular premium – target cash	3678	53567	4302	53567	52129	(11)	52118
575	Miscellaneous UWP	4511	725340		718158	673812		673812

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 2011**

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	48069	1277505	21441	1359325	1366214	56561	1422775
535	Group money purchase pensions UWP	24116	504623	21431	540279	538947	(8)	538940
571	Trustee investment plan UWP	443	44458		43494	42400		42400
575	Miscellaneous UWP	8274	146648	1836	494700	494700	71647	566347
610	Additional reserves UWP						11206	11206

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 2011**

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	2696	111737		110819	109140		109140
505	Life UWP whole life regular premium	76	1069	71	1059	1037		1037
510	Life UWP endowment regular premium - savings	189	5033	253	3147	3130		3130
525	Individual pensions UWP	1785	76442	2575	99506	101186	681	101867
571	Trustee investment plan UWP	20	1699		1699	1709		1709
575	Miscellaneous UWP	52	2038	71	7165	7165	(118)	7047

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 2011**

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	29199	963391		962127	971105	411	971516
505	Life UWP whole life regular premium	553	2487	449	2487	2481	(1)	2481
515	Life UWP endowment regular premium – target cash	1220	20064	1541	20064	19574	(4)	19570
575	Miscellaneous UWP	826	104197		103083	97413		97413

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 2011**

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	18878	284752	4350	303296	310585	10459	321044
535	Group money purchase pensions UWP	5912	102826	3803	110887	112898	(2)	112897
571	Trustee investment plan UWP	114	12427		12427	12087		12087
575	Miscellaneous UWP	2529	18700	130	61169	61169	3869	65038
610	Additional reserves UWP						1492	1492

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

Form 52
(Sheet 10)

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

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

Financial year ended **31st December 2011**

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	614	23027		22855	22529		22529
505	Life UWP whole life regular premium	18	248	16	245	240		240
510	Life UWP endowment regular premium - savings	84	2359	115	1391	1386		1386
525	Individual pensions UWP	723	23655	696	28269	29094	222	29315
571	Trustee investment plan UWP	1	33		33	33		33
575	Miscellaneous UWP	8	82	1	410	410	(4)	406

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 2011**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	56635	624184	28366	624184	621646		621646
535	Group money purchase pensions UWP	10882	156733	12545	156733	155968		155968

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 **With-Profits Sub-Fund 5**

Financial year ended **31st December 2011**

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
515	Life UWP endowment regular premium – target cash	446	8050	159	3699	3699	976	4676
610	Additional reserves UWP						1049	1049

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 **With-Profits Sub-Fund 5**

Financial year ended **31st December 2011**

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
515	Life UWP endowment regular premium – target cash		8012	159	3699	3699	558	4258

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 14)**Name of insurer **Aviva Life & Pensions UK Limited**Total business / subfund **With-Profits Sub-Fund 5**Financial year ended **31st December 2011**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	105	2097	3	2097	2062	410	2471
610	Additional reserves UWP						618	618

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 **With-Profits Sub-Fund 5**Financial year ended **31st December 2011**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
525	Individual pensions UWP		2097	3	2097	2062	399	2461

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

**Form 52
(Sheet 16)**

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

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

Financial year ended **31st December 2011**

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		23508				97	97
505	Life UWP whole life regular premium		1335421	292			575	575
510	Life UWP endowment regular premium - savings		639	49			1	1
515	Life UWP endowment regular premium – target cash		501548	549			135	135

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

**Form 52
(Sheet 17)**

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

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

Financial year ended **31st December 2011**

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 contracts

**Form 52
(Sheet 18)**

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

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

Financial year ended **31st December 2011**

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		70498	1468			9046	9046
535	Group money purchase pensions UWP		27158	494			18818	18818
570	Income drawdown UWP		120				6	6
605	Miscellaneous protection rider		4445	173				

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

**Form 52
(Sheet 19)**

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

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

Financial year ended **31st December 2011**

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		8234	161			282	282
535	Group money purchase pensions UWP		640	8			510	510
605	Miscellaneous protection rider		496	11				

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

**Form 53
(Sheet 1)**

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

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

Financial year ended **31st December 2011**

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	63807	295533				4489	4489
710	Life property linked whole life regular premium	2408	45058	298			90	90
715	Life property linked endowment regular premium - savings	472	2735	1	501	501	1	502
720	Life property linked endowment regular premium – target cash	4362	55171	139			22	22
795	Miscellaneous property linked		85077	213	(70)	(70)	9	(61)
800	Additional reserves property linked						34764	34764

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 2011**

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	226118	76721	1526			43007	43007
735	Group money purchase pensions property linked	69764	21268	356	15059	15059	7216	22275
755	Trustee investment plan	87					60	60
795	Miscellaneous property linked		282	1	(3012)	(3012)		(3012)

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 2011**

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	1577	50822		50302	50302	47	50349
710	Life property linked whole life regular premium	75	524	35	519	519		519
715	Life property linked endowment regular premium - savings	281	4	6			2243	2243
725	Individual pensions property linked	1808		75			852	852

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

**Form 53
(Sheet 4)**

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

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

Financial year ended **31st December 2011**

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	5956	39349				598	598
710	Life property linked whole life regular premium	360	5999	40			12	12
715	Life property linked endowment regular premium - savings	64	364		67	67		67
720	Life property linked endowment regular premium – target cash	948	7346	18			3	3
795	Miscellaneous property linked		11328	28	(9)	(9)	1	(8)
800	Additional reserves property linked						4630	4630

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 2011**

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	23377	10215	203			5726	5726
735	Group money purchase pensions property linked	9416	2832	47	2005	2005	961	2966
755	Trustee investment plan	12					8	8
795	Miscellaneous property linked		37		(401)	(401)		(401)

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

**Form 53
(Sheet 6)**

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

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

Financial year ended **31st December 2011**

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	222	6767		6697	6697	6	6704
710	Life property linked whole life regular premium	10	70	5	69	69		69
715	Life property linked endowment regular premium - savings	42	1	1			299	299
725	Individual pensions property linked	476		10			113	113

Long-term insurance business: Valuation summary of property linked contracts
**Form 53
(Sheet 7)**

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

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

 Financial year ended **31st December 2011**

 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	255977	8943411		8858264	8858089	(79697)	8778392
710	Life property linked whole life regular premium	36830	2694452	18487	156867	156212	10801	167014
715	Life property linked endowment regular premium - savings	10817	462411	5032	100965	100965	233	101198
720	Life property linked endowment regular premium – target cash	30971	1027759	23648	483720	481917	968	482885
780	Stand-alone critical illness rider	5623	402882	2287	7356	7356	217	7573
790	Miscellaneous protection rider		15891	135			318	318
795	Miscellaneous property linked	3936	30054	367	8741	8741	90387	99128
800	Additional reserves property linked				160	160	55376	55535

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

**Form 53
(Sheet 8)**

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

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

Financial year ended **31st December 2011**

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
700	Life property linked single premium		38301		37922	37922		37922
710	Life property linked whole life regular premium		875025	2007			3096	3096
715	Life property linked endowment regular premium - savings		20					
720	Life property linked endowment regular premium – target cash		224480	804			102	102
780	Stand-alone critical illness rider		230688	216			157	157
790	Miscellaneous protection rider		7477	74			134	134
795	Miscellaneous property linked						351	351
800	Additional reserves property linked						122	122

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 2011**

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	92260	1355107	42709	1261741	1259403	9260	1268664
735	Group money purchase pensions property linked						14848	14848
755	Trustee investment plan	7	1848		1848	1848		1848
790	Miscellaneous protection rider		7181	132			580	580
800	Additional reserves property linked						488	488

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 2011**

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		26666	6			(2)	(2)
790	Miscellaneous protection rider		1901	33			204	204
800	Additional reserves property linked						6	6

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

**Form 53
(Sheet 11)**

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

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

Financial year ended **31st December 2011**

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		1208		1208	1208		1208
715	Life property linked endowment regular premium - savings		338	13	338	338		338
725	Individual pensions property linked						161	161

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 2011**

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	810616	15226188	476920	15061376	15038763	87052	15125814
735	Group money purchase pensions property linked	643076	9980936	466292	10031112	10030022	161298	10191319
745	DWP National Insurance rebates property linked	4850	57541		57541	57541	36	57578
750	Income drawdown property linked	7636	365298		558979	558979	153	559132
755	Trustee investment plan	1993	162910		158301	161706	262	161968
790	Miscellaneous protection rider		8350	350			15	15
800	Additional reserves property linked						13412	13412

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

**Form 53
(Sheet 13)**

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

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

Financial year ended **31st December 2011**

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		12273		37564	37564		37564
735	Group money purchase pensions property linked		1348683		1348683	1348683		1348683
790	Miscellaneous protection rider		768	10				

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

**Form 53
(Sheet 14)**

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

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

Financial year ended **31st December 2011**

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	278	5157		5157	5157		5157
715	Life property linked endowment regular premium - savings	437	7157	286	5121	5121	832	5952
725	Individual pensions property linked	17617	353717	26497	353717	352976	3375	356351
735	Group money purchase pensions property linked	78	3193	175	3193	3193	6	3199
755	Trustee investment plan	9	1153		1153	1153		1153
790	Miscellaneous protection rider		1459	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 2011**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	324	70		496	496	58	553
910	Miscellaneous index linked				(8)	(8)	40	32

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 2011**

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	43	9		66	66	8	74
910	Miscellaneous index linked				(1)	(1)	5	4

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 2011**

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
900	Life index linked single premium	25693	517729		518508	518508	1651	520159
901	Index linked income protection claims in payment	2635	38709	1087	1424	1424	5	1428
905	Index linked annuity	16	455				14452	14452
915	Additional reserves index linked		6469				8570	8570

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 2011**

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
901	Index linked income protection claims in payment		38709	1087	1424	1424	5	1428

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 1**

Financial year ended **31st December 2011**

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		86				639	639

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 2011**

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						41584	41584
902	Group index linked income protection claims in payment						17125	17125

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 2011**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	123	163				3985	3985

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

**Form 54
(Sheet 8)**

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

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

Financial year ended **31st December 2011**

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		163				3985	3985

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 2011**

 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	12 - individual pension - balanced managed fund	11755600510	Aviva Pensions Balanced Managed Accumulation S2	1.00	6.7343	6.4557	(4.14)
Aviva Pensions UK Equity	15 - Individual Pension - UK Equity	1512531436	Aviva Pensions UK Equity Accumulation S2	1.00	7.4447	7.1286	(4.25)
Aviva Life Balanced Managed	02 - Life - Balanced Managed Fund	1333554567	Aviva Life Balanced Managed Accumulation S1	0.88	3.2760	3.1356	(4.29)
Aviva Pensions Property	17 - Individual Pension - Property	1182603493	Aviva Pensions Property Accumulation S2	0.88	5.6609	6.1625	8.86
Aviva Pensions Defensive Managed	13 - Individual Pension - Defensive Managed Fund	1131388296	Aviva Pensions Defensive Managed Accumulation S2	1.00	2.9451	3.0299	2.88
Aviva Life Property	07 - life - property	898846926	Aviva Life Property Accumulation S4	0.88	2.9575	3.1865	7.74
Aviva Life Balanced Distribution	02 - Life - Balanced Managed Fund	817367947	Aviva Life Balanced Distribution Accumulation S4		1.2093	1.1756	(2.79)
NWL PENSION GROWTH MGD	14 - Individual Pension - Other Managed Fund	804332646	NWL PENSION GROWTH MGD Accumulation A	0.75	2.9942	2.8570	(4.58)
Aviva Pensions European Equity	16 - Individual Pension - Overseas Equity	553785792	Aviva Pensions European Equity Accumulation S2	1.00	11.1573	9.6042	(13.92)
Aviva Pensions Global Equity	16 - Individual Pension - Overseas Equity	479808463	Aviva Pensions Global Equity Accumulation S2	1.00	5.9602	5.5079	(7.59)
Aviva Life Defensive Managed	03 - Life - Defensive Managed Fund	404599594	Aviva Life Defensive Managed Accumulation S4	0.88	2.5852	2.6449	2.31
Aviva Life Cautious Managed	04 - Life - Other Managed Fund	336343617	Aviva Life Cautious Managed Accumulation S4		2.8415	2.8499	0.30
Aviva RSA Pensions Growth Managed	14 - Individual Pension - Other Managed Fund	268819480	Aviva RSA Pensions Growth Managed Accumulation RSA	1.00	4.2790	4.0728	(4.82)
Aviva Pensions Sustainable Future Managed	14 - Individual Pension - Other Managed Fund	248872983	Aviva Pensions Sustainable Future Managed Accumulation S2	1.00	1.4130	1.3573	(3.94)
Aviva RSA Life Growth Managed	04 - Life - Other Managed Fund	242384581	Aviva RSA Life Growth Managed Accumulation RSA	1.00	3.4021	3.2518	(4.42)
NWL GROWTH MANAGED FUND	04 - Life - Other Managed Fund	234552468	NWL GROWTH MANAGED FUND Accumulation S1	0.64	2.4116	2.2972	(4.74)
Aviva Pensions Pacific Equity (inc Japan)	16 - Individual Pension - Overseas Equity	233201344	Aviva Pensions Pacific Equity (inc Japan) Accumulation S2	1.00	4.4816	3.9361	(12.17)
Aviva Pensions US Equity	16 - Individual Pension - Overseas Equity	201883185	Aviva Pensions US Equity Accumulation S2	1.00	5.0457	5.0701	0.48
Aviva Pensions Cautious Managed	04 - Life - Other Managed Fund	209628221	Aviva Pensions Cautious Managed accumulation	1.00	1.1420	1.1483	0.55
Aviva Pensions UK Ethical	15 - Individual Pension - UK Equity	160016818	Aviva Pensions UK Ethical Accumulation S2	1.00	1.7405	1.6374	(5.92)
Aviva Life UK Equity	05 - Life - UK Equity	142482350	Aviva Life UK Equity Accumulation S4	0.88	3.7363	3.6160	(3.22)
NWL PENSION OPPORTUNITY	14 - Individual Pension - Other Managed Fund	105659115	NWL PENSION OPPORTUNITY Accumulation A	0.75	3.0835	2.8444	(7.75)

Long-term insurance business: index linked business
Form 56

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

Total business

 Financial year ended **31st December 2011**

 Units **£000**

		Value of assets	Mean term
		1	2
Analysis of assets			
Approved variable interest securities	11		
Other variable interest securities	12	270992	1.93
Approved fixed interest securities	13		
Other fixed interest securities	14		
Cash and deposits	15	248069	
Equity index derivatives	16		
Inflation swaps	17		
Other assets	18		
Variation margin	19		
Total (11 to 19)	20	519061	
Credit rating of other fixed interest and other variable interest securities			
AAA/Aaa	31	88319	
AA/Aa	32	107795	
A/A	33	74878	
BBB/Baa	34		
BB/Ba	35		
B/B	36		
CCC/Caa	37		
Other (including unrated)	38		
Total other fixed interest and other variable interest securities	39	270992	

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 2011**

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	3689659	2.80	3.23	3.51
UK Pens WP Form 51 With Profit Annuity	129917		3.40	3.58
UK Pens WP Form 51 Other Pensions	3549892		3.25	3.51
UK Pens NP Form 51	820362		2.30	2.47
OS Life WP Form 51	34966	2.80	3.23	3.51
OS Pens WP Form 51	127377		3.25	3.51
OS NP Form 51	26455		2.30	2.47
Misc Form 51	97033			3.51
UK Life WP Form 52	1226613	2.35	2.72	3.16
UK Pens WP Form 52	5397370		2.75	3.16
OS WP Form 52	247756		2.75	3.16
TOTAL	15347400	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 2011**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	69054	2.90	3.41	3.61
UK Life NP Form 51 Assurances	5299	2.75	3.44	6.77
UK Life WP Form 51 Annuities	7433		3.60	3.85
UK Life NP Form 51 Annuities	7406	3.75	4.69	6.77
UK Pens WP Form 51 With Profit Annuity	434928		3.60	3.85
UK Pens NP Form 51 Deferred Annuity	167576		3.10	3.37
UK Pens WP Form 51 Deferred Annuity	14648		3.25	3.61
UK Pens WP Form 52 Compact	29920		2.80	2.99
UK Pens WP Form 52 (DAF valued at 0%)	92624			0.54
UK Pens WP Form 52 (Other)	750654		3.25	3.61
Misc Form 51	5309			3.37
TOTAL	1584851	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 2011**

 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	2988966	3.70	4.10	4.32
OS Life WP Form 51	14324	3.70	4.10	4.32
UK Life NP Form 51	225352	1.80	2.25	2.59
OS Life NP Form 51	746	1.80	2.25	2.59
UK Life NP Form 51 Immediate Annuities	149322		4.15	4.27
OS Life NP Form 51 Immediate Annuities	14066		4.15	4.27
UK Pens WP Form 51	434473		3.60	4.32
OS Pens WP Form 51	4982		3.60	4.32
UK Pens WP Form 51 Immediate Annuities	16079		4.00	4.30
UK Pens NP Form 51	596328		2.30	2.59
OS Pens NP Form 51	20		2.30	2.59
UK Pens NP Form 51 Immediate Annuities	1516666		4.15	4.27
UK Life WP Form 52 (Other)	9052288	1.50	1.71	1.90
UK Life WP Form 52 Aviva International	701562		1.75	1.90
UK Pens WP Form 52	2308351		1.75	1.90
UK Pens WP Form 52 SEDA	330592		3.60	4.32
OS Pens WP Form 52 SEDA	7047		3.60	4.32
OS WP Form 52	220211		1.75	1.90
UK Life NP Form 53	41608	2.20	2.75	3.16
UK Pens NP Form 53	51735		2.70	3.16
Misc	41			2.59
TOTAL	18674759	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 2011**

 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	513550	3.70	4.16	4.34
OS Life WP Form 51	2481	3.70	4.16	4.34
UK Life NP Form 51	38002	1.80	2.25	2.37
OS Life NP Form 51	133	1.80	2.25	2.37
UK Life NP Form 51 Immediate Annuities	19881		4.15	4.31
OS Life NP Form 51 Immediate Annuities	1873		4.15	4.31
UK Pens WP Form 51	104539		3.60	4.34
OS Pens WP Form 51	994		3.60	4.34
UK Pens WP Form 51 Immediate Annuities	696		4.00	4.80
UK Pens NP Form 51	71717		2.30	2.37
OS Pens NP Form 51	3		2.30	2.37
UK Pens NP Form 51 Immediate Annuities	201936		4.15	4.31
UK Life WP Form 52 (Other)	1017397	1.50	1.72	2.38
UK Life WP Form 52 Aviva International	101269		1.75	2.38
UK Pens WP Form 52	477716		1.75	2.38
UK Pens WP Form 52 SEDA	45829		3.60	4.34
OS Pens WP Form 52 SEDA	406		3.60	4.34
OS WP Form 52	54128		1.75	2.38
UK Life NP Form 53	5540	2.20	2.75	3.58
UK Pens NP Form 53	6888		2.70	3.58
Misc	5			2.37
TOTAL	2664983	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 2011**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	800345		1.75	1.96
TOTAL	800345	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 **With-Profits Sub-Fund 5**Financial year ended **31st December 2011**Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA NP Form 52 mortality and expense reserves	418	1.90	2.40	2.48
UK L&GA NP Form 52 additional reserves	1049	1.90	2.40	2.48
UK Pens NP Form 52 mortality and expense reserves	10	2.40	2.40	2.48
UK Pens NP Form 52 additional reserves	563	2.40	2.40	2.48
UK Pens NP Form 52 additional reserves	55			
TOTAL	2095	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 1**

Financial year ended **31st December 2011**

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	163189			0.32
FORM 51 - ADDITIONAL RESERVES - LIFE	48906	1.90		1.90
FORM 51 - ADDITIONAL RESERVES - LIFE	7940		2.40	2.47
FORM 51 - ADDITIONAL RESERVES - PENS	26824		2.40	2.47
FORM 51 - ADDITIONAL RESERVES - PENS	3839		2.80	2.88
FORM 51 - ADDITIONAL RESERVES - PHI	197		2.80	2.88
FORM 51 - CRITICAL ILLNESS	(1350)	1.90		1.90
FORM 51 - CRITICAL ILLNESS	(2553)		2.40	2.48
FORM 51 - NP ASSURANCE OS LIFE	1183	1.90		1.90
FORM 51 - NP ASSURANCE UK LIFE	7484			0.32
FORM 51 - NP ASSURANCE UK LIFE	59854	1.29		1.60
FORM 51 - NP ASSURANCE UK LIFE	(289162)	1.90		1.90
FORM 51 - NP ASSURANCE UK PENS	(1553)		2.40	2.47
FORM 51 - NP DEFERRED ANNUITIES UK LIFE	761	1.90		1.90
FORM 51 - NP DEFERRED ANNUITIES UK LIFE	21618		2.80	2.88
FORM 51 - NP DEFERRED ANNUITIES UK PENS	9022		2.80	2.88
FORM 51 - NP IMMEDIATE ANNUITIES UK LIFE	45607		2.80	2.88
FORM 52 - UWP/AWP UK LIFE	807	2.20		2.20
FORM 53 - ADDITIONAL RESERVES - LIFE	47251			0.32
FORM 53 - ADDITIONAL RESERVES - LIFE	7705	1.90		1.90
FORM 53 - ADDITIONAL RESERVES - LIFE	40436	2.20		2.20
FORM 53 - ADDITIONAL RESERVES - LIFE	50050		2.70	2.77
FORM 53 - ADDITIONAL RESERVES - PENS	14848		2.70	2.77
FORM 53 - NP ASSURANCE UK LIFE	8697	1.90		1.90
FORM 53 - NP ASSURANCE UK LIFE	(79855)	2.20		2.20
FORM 53 - NP ASSURANCE UK PENS	7457		2.40	2.47
FORM 53 - STER RES PENS	2169		2.70	2.77
FORM 54 - ADDITIONAL RESERVES - LIFE	7911			0.32
FORM 54 - ADDITIONAL RESERVES - PHI	638	1.42		1.44
FORM 54 - NP ASSURANCE UK LIFE	1651	1.90		1.90
FORM 54 - NP IMMEDIATE ANNUITIES UK LIFE	13813		2.80	2.88
MISCELLANEOUS RESERVE	1375			
TOTAL	226759	n/a	n/a	n/a

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 2011**

 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	518		2.40	2.47
FORM 51 - ADDITIONAL RESERVES - PENS	62687			0.32
FORM 51 - ADDITIONAL RESERVES - PENS	5826		2.40	2.47
FORM 51 - ADDITIONAL RESERVES - PENS	2797		2.80	2.88
FORM 51 - ADDITIONAL RESERVES - PHI	38918			0.32
FORM 51 - ADDITIONAL RESERVES - PHI	2598		2.40	2.47
FORM 51 - CRITICAL ILLNESS	10064		2.40	2.47
FORM 51 - NP ASSURANCE OS LIFE	1670			0.32
FORM 51 - NP ASSURANCE OS LIFE	1145		2.40	2.47
FORM 51 - NP ASSURANCE UK PENS	74285			0.32
FORM 51 - NP ASSURANCE UK PENS	1272		2.40	2.47
FORM 51 - NP DEFERRED ANNUITIES OS PENS	2480		2.80	2.88
FORM 51 - NP DEFERRED ANNUITIES UK PENS	11212		2.40	2.47
FORM 51 - NP DEFERRED ANNUITIES UK PENS	15326		2.80	2.88
FORM 51 - NP IMMEDIATE ANNUITIES UK PENS	259922		2.80	2.88
FORM 51 - NP LTC	98050		2.40	2.47
FORM 51 - INCOME PROTECTION CLAIMS	101865		3.60	3.71
FORM 51 - INCOME PROTECTION	1592		2.40	2.47
FORM 51 - GROUP PHI	35525			0.32
FORM 52 - UWP/AWP OS PENS	793		2.70	2.77
FORM 52 - UWP/AWP UK PENS	27870		2.70	2.77
FORM 53 - ADDITIONAL RESERVES - PENS	13427			0.32
FORM 53 - ADDITIONAL RESERVES - PENS	(12025)		2.70	2.77
FORM 53 - NP ASSURANCE OS LIFE	832		2.20	2.20
FORM 53 - NP OS PENS	3542		2.70	2.77
FORM 53 - NP UK PENS	56139			0.32
FORM 53 - NP UK PENS	203584		2.70	2.77
FORM 53 - NP UK PENS	1052		2.80	2.88
FORM 54 - INCOME PROTECTION CLAIMS	58709		(1.00)	(0.94)
MISCELLANEOUS RESERVE	224			0.32
TOTAL	1081899	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 2011**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	76960975	76567444
Bonus payments in anticipation of a surplus	12	447654	352921
Transfer to non-technical account	13	27592	231046
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	77436221	77151411
Mathematical reserves	21	76093638	75376210
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1342583	1775201

Composition of surplus

Balance brought forward	31	72011	72011
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	1270572	1703190
Total	39	1342583	1775201

Distribution of surplus

Bonus paid in anticipation of a surplus	41	447654	352921
Cash bonuses	42		
Reversionary bonuses	43	546367	1119223
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	994021	1472144
Net transfer out of fund / part of fund	47	27592	231046
Total distributed surplus (46+47)	48	1021613	1703190
Surplus carried forward	49	320970	72011
Total (48+49)	59	1342583	1775201

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 2011**

 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	15347400	15684700
Bonus payments in anticipation of a surplus	12	227634	153970
Transfer to non-technical account	13	(10154)	5320
Transfer to other funds / parts of funds	14	19152	12027
Subtotal (11 to 14)	15	15584032	15856017
Mathematical reserves	21	15172396	15501362
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	411636	354655

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	411636	354655
Total	39	411636	354655

Distribution of surplus

Bonus paid in anticipation of a surplus	41	227634	153970
Cash bonuses	42		
Reversionary bonuses	43	175004	183338
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	402638	337308
Net transfer out of fund / part of fund	47	8998	17347
Total distributed surplus (46+47)	48	411636	354655
Surplus carried forward	49		
Total (48+49)	59	411636	354655

Percentage of distributed surplus allocated to policyholders

Current year	61	97.81	95.11
Current year - 1	62	95.11	94.33
Current year - 2	63	94.33	94.74
Current year - 3	64	94.74	95.28

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 2011**

 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	1584851	1626704
Bonus payments in anticipation of a surplus	12	37009	31223
Transfer to non-technical account	13	5350	4499
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1627210	1662426
Mathematical reserves	21	1572978	1616582
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	54232	45844

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	54232	45844
Total	39	54232	45844

Distribution of surplus

Bonus paid in anticipation of a surplus	41	37009	31223
Cash bonuses	42		
Reversionary bonuses	43	11873	10122
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	48882	41345
Net transfer out of fund / part of fund	47	5350	4499
Total distributed surplus (46+47)	48	54232	45844
Surplus carried forward	49		
Total (48+49)	59	54232	45844

Percentage of distributed surplus allocated to policyholders

Current year	61	90.13	90.19
Current year - 1	62	90.19	90.17
Current year - 2	63	90.17	90.29
Current year - 3	64	90.29	90.21

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 2011**

 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	18738058	20172764
Bonus payments in anticipation of a surplus	12	165021	151616
Transfer to non-technical account	13	29127	77888
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	18932206	20402268
Mathematical reserves	21	18440385	19378541
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	491821	1023727

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	491821	1023727
Total	39	491821	1023727

Distribution of surplus

Bonus paid in anticipation of a surplus	41	165021	151616
Cash bonuses	42		
Reversionary bonuses	43	297673	794223
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	462694	945839
Net transfer out of fund / part of fund	47	29127	77888
Total distributed surplus (46+47)	48	491821	1023727
Surplus carried forward	49		
Total (48+49)	59	491821	1023727

Percentage of distributed surplus allocated to policyholders

Current year	61	94.08	92.39
Current year - 1	62	92.39	94.24
Current year - 2	63	94.24	
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 2011**

 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	2673411	2746773
Bonus payments in anticipation of a surplus	12	16952	15551
Transfer to non-technical account	13	3269	10212
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2693632	2772536
Mathematical reserves	21	2634325	2637938
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	59307	134598

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	59307	134598
Total	39	59307	134598

Distribution of surplus

Bonus paid in anticipation of a surplus	41	16952	15551
Cash bonuses	42		
Reversionary bonuses	43	39086	108835
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	56038	124386
Net transfer out of fund / part of fund	47	3269	10212
Total distributed surplus (46+47)	48	59307	134598
Surplus carried forward	49		
Total (48+49)	59	59307	134598

Percentage of distributed surplus allocated to policyholders

Current year	61	94.49	92.41
Current year - 1	62	92.41	93.71
Current year - 2	63	93.71	
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 2011**
 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	800345	808807
Bonus payments in anticipation of a surplus	12	1038	561
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	801383	809368
Mathematical reserves	21	777614	786102
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	23769	23266

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	23769	23266
Total	39	23769	23266

Distribution of surplus

Bonus paid in anticipation of a surplus	41	1038	561
Cash bonuses	42		
Reversionary bonuses	43	22731	22705
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	23769	23266
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	23769	23266
Surplus carried forward	49		
Total (48+49)	59	23769	23266

Percentage of distributed surplus allocated to policyholders

Current year	61	100.00	100.00
Current year - 1	62	100.00	100.00
Current year - 2	63	100.00	
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 5**

 Financial year ended **31st December 2011**

 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	2095	
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2095	
Mathematical reserves	21	2095	
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		

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		
Total	39		

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

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 1**

 Financial year ended **31st December 2011**

 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	11832541	9819913
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		12027
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	11832541	9831940
Mathematical reserves	21	11583582	9819913
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	248959	12027

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	19152	12027
Surplus arising since the last valuation	34	229807	
Total	39	248959	12027

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
Total distributed surplus (46+47)	48		12027
Surplus carried forward	49	248959	
Total (48+49)	59	248959	12027

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 2011**

 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	25982274	25707783
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	25982274	25828883
Mathematical reserves	21	25910263	25635772
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	72011	193111

Composition of surplus

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

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	72011	193111

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 2012**

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	10492	1256		CWP	N	10492
Endowment assurance	20	15181	623		CWP	N	15181
Endowment assurance	25	24678	144		CWP	N	24678
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	43377	1430		UWP	N	43377
Regular premium pension	20	70817	2085		UWP	N	70817
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	18437	873		UWP	N	18437
Single premium pension	20	32245	3455		UWP	N	32245

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 2012**

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	18206	3283		CWP	N	18206
Endowment assurance	25	27596	3389		CWP	N	27596
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	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	20	94328	19273		CWP	n/a	94328
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	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	44202	20136		CWP		44202

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 2012**

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	11570	1420		CWP	N	11570
Endowment assurance	20	17009			CWP	N	17009
Endowment assurance	25	28936			CWP	N	28937
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	51080	1478		UWP	n/a	51080
Regular premium pension	20	86834	3782		UWP	n/a	86834
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	23252			UWP	n/a	23252
Single premium pension	20	40111	6119		UWP		40111

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 2012**

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	11572	1331		CWP	N	11572
Endowment assurance	20	18203			CWP	N	18204
Endowment assurance	25	31878	1518		CWP	N	31879
Regular premium pension	5	13137	264		UWP	N	13137
Regular premium pension	10	30311	1728		UWP	N	30311
Regular premium pension	15	49165	1228		UWP	N	49165
Regular premium pension	20	84020	2443		UWP	N	84020
Single premium pension	5	11431			UWP	N	11431
Single premium pension	10	13673	820		UWP	N	13673
Single premium pension	15	19159			UWP	N	19159
Single premium pension	20	36143	4439		UWP	N	36143

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 2012**

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	8891			CWP	N	17992
Endowment assurance	20	15166			CWP	N	19243
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	13323	1211		UWP	Y	13444
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 **Provident Mutual Sub-Fund**

 Date of surrender value **1st March 2012**

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	16151			CWP	N	23416
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 2012**

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	8886			CWP	N	18759
Endowment assurance	20	17161			CWP	N	20954
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 2012**

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	10874			CWP	N	19705
Endowment assurance	20	18624			CWP	N	23099
With-profits bond	2	9626			UWP	Y	10251
With-profits bond	3	11047	844		UWP	Y	11399
With-profits bond	5	11758	29	599	UWP	Y	12369
With-profits bond	10	15344	1053		UWP	Y	15487
Single premium pension	2	10431			UWP	Y	10431
Single premium pension	3	10684	855		UWP	Y	10684
Single premium pension	5	11431		526	UWP	Y	11956
Single premium pension	10	13673	820		UWP	Y	13673

Long-term insurance capital requirement
Form 60

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

Global business

 Financial year ended **31st December 2011**

 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%	55873	55873			
Classes I (other), II and IX	12	0.1%	154548576	153851841	0.50	77274	83905
Classes I (other), II and IX	13	0.15%	7884044	2799267		5913	6133
Classes I (other), II and IX	14	0.3%	276233740	48014556		414351	360224
Classes III, VII and VIII	15	0.3%	5899490	4977762	0.84	14933	13009
Total	16		444621723	209699299		512471	463271

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					23832	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%	22754009	19879201	0.87	198792	202363
Classes III, VII and VIII (investment risk)	33	1%	24454494	24051968	0.98	240520	228204
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	11375999	11375999	1.00	113760	119071
Classes III, VII and VIII (other)	35	25%				8430	7733
Class IV (other)	36	1%	390865	341892	0.87	3419	3629
Class V	37	1%					
Class VI	38	1%	9203	9203	1.00	92	101
Total	39					565013	561101

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%	24	24			
Classes I (other), II and IX	42	3%	22754009	19879201	0.87	596376	607090
Classes III, VII and VIII (investment risk)	43	3%	24454494	24051968	0.98	721559	684610
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	11375999	11375999			
Classes III, VII and VIII (other)	45	0%	22627926	20981718			
Class IV (other)	46	3%	390865	341892	0.87	10257	10887
Class V	47	0%					
Class VI	48	3%	9203	9203	1.00	276	304
Total	49		81612520	76640005		1328468	1302891

Long term insurance capital requirement	51					2429784	2351206
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Supplementary notes

Name of insurer **Aviva Life & Pensions UK Limited**
Global business
Financial year ended **31st December 2011**

Code**0000 Fund transfers**

On 5 September 2011, the board approved the transfer of the long-term business of two subsidiary undertakings, Royal Scottish Assurance Plc (RSA) and National Westminster Life Assurance Limited (NWL), to the Company. The transfer was effective from 30 September 2011. The long term business has been apportioned into Non Profit Sub-Fund 1 and With Profit Sub-Fund 5.

Certain of the assets and liabilities within the shareholder fund of RSA and NWL were transferred to the shareholder fund of the Company at the same time.

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

	2011 £'000	2010 £'000
i) Net admissible assets		
Form 13 Line 89 (Long term business)	89,061,983	89,275,634
Form 13 Line 89 (Other than long term business)	1,070,466	1,451,305
Form 14 Lines 11, 12 and 49	(82,446,115)	(81,298,638)
Form 15 Line 69	(1,053)	(18,228)
	<u>7,685,281</u>	<u>9,410,073</u>
iv) Capital resources requirement of regulated related undertakings	<u>1,178,331</u>	<u>1,069,474</u>
Total i) to iv) above		
Form 3, Line 79	<u>8,863,612</u>	<u>10,479,547</u>

0306 Financial Reinsurance – ceded

The impact of the financial reinsurance shown at line 92 is to reduce mathematical reserves by £368.8m. The amount of contingent liability for payment to the reinsurer is £368.8m. The commutation value of the reinsurance arrangement at the end of the financial year is £380.2m.

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

	2011 £'000	2010 £'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 13 Line 101)	491,238	575,323
Difference in technical provisions (Form 14 Line 74)	3,845,779	4,752,103
Deferred income reserve (Form 14 Line 74)	119,537	87,223
Financial reinsurance (Form 14 Line 74)	259,640	216,459
Other (Form 14 Line 74)	(787)	(291)
Net positive valuation difference included in line 14	<u>4,715,407</u>	<u>5,630,817</u>

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

Global business

Financial year ended **31st December 2011****Code****0313 Reconciliation of profit and loss account and other reserves****£'000**

Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	3,653,513
Profit/(loss) retained for the financial year (Form 16 Line 59)	(73,883)
Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	(49,451)
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	<u>3,530,179</u>

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 £493.2m (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 £8,982.0m (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 £1,691.7m.

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 2011****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**

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

1318 Other asset adjustments

2011	Category 1 £'000	Category 10 £'000
Disclosure of unit-linked credits as liabilities in statutory accounts	0	1,010,319
Deferred Tax		(491,238)
Other adjustments	332	194
Other asset adjustments included in Form 13 line 101	332	519,275

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

Global business

Financial year ended **31st December 2011****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 INSPRU 3.2.18R, together with a review by senior management of positions that are valued using third party valuations or by marking to model.

1402 Contingent liabilities, etc**1502**

There are no charges over any assets of the Company.

Included in deferred tax liabilities at line 21 of Form 14 is an amount of £nil in respect of a full provision for potential corporation tax on unrealised capital gains. The potential liability and provision for shareholders on Form 15 is £nil.

There are no contingent liabilities not included on the Form.

There are no guarantees, indemnities, or other contractual commitments, effected other than in the ordinary course of insurance business, in respect of the existing or future liabilities of related companies.

There are no other fundamental uncertainties.

1404 Implicit 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

	2011	2010
	£'000	£'000
Adjustment to FSA mathematical reserves	3,845,779	4,752,103
Disclosure of unit-linked credits as liabilities in statutory accounts	1,010,319	945,458
FSA taxation provision – inadmissible assets	-	(197,912)
FSA taxation provision - valuation difference	-	575,323
Deferred income reserve	119,537	87,223
Financial reinsurance	259,640	216,459
Other liabilities	(124)	(390)
Other adjustments to liabilities included in Form 14 line 74	<u>5,235,151</u>	<u>6,378,264</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 2011. 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 notesName of insurer **Aviva Life & Pensions UK Limited**

Global business

Financial year ended **31st December 2011****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 £519.5m. This is allocated to Form 13 Line 44. No amounts included on Form 13 reflect the liability to repay any excess.

1800 Forms omitted**1900**

Forms 18 and 19 have not been included for WPSF5 and Stakeholder. Reasons for this are as follows:

WPSF5 does not fit the FSA definition of a With-Profits fund – policyholders are not eligible to participate in any established surplus from Aviva. Whilst there is With-Profits business within the fund the policyholders are only eligible to participate in surplus from the counterparty to the reinsurance. In the event of reinsurer default there is not a defined link with Aviva's surplus.

Stakeholder does not form a fund in itself – it is written into New and Old With profit sub fund (88.25% and 11.75% respectively) and participates in the same assets. Whilst it has a separate smoothing account and is "ring-fenced" to some extent the rest of the fund has no recourse to stakeholder profits. Therefore, this does not fit the FSA definition of a separate "With-profits fund" as it does not have a separate pool of surplus.

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 2011	1,187,985
Investment income and gains	42,698
Premiums less claims and expenses on non-profit business in which the RIEESA has invested, (less increase/plus decrease) in liabilities on that business.	(283,960)
Repayment of capital support arrangement from New With Profits Sub Fund	163,608
Taxation attributable to the RIEESA	(7,103)
Balance carried forward at 31 December 2011	<u>1,103,228</u>
Support arrangement assets	£'000
RIEESA	1,103,228
Capital requirements of business to be retained by the RIEESA	(105,403)
Support arrangement assets	<u>997,825</u>

Supplementary notes

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

Global business

Financial year ended **31st December 2011**

Code

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.

4004 Business transfer in

On 30 September 2011 the company accepted a transfer of the long term business of two subsidiary 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 5 September 2011. The transfer was for £nil consideration in accordance with the Scheme of Transfer.

£'000

The following subsidiary undertakings transferred their entire portfolio of long-term business:

Royal Scottish Assurance Ltd	860,575
National Westminster Life Assurance Ltd	1,879,588

Total	2,740,163
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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.

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.

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

Global business

Financial year ended **31st December 2011****Code****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 2011 are £10.4m and £6.1m respectively. There is no variation margin payable.

4502 Other income and expenditure

Other Income comprises the following balances:

	2011 £'000	2010 £'000
Rebates	89,315	70,615
Business transfers in	1,812,653	-
	1,901,968	70,615

Other Expenditure comprises the following balances:

	2011 £'000	2010 £'000
Custody and Other Management Fees	7,250	6,664
Payment of Distributions to Policyholders	45,023	45,818
Interest Paid	265	344
	52,538	52,826

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.

Supplementary notes

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

Global business

Financial year ended **31st December 2011**

Code**4804 Yield for assets lines 18 or 28**

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

	Yield
Shares in non-insurance dependants (Form 13 Line 25)	Nil
Mortgage loans (Form 13 line 50)	6.04%
Cash balances (Form 13 Line 81)	0.38%
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	70
WPSF	UKP	390	18
WPSF	OS	390	2

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

Global business

Financial year ended **31st December 2011****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	Miscellaneous business – Hamilton Life	31,733
NWPSF	UKL GR	435	Unprocessed Movements, Future Claims and Expenses, Miscellaneous Assurances	28,195

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	47
NWPSF/ OWPSF	UKP	571	577

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	272,573
PMSF	UKP GR	575	AWP Personal Pension Plan	176,428
PMSF	UKP GR	575	AWP Executive Pension Plan	96,175
PMSF	UKP GR	575	AWP Individual Pension Arrangement	85,698
PMSF	UKP GR	575	AWP COMPACT	29,920
PMSF	UKP GR	575	AWP Additional Voluntary Contributions	33,520
PMSF	UKP GR	575	Other miscellaneous AWP	29,764
NWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	673,812
NWPSF	UKP GR	575	Group Defined Benefit (Red Plan)	235,763
NWPSF	UKP GR	575	Retirement Annuity	330,584
OWPSF	UKL GR	575	UKIL With Profit Bond and Core Funds Bond	97,413
OWPSF	UKP GR	575	Group Defined Benefit (Red Plan)	19,210
OWPSF	UKP GR	575	Retirement Annuity	45,828

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

Global business

Financial year ended **31st December 2011****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	63

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	Product Governance Reserves	38,868
NPSF1	UKL GR	795	External fund rebate reserve	50,050

5601 Rating agency

The rating agency used to provide the split by credit rating on Form 56 was Standard and Poor's

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 1.90%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	3,889
325	Level term assurance	(796)
330	Decreasing term assurance	(634)
340	Accelerated critical illness (guaranteed premiums)	(1,158)
345	Accelerated critical illness (reviewable premiums)	(119)
	Total	1,183
Form 51 NP UK LIFE L&GA (ADDITIONAL) - Net 0.00%		
Product code	Product description	Net reserve (£000)
325	Level term assurance	(13)
340	Accelerated critical illness (guaranteed premiums)	5
345	Accelerated critical illness (reviewable premiums)	1
360	Income protection non-profit (guaranteed premiums)	17
440	Additional reserves non-profit OB	163,178
	Total	163,189

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

Global business

Financial year ended **31st December 2011****Code**

Form 51 NP UK LIFE L&GA (ASSURANCE) - Net 1.90%,Gross 2.40%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	17,202
305	Single premium non-profit WL/EA OB	36
325	Level term assurance	(103,798)
330	Decreasing term assurance	(83,197)
340	Accelerated critical illness (guaranteed premiums)	(49,393)
345	Accelerated critical illness (reviewable premiums)	(74,824)
435	Miscellaneous non-profit	4,813
	Total	(289,161)
Form 53 NP UK LIFE L&GA (ASSURANCE) - Net 2.20%		
Product code	Product description	Net reserve (£000)
700	Life property linked single premium	(80,337)
710	Life property linked whole life regular premium	85
715	Life property linked endowment regular premium -savings	233
720	Life property linked endowment regular premium – target cash	157
795	Miscellaneous property linked	7
	Total	(79,855)

Form 51 NP UK LIFE PHI (INCOME PROTECTION) - Gross 2.40%		
Product code	Product description	Net reserve (£000)
360	Income protection non-profit (guaranteed premiums)	(5,051)
365	Income protection non-profit (reviewable premiums)	(19,438)
420	Group income protection	26,081
	Total	1,592

Form 51 NP OS L&GA (ASSURANCE) - Gross 2.40%		
Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	122
325	Level term assurance	1,969
330	Decreasing term assurance	(983)
340	Accelerated critical illness (guaranteed premiums)	53
345	Accelerated critical illness (reviewable premiums)	(16)
	Total	1,145

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

Global business

Financial year ended **31st December 2011****Code**

Form 51 NP UK LIFE L&GA (ADDITIONAL) - Gross 2.40%		
Product code	Product description	Net reserve (£000)
340	Accelerated critical illness (guaranteed premiums)	9,480
440	Additional reserves non-profit OB	(1,539)
	Total	7,940

Form 51 NP UK PENS L&GA (ASSURANCE) - Gross 2.40%		
Product code	Product description	Net reserve (£000)
325	Level term assurance	1,610
330	Decreasing term assurance	(338)
	Total	1,272

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

Global business

Financial year ended **31st December 2011****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 31/12/10 to 31/12/11 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	163,049	987	985		165,021
Reversionary bonus	58.43	287,868	4,333	5,473		297,673
Total allocated to policyholders	58.46	450,917	5,319	6,458		462,694
Net transfer out of fund	58.47	50,102	526	562	-22,063	29,127
Total distributed surplus	58.48	501,019	5,845	7,019	-22,063	491,821
Percentage of surplus allocated to policyholders		90.00%	91.00%	92.00%		94.08%
Percentage of surplus allocated to policyholders (previous year)		90.00%	91.00%	92.00%		92.39%

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	16,759	128	64		16,952
Reversionary bonus	58.43	38,221	368	496		39,086
Total allocated to policyholders	58.46	54,980	497	561		56,038
Net transfer out of fund	58.47	6,109	49	49	-2,938	3,269
Total distributed surplus	58.48	61,089	546	609	-2,938	59,307
Percentage of surplus allocated to policyholders		90.00%	91.00%	92.00%		94.49%
Percentage of surplus allocated to policyholders (previous year)		90.00%	91.00%	92.00%		92.41%

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

Global business

Financial year ended **31st December 2011****Code****With-Profits Sub-fund**

£000	FSA Ref.	Conventional With Profits	With Profits Annuity	Unitised With Profits	Belgium	GMP SHT refund	Total
Bonus payments made to policyholders in anticipation of a surplus	58.41	192,640	171	34,822	-	-	227,634
Reversionary bonus	58.43	6,468	3,971	164,565	-	-	175,004
Total allocated to policyholders	58.46	199,109	4,142	199,388	-	-	402,638
Net transfer out of fund	58.47	22,123	473	-	-	-13,598	8,998
Total distributed surplus	58.48	221,232	4,615	199,388	-	-13,598	411,636
Percentage of surplus allocated to policyholders		90.00%	89.76%	100.00%		0.00%	97.81%
Percentage of surplus allocated to policyholders (previous year)		90.00%	88.18%	100.00%		0.00%	95.11%

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	37,009		37,009
Reversionary bonus	58.43	11,873		11,873
Total allocated to policyholders	58.46	48,882		48,882
Net transfer out of fund	58.47	5,431	-81	5,350
Total distributed surplus	58.48	54,313	-81	54,232
Percentage of surplus allocated to policyholders		90.00%	0.00%	90.13%
Percentage of surplus allocated to policyholders (previous year)		90.00%	0.00%	90.19%

5804 The £(10,154)m transfer shown in Line 13 of Form 58 for the With-Profits Sub-Fund represents a positive £3,444m transfer on pensions business together with a negative adjustment of (£13,598m) to reverse the past transfers related to the GMP underpin on Section 32 policies.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

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

Global business

Financial year ended

31 December 2011**1. Introduction**

- (1) The **valuation date** is 31 December 2011.
- (2) The previous valuation was completed with an effective date of 31 December 2010.
- (3) An interim valuation was carried out with an effective date of 30 June 2011 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 2011. 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 2011

Product	UWP Life products (not Bond 2000) Without Guarantee	UWP Life products (not Bond 2000) With Guarantee	UWP Life (Bond 2000)	UWP Pensions Products with guaranteed bonus	UWP Pensions Products without guaranteed bonus	UWP Group Defined Benefits
1987	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
1989	N/A	N/A	N/A	01/01/11 -31/12/11	N/A	01/01/11 -31/12/11
1990	N/A	N/A	N/A	N/A	N/A	N/A
1991	N/A	N/A	N/A	N/A	N/A	N/A
1992	N/A	N/A	N/A	N/A	N/A	N/A
1993	N/A	N/A	N/A	N/A	N/A	N/A
1994	N/A	N/A	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	01/01/11 -31/12/11	N/A	01/01/11 -31/12/11
1998	01/01/11 -15/04/11	01/01/11 -30/06/11	N/A	01/01/11 -31/12/11	01/01/11 -15/04/11	01/01/11 -31/12/11
1999	01/01/11 -15/04/11	01/01/11 -30/06/11	N/A	01/01/11 -31/12/11	01/01/11 -31/12/11	01/01/11 -31/12/11
2000	01/01/11 -31/12/11	01/01/11 -31/12/11	01/01/11 -31/12/11	01/01/11 -31/12/11	01/01/11 -31/12/11	01/01/11 -31/12/11
2001	N/A	01/01/11 -15/04/11	01/01/11 -31/12/11	01/01/11 -15/04/11	01/01/11 -15/04/11	01/01/11 -15/04/11
2002	N/A	N/A	N/A	01/01/11 -15/04/11	N/A	N/A
2003	N/A	N/A	N/A	01/01/11 -15/04/11	N/A	N/A
2004	N/A	N/A	N/A	01/01/11 -15/04/11	N/A	N/A
2005	N/A	01/01/11 -15/04/11	N/A	01/01/11 -15/04/11	N/A	N/A
2006	01/01/11 -30/06/11	01/01/11 -30/06/11	N/A	01/01/11 -30/06/11	01/01/11 -30/06/11	01/01/11 -30/06/11
2007	01/01/11 -31/12/11	01/01/11 -31/12/11	N/A	01/01/11 -31/12/11	01/01/11 -31/12/11	01/01/11 -31/12/11
2008	01/01/11 -15/04/11	01/01/11 -15/04/11	N/A	01/01/11 -15/04/11	01/01/11 -15/04/11	01/01/11 -15/04/11
2009	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
2011	N/A	N/A	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 2011 and were based on the change in RPI published in September (5.1%).

Pre 1/1/95 unitised pension products were reviewed with effect from 1st April 2011.

Personal Pension Plans (including AVCs, Jersey Investment Plan) changes were based on the change in RPI published in January (+2.9%)

Group Money Purchase plans changes were based on the change in AWEI published in April (+1.2%)

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

Global business

Financial year ended **31 December 2011**

- (5) There have been no changes to benefit charges on linked policies.
- (6) There have been no changes to unit management charges or notional charges to accumulating with profits 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 2011**(2) Valuation interest rates:**

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

Product	Interest rate 31 December 2011	Interest rate 31 December 2010
Life Assurances		
Conventional business WP	2.80%	3.50%
UWP business	2.35%	3.15%
Pensions and General Annuities		
Deferred Annuity With Profit		
In payment	3.25%	4.20%
In deferment – Single Premium	3.25%	4.20%
In deferment – Regular Premium	3.25%	4.20%
Deferred Annuity Non Profit		
In Payment	2.30%	3.40%
In deferment – Single Premium	2.30%	3.40%
In deferment – Regular Premium	2.30%	3.40%
Non-profit policies	2.30%	3.40%
Regular Premium With Profit policies	3.25%	4.20%
Single Premium With Profit policies	3.25%	4.20%
Group Defined Benefits	3.25%	4.20%
UWP business	2.75%	3.70%
With Profit Annuity	3.40%	4.20%

(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 0.43% for equities and by approximately 0.81% for property.

Fixed interest securities

The allowance for credit risk on bonds is two-fold. Firstly, the bond yield is capped at a maximum of 12%. A further deduction is then applied determined as 30% of the excess of the capped bond yield over the yield of a gilt with a matching duration.

For the purposes of the valuation the average deduction from the yield on fixed interest securities (excluding Approved fixed interest i.e. gilts and other bonds issued by approved UK and international public sector bodies) held at 31 December 2011 was:

Deduction from Yield	WPSF
Impact of 12% cap	0.61%
Impact of 30% spread	1.10%
Total Deduction	1.71%

For Mortgages, a deduction of 1.0% 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 2011**(4) Mortality assumptions**

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

Product	Mortality basis 31 December 2011	Mortality basis 31 December 2010
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 2011	31 December 2010
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 1/1/2012	Expectation of Life for annuitant aged 75 on 1/1/2012	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2012	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2012
90.5% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	24.2	14.8	28.7	26.4
85% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	26.0	16.5	29.1	27.5

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 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With Profits Sub-Fund**
 Global business
 Financial year ended **31 December 2011**

(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 2010 and 2011 (including loadings).

Product	Product code	Renewal admin (£ per policy)	
		2011	2010
CWP savings endowment	120	34.63	33.05
CWP target cash endowment	125	34.63	33.05
CWP Pensions	155/165	46.18	44.06
Annuity (reversionary)	400	0	0

Assumed future expense inflation

2.84% 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%.

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

(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.

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 2011**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 lapse/surrender/PUP rate for the policy years			
		1-5	6-10	11-15	16-20
Life CWP endowment - savings	Surrender	0%	0%	0%	0%
Life CWP endowment - target cash	Surrender	0%	0%	0%	0%
Life UWP endowment - savings	Surrender	4.55%	4.55%	4.55%	4.55%
Life UWP endowment - target cash	Surrender	4.55%	4.55%	4.55%	4.55%
Life UWP single premium - no guarantee	Surrender	2.47%	8.06%	6.11%	5.20%
Life UWP single premium - moneyback guarantee	Surrender	2.47%	8.06%	6.11%	5.20%
Life UWP single premium - no-MVR guarantee	Surrender	2.47%	6.50%	6.11%	8.06%
Life UWP single premium	Automatic withdrawals	100% of current withdrawal			
Pension CWP regular premium	PUP	0%	0%	0%	0%
Pension CWP regular premium	Surrender	0%	0%	0%	0%
Pension CWP single premium	Surrender	0%	0%	0%	0%
Individual Pension UWP regular premium	PUP	Peak 1 valuation assumes no future premiums on UWP business			
Individual Pension UWP regular premium	Surrender	2.28%	2.28%	2.28%	2.28%
Individual Pension UWP single premium	Surrender	2.28%	2.28%	2.28%	2.28%

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Group Pension UWP regular premium	PUP	Peak 1 valuation assumes no future premiums on UWP business			
Group Pension UWP regular premium	Surrender	1.30%	1.30%	1.30%	1.30%
Group Pension UWP single premium	Surrender	1.30%	1.30%	1.30%	1.30%

(10) Other basis items:**Option take-up rates**

- Guaranteed Annuity Rate Options:

We have assumed that current option take-up is 95%. This is based on current experience and incorporates margins for prudence.

- Guaranteed Minimum Pensions (GMP) on Section 32 policies:

We have assumed 100% 'option take-up' of the minimum pension. In practice, policyholders do not have an option (if the maximum pension bought by their policy is below the Guaranteed Minimum then they will be paid the GMP).

Taxation

Valuation interest rates on Life business include an allowance for taxation. This allowance has been arrived at using the following assumption:

- A tax rate of 20% has been assumed in respect of income on Fixed Interest and Property assets (for Life business). No allowance has been made for taxation on equity income.

(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:

- Allowance for lapses on valuation of protection business
- Allowance for negative reserves on valuation of protection business
- Allowance for lapses on valuation of unit-linked business
- 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.

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Name of insurer

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

Global business

Financial year ended

31 December 2011

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

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 2011 is zero.

(b)

(i) Product	Conventional pensions endowment with-profits	Conventional deferred annuity with-profits	Deferred annuity non-profit
(ii) Basic Reserve (£m)	687.1	162.5	321.7
(iii) Spread of outstanding durations:			
0-5 years	42%	48%	20%
6-10 years	32%	29%	24%
11-20 years	26%	20%	47%
over 20 years	1%	2%	10%
(iv) Guarantee Reserve (£m)	559.7	145.2	353.7

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

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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).
- 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)	261,912,414	8% with no-MVR date in 2012; 92% with no-MVR date in 2013-2016	0	251,887,987	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	717,911,276	100% with MBG expired	0	732,645,698	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

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Name of insurer

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

Global business

Financial year ended

31 December 2011

(3) Guaranteed Insurability Options

- (a) For convertible term or increasing sum insured options, a reserve is held equal to one year's option premium.
- (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

(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).

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

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 2011 is zero.

The base reserve for the business affected is: £1,148m

The additional reserve required is: £756m

- (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 2012 arising from explicit reserves is £25,500,000.

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 2011 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

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allowance for 2012 maintenance expenses in 6(1) above is lower than the adjusted Form 43 expense by £300,000. This difference is predominantly due to lower 2012 expected maintenance expenses caused by lower volumes of policies in 2012.

- (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.

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 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 (2.84%) 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 2011 using the following method and basis of calculation:
 - All sales, marketing and new business administration operations were assumed to cease three months after the date of closure.
 - Allowance was made for statutory 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 the additional cost that would be incurred through outsourcing existing business administration
 - Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.

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 £2m 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) The mathematical reserves and matching assets, analysed by currency, are as follows.

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	15,347,400	15,347,400	100%

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- (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)
- 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 2012 is £2,370m. Expected income, in 2012, from assets currently held in the fund is £611m and £395m is held in deposit-style assets. Premium income for 2011 was around £262m and there is no reason to expect it to fall significantly. The fund also holds an additional £4,314m in gilts some of which we expect could be sold 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.

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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 2011 for the affordability condition is zero.

The amount of provision is £725m.

(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 £17.7m is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

9. Reinsurance

- (1) The 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 2011 these totalled £26,523,000.
 - (g) There are no deposit-back arrangements under the treaty.
 - (h) The treaty is not closed to new business.
 - (i) There is no undischarged obligation for the insurer.
 - (j) The amount of mathematical reserves ceded under the treaty is £127,477,000.
 - (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 an associate 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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(1)

Product	Amount of Gross mathematical reserve (£m)	Regular bonus (2010)	Regular bonus (2011)	Guaranteed bonus (2011)
Conventional Life				
Super-compound series (all business)	2,984.5	0% SA / 0.5% RB	0% SA / 0.5% RB	0.00%
Simple Bonus Whole Life	12.1	16%	16%	0.00%
Conventional Pensions				
Individual & Group Pensions (excl With-Profit Annuity)	3,677.3	0% SA / 0% RB	0% SA / 0% RB	0.00%
Group Defined Benefits	26.3	0.00%	0.00%	0.00%
With-Profits Annuity	129.9	2.00%	1.50%	0.00%
Unitised Life				
Units without regular bonus guarantee	917.0	1.25%	1.00%	0.00%
Units with regular bonus guarantee	299.4	2.50%	2.50%	2.50%
Unitised Pensions				
Units without regular bonus guarantee	2,607.7	1.25%	1.25%	0.00%
Units with regular bonus guarantee	3,023.1	4.00%	4.00%	4.00%
Belgium (in the UKLAP Belgium sub-fund)	87.4	0.00%	0.00%	0.00%

- (2) The figures for bonus awarded on Unitised with-profit business show the percentage increase in unit price during the year.
- (3) For super-compound business both rates are shown (the rate applying to the base benefit is shown as a percentage of SA, the rate applying to regular bonus awarded to date is shown as a percentage of RB).
- (4) The figures above do not represent a weighted average.

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1. Introduction

- (1) The **valuation date** is 31 December 2011.
- (2) The previous valuation was completed with an effective date of 31 December 2010.
- (3) An interim valuation was carried out with an effective date of 30 June 2011 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 2.4%. The exception is for charges on Compact and Everyman which increased by 4.8%.

Defined Benefit Schemes

Deferred Allocation Funding:

The administration fee increased by 2.4%.

- (5) There have been no changes to benefit charges on linked policies.
- (6) There have been no changes to unit management charges or notional charges to accumulating with profits policies.
- (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 an instruction, payment and all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment and all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

For Pension Assured funds, investment return is attributed through the issue of bonus units. Each month bonus units are allocated based on market movements up to 11:00pm on the last business day in the month. The offer unit price may increase during the month as new investments are not entitled to the bonus at the end of the first month. On contractual exits, units are 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 settlement of tax due. This applies in respect of tax on notional realisations under the Finance acts as well

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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 2011. The rate applied to unrealised gains varied by fund in the range 1.5% to 20% during the year to 31 December 2011. 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 2011.
- (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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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 2011	Interest rate 31 December 2010
Life with-profit assurances	2.90%	3.55%
Life non-profit business	2.75%	3.25%
Pension accumulating with-profit (excluding Compact)	3.25%	3.75%
Compact pension accumulating with-profit	2.80%	3.25%
Non profit immediate annuity	3.75%	4.20%
With profit immediate annuity	3.60%	4.20%
Pension Deferred Annuity Non Profit and Guaranteed Annuity Options		
In payment	2.90%	3.40%
In deferment	3.10%	3.60%
Pension Deferred Annuity With Profit and Guaranteed Annuity Options		
In payment	3.25%	3.75%
In deferment	3.25%	3.75%

(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 0.96% for equities, and approximately 0.74% for property.

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The allowance for credit risk on bonds is two-fold. Firstly, the bond yield is capped at a maximum of 12%. A further deduction is then applied determined as 30% of the excess of the capped bond yield over the yield of a gilt with a matching duration.

For the purposes of the valuation the average deduction from the yield on fixed interest securities (excluding Approved fixed interest i.e. gilts and other bonds issued by approved UK and international public sector bodies) held at 31 December 2011 was:

Deduction from Yield	PMSF
Impact of 12% cap	0.11%
Impact of 30% spread	1.01%
Total Deduction	1.12%

For Mortgages, a deduction of 1.0% was used, while for Deposits, the equivalent deduction was 0.10%.

(4) Mortality assumptions

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

Product	Mortality basis 31 December 2011	Mortality basis 31 December 2010
<u>Life Assurances</u>		
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	84.8% TM00/TF00 sel	83.6% TM00/TF00 sel
Assurances - Decreasing Term	75.3% TM00/TF00 sel	86.6% TM00/TF00 sel
<u>Pensions and General Annuities</u>		
Accumulating With Profit :		
In deferment	60% AM00/AF00 ult	60% AM00/AF00 ult
Post Vesting (incl GAO)	85% PCMA00 / 95% PCFA00	90% PCMA00 / 100% PCFA00
Deferred Annuity		
In deferment	60% AM00/AF00 ult	60% AM00/AF00 ult
Post Vesting	85% PCMA00 / 95% PCFA00	90% PCMA00 / 100% PCFA00
With-Profit and Non-Profit Annuity in Payment (Individual)	75% IML00/IFL00	80% IML00/IFL00
Non-Profit Annuity in Payment (Group):	85% PCMA00 / 95% PCFA00	90% PCMA00 / 100% PCFA00
With-Profit Annuity in Payment (Group):	85% PCMA00 / 95% PCFA00	90% PCMA00 / 100% 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:

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	31 December 2011	31 December 2010
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 1/1/2012	Expectation of Life for annuitant aged 75 on 1/1/2012	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2012	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2012
85% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	24.8	15.4	29.5	27.1
95% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	24.9	15.6	27.9	26.4
75% IML00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	26.1	16.3	30.5	28.3
75% IFL00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	27.9	17.7	30.9	29.4

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.

Allowance/reserve for:

- any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- developments in medical science on the mortality experience of the insurer:

For certain categories of options further AIDS reserves have been set up:

- For temporary assurances with a guaranteed option to convert or renew without furnishing further evidence of health it has been assumed that 50% of policyholders who will contract AIDS have exercised the option most expensive to the company.
- For mortgage-related endowment assurances with a guaranteed option to increase the sum assured within certain limits in the event of an increase in mortgage the percentage assumed is 10%.
- For continuation options under group policies it has been assumed that 10% of the "at risk" membership leaves each year for the next 10 years (or until the expiry of the guarantee of terms for existing members if earlier), and that half of these exercise the option most expensive to the company.

The total additional reserve for AIDS is £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 £0.9m. 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.

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The table below shows the per-policy expenses for 2010 and 2011 (including loadings).

1. PM	Existing Business Admin Fees		
Product code	Category	2011	2010
120	Conventional endowment with-profits OB savings	34.63	33.05
125	Conventional endowment with-profits OB target cash	34.63	33.05
165	Conventional deferred annuity with-profits	34.63	33.05
700	Life property linked single premium	34.63	33.05
715	Life property linked endowment regular premium -savings	34.63	33.05
720	Life property linked endowment regular premium – target cash	34.63	33.05
725	Individual pensions property linked	34.63	33.05
735	Group money purchase pensions property linked	27.88	26.62

Assumed future expense inflation:

2.84% 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

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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 95%. This is based on current experience and incorporates margins for prudence.

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 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:

- 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

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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 2011 is zero.

(b)

(i) Product Name	Personal Pension Plan	Products with GAO excluding Personal Pension Plan
(ii) Basic Reserve (£m)	101.6	453.7
(iii) Spread of outstanding durations		
0-5 years	87.4%	68.9%
6-10 years	10.5%	17.8%
11-20 years	2.1%	11.5%
over 20 years	0.0%	1.8%
(iv) guarantee reserve (£m)	74.9	195.2
(v) guaranteed annuity rate	10.8%	10.3%
(vi) increments allowed?	Yes	Yes but GAO does not apply
(vii) form of annuity	Payable monthly in advance, single life, guaranteed for 5 years	Payable monthly in advance, single life, guaranteed for 5 years
(viii) retirement ages	60 to 75 permitted	50 to 75 permitted

(2) Guaranteed surrender and unit-linked maturity values:**Non-Unit-linked:**

The PM fund does not offer guaranteed surrender values. On surrender policyholders may receive a benefit that is set by a formula but the parameters will be determined by economic conditions at the date of surrender. Accumulating with-profit pensions policies may allow retirement within a range of dates but this is not the surrender of the contract.

Unit-Linked:Pension Assured Fund/British Rail Assured Fund

The basic reserve held in respect of units invested in these funds is £1,371m. 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 £1,377m. 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	25-29	30+
Proportion	11%	18%	26%	24%	15%	5%	1%

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Name of insurer **Aviva Life & Pensions UK Ltd – Provident Mutual Sub-Fund**
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(3) Guaranteed Insurability Options

(a) For the following classes of business, the reserve held was equal to the proportion of the office premiums attributable to the options:

- Certain policies on the life of or for the benefit of children contain guaranteed options, usually on the child's 18th or 21st birthday.
- Under certain temporary assurances there is an option to convert to other classes without furnishing further evidence of health.
- 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 2012 arising from explicit reserves is £11,500,000.

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 2011 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 2012 maintenance expenses in 6(1) above exceeds the adjusted Form 43 expense by £4,200,000. The difference is due to margins in the valuation basis and changes in business volumes between 2011 and 2012.

(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.

An assessment was made of the cost of closure of the Company to new business at the end of 2011 using the following method and basis of calculation:

- All sales, marketing and new business administration operations were assumed to cease three months after the date of closure.
- Allowance was made for statutory 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 the additional cost that would be incurred through outsourcing existing business administration

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- Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.

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 £1.2m is held to cover the cost of closure.

- (6) No expenses have been treated as non-attributable.

7. Mismatching Reserves

- (1) The mathematical reserves and matching assets, analysed by currency, are as follows.

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	1,584,851	1,584,851	100%

- (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. 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.

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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 2012 is £217m. Expected income, in 2012, from assets currently held in the fund is £86m and £113m is held in deposit-style assets. The fund currently holds an additional £143m 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).

10. Reversionary (annual, regular) bonus

(1)

Product	Amount of mathematical reserve (£m)	Regular bonus (2010)	Regular bonus (2011)	Guaranteed bonus (2011)
Life				
Endowment / Whole Life (incl Budget Plan, Permanent Total Disability, Flightdeck)	125.9	0% SA / 0% RB	0% SA / 0% RB	0.00%
Pensions (excl With-Profit Annuity)				
Personal Pension Plan (Series 1 & 2)	26.8	0% of benefit secured	0% of benefit secured	0.2% gteed interest per month
Personal Pension Plan (Series 3)	149.7	0% of benefit secured	0% of benefit secured	0.22% gteed interest per month
Self Employed Retirement Annuities	272.6	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
IPA / AVC / Money Purchase schemes	119.5	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
Executive Pension Plan	96.3	0% of benefit secured	0% of benefit secured	3.25% gteed interest on Higher rate fund money only
Compact	29.9	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)	149.1	0% of account balance	0% of account balance	0.00%
Other Deferred Annuities	13.2	0% of account balance	0% of account balance	0.00%
With-Profit Annuity				
Annuityants from defined benefit schemes (excluding Air France)	242.2	3.50%	1.00%	0.00%
Annuityants from Air France	18.8	5.00%	5.00%	5.00%
Annuityants on 1999 series rates	2.8	4.50%	3.00%	0.00%
Other annuityants:				
retiring before 1984	3.4	10.00%	7.50%	0.00%
retiring between 1984 and 1992	50.2	4.50%	2.00%	0.00%
retiring between 1993 and 1997	33.0	1.00%	0.00%	0.00%
retiring between 1998 and 2002	51.0	0.00%	0.00%	0.00%
retiring 2003 and later	16.7	0.50%	1.00%	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.

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund 5**

Global business

Financial year ended **31 December 2011**

1. Introduction

(1) The valuation date is 31 December 2011.

(2) This is the first valuation for With-Profit Sub-Fund 5 (WPSF5). The fund was created from the transfer of the with-profits long-term business of National Westminster Life Assurance Ltd (NWL) and Royal Scottish Assurance Plc (RSA). The transfer was effective from 30 September 2011.

The date of the previous valuation for NWL and RSA was 31 December 2010.

(3) Interim valuations for NWL and RSA were carried out with an effective date of 30 September 2011 for the purposes of Rule 9.3 (5).

2. Product range

There have been no significant changes to the product range (i.e. excluding updating of policy fees) during 2011. The fund is closed to new with-profit business. All with-profit liabilities are fully reinsured.

3. Discretionary charges and benefits

(1) WPSF5 has the option to apply a market value reduction (MVR) on the encashment of unitised with-profit units of the fund. The table below shows the period during which an MVR applied to ex-NWL business during 2011. No market value adjustments were applied to ex-RSA business during 2011. The table is split by year of policy entry and product type. Entries marked N/A mean that an MVA was not applied to that product type / year of entry combination.

Ex-NWL business

Market Value Adjustments	Years of entry		
	Regular premium life	Regular premium pensions	Special payments pensions
Pre 1 February 2011	N/A	1994-2007	1997-2002 2005-2008
1 February 2011	N/A	1995-2006	1997-2002 2005-2008
7 June 2011	N/A	1996-1999	1997-2001 2006-2007
1 August 2011	N/A	N/A	1998-2001 2006-2007
5 October 2011	N/A	1996-1999	1997-2002 2006-2007

The level of applicable MVA depends on the year of entry and the level of guaranteed regular bonus.

(2) Not applicable

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund 5**

Global business

Financial year ended **31 December 2011**

- (3) The fund does not have any non-profit deposit administration benefits.
- (4) Service charges on all unitised with-profits policies (deducted monthly via cancellation of units) were increased to reflect inflation in line with the National Average Earnings Index / Average Weekly Earnings Index over the same period. Increases were in the range 1.85% to 2.70% depending on policy type. For ex-RSA business, the cumulative increase in price since the policy was first written cannot exceed the cumulative increase in the index over the same period.
- (5) There were no changes to benefit charges (mortality etc.) on unitised with-profits business during the year.
- (6) There were no changes to unit management charges on unitised with-profits business during the year.
- (7) Not applicable. WPSF5 does not have any internal linked funds. Some policies in WPSF5 may also invest in the ex-NWL and ex-RSA internal linked funds of Non-Profit Sub-Fund 1.
- (8) Not applicable.
- (9) Not applicable.
- (10) Not applicable.

4. Valuation basis (other than for special reserves)

The table below sets out the product codes which are used in various parts of Section 4 which follows.

Product Code	Product Name
515	Life UWP Endowment Regular Premium – Target Cash
525	Individual Pensions UWP

(1) Valuation methodology

For the Company, 1% of gross mathematical reserves exceeds £10m. A limit of £10m will be applied to all sub-funds of the Company when considering whether a group of products is material.

For Unitised With-Profits contracts, the unit liabilities were taken as the greater of:

- a) the bid value of the units
- b) the prospective liability that would arise assuming the units increase in future at the guaranteed bonus rates and are then discounted at the respective valuation discount rates.

For ex-RSA regular premium pensions contracts the unit reserve is based on the "actuarially funded" units which are the units deemed allocated to the contracts reduced by the value of future renewal fund charges under the contract. This process is subject to the value of the actuarially funded units always being at least equal to the surrender or transfer value of the contract. For most pensions contracts there are surrender penalties which cease prior to the maturity date and so the normal actuarial funding factors have been modified to anticipate the required increase in unit value at the point at which surrender penalties cease.

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund 5**

Global business

Financial year ended **31 December 2011**

In addition, a non-unit reserve was calculated by projecting cashflows on a monthly basis for each month that the policy was expected to remain in force. Where the cashflow in any future month was found to be negative, the negative was offset where possible by positive cashflows in previous months. For any future month where this was not possible, then a positive sterling reserve has been set up at the valuation date.

In projecting cashflows, allowance was made for future expenses associated with each contract on a per policy basis, as well as for mortality (where applicable) at the levels of cover appropriate at the valuation date. All per-policy expenses and service charges were assumed to increase annually in line with an assumed rate of inflation.

No allowance was made for any future increases in premiums or benefits.

For policies under which waiver of premium benefit is an option and has been chosen, an additional reserve has been set up in respect of this benefit. This has been calculated as a multiple of the waiver premium. A separate reserve has been set up for waiver claims in payment.

For ex-NWL mortgage endowment plans a prudent allowance has been made for lapses.

(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 codes	Product	31 Dec 2011	31 Dec 2010
515	Life sterling reserves	1.9%	2.7%
525	Pensions sterling reserves	2.4%	3.5%

All valuation interest rates shown above are gross of investment expenses.

At 31 December 2011, yields on short term assets held were not sufficient to support the interest rates shown above. In accordance with INSPRU 3.1.45 the valuation interest rate has been restricted in the first three years to reflect yields on the assets held. This restriction was carried out at product level rather than sub-fund level. A special reserve has been set up (the "Additional Valuation Interest Rate Provision") to allow for this restriction. This reserve is held in Non-Profit Sub-Fund 1.

(3) Adjustment to yield for credit risk

For assets backing non-unit valuation liabilities, a margin exists between the assumed yield on the asset and the valuation interest rate used. This provides for a prudent adjustment to the yield on the assets for the risk of default.

The adjustment for prudence is 0.1% for short term deposits. The adjustment for floating rate notes was based on the credit rating of the underlying institution.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund 5**

Global business

Financial year ended **31 December 2011****(4) Mortality assumptions**

The mortality bases used at the end of the financial year and at the end of the previous financial year are as follows:

Product codes	Product	31-Dec-11	31-Dec-10
	UWP life		
515	Flexible Mortgage Plan		
	Male non-smoker	58.30% AMC00 (2)	76.38% AMC00 (2)
	Male smoker	116.60% AMC00 (2)	152.75% AMC00 (2)
	Female non-smoker	58.30% AFC00 (2)	76.38% AFC00 (2)
	Female smoker	116.60% AFC00 (2)	152.75% AFC00 (2)
515	Mortgage Endowment Plan		
	Male non-smoker	79.50% AMC00 (2)	88.13% AMC00 (2)
	Male smoker	185.50% AMC00 (2)	182.13% AMC00 (2)
	Female non-smoker	79.50% AFC00 (2)	88.13% AFC00 (2)
	Female smoker	185.50% AFC00 (2)	188.00% AFC00 (2)
	UWP pensions (ex-RSA)		
525	Male	84.80% AMC00 (2)	94.00% AMC00 (2)
	Female	84.80% AFC00 (2)	94.00% AFC00 (2)
	UWP pensions (ex-NWL)		
525	Male non-smoker	79.50% AMC00 (2)	94.00% AMC00 (2)
	Male smoker	137.80% AMC00 (2)	176.25% AMC00 (2)
	Female non-smoker	74.20% AFC00 (2)	82.25% AFC00 (2)
	Female smoker	137.80% AFC00 (2)	188.00% AFC00 (2)

The assumptions for future mortality experience contain margins over and above current best estimates for such experience. This provides a margin to anticipate significant, adverse change in mortality experience as a result of changing disease incidence.

(5) Morbidity assumptions

There are no liabilities within WPSF5 that require morbidity assumptions.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund 5**

Global business

Financial year ended **31 December 2011****(6) Expense assumptions**

The expense assumptions used in the valuation are as follows:

Product codes	Product	31 Dec 2011	31 Dec 2010
	UWP life		
515	Flexible Mortgage Plan	70.96	69.58
515	Mortgage Endowment Plan	26.11	26.11
	UWP pensions (ex-RSA)		
525	Executive Pension Plan (regular premium) pre Oct 1997	119.14	116.84
525	Executive Pension Plan (single premium/paid up) pre Oct 1997	89.36	87.63
525	Personal Pension Plan (regular premium) pre Oct 1997	77.17	75.67
525	Personal Pension Plan (single premium/paid up) pre Oct 1997	57.87	56.75
	UWP pensions (ex-NWL)		
525	Personal Pension Plan (regular premium)	28.41	28.41
525	Personal Pension Plan (single premium/paid up)	21.28	21.28
525	Top Up Pension Plan (regular premium)	28.41	28.41
525	Top Up Pension Plan (single premium/paid up)	21.28	21.28

The assumed rate of tax relief for life business is 20% (2010: 22%) for consistency with the assumption used for investment returns. The expenses shown above are before the assumed rate of tax relief has been applied.

The ex-RSA investment expenses are 0.14% for life products and 0.17% for pension products.

The ex-NWL investment expenses are 0.09% for life products and 0.11% for pension products.

(7) Unit growth assumptions

Most policies can invest in both internal linked funds (in NPSF1) and unitised with-profit funds. Sterling reserves are calculated at a policy level and the calculation may apply the unit growth rate or the UWP guaranteed bonus rate depending on the product.

The expense inflation assumptions and unit growth rates used in the valuation are as follows:

Product codes	Assumption	31 Dec 2011	31 Dec 2010
All	Expense inflation	3.4%	4.3%
	UWP life		
515	Life unit growth rate	2.2%	3.6%
	Pensions unit growth rate	2.7%	4.6%

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund 5**

Global business

Financial year ended **31 December 2011****(8) Future bonus rates**

The future assumed bonus rates for UWP contracts in the valuation are the guaranteed bonus rates.

Product codes	Ex-RSA products	31 Dec 2011	31 Dec 2010
515	UWP life	3.92%	3.92%
525	UWP pensions	5.70%	5.70%

Product codes	Ex-NWL product	31 Dec 2011	31 Dec 2010
515	UWP life	2.25%	2.25%
525	UWP pensions	4.00%	4.00%

(9) Persistency assumptions

The persistency assumptions used in the valuation are shown below. The value given is the average lapse/surrender rate for the policy years.

Product codes	Ex-NWL products	Average lapse/surrender rate for the policy years			
		1-5	6-10	11-15	16-20
515	UWP target cash endowment Surrender	N/A*	N/A*	5.20%	5.20%

* The surrender rates for policy year 1-5 and 6-10 are no longer applicable as those products closed to new business in 2000.

Surrender rates are not used for the valuation of ex-RSA linked life products.

The valuation will take the higher of the reserve assuming premiums continue and the reserve if the policy is made paid up.

For Unitised With-Profits contracts, the unit liabilities are taken as the greater of:

- the bid value of the units
- the prospective liability that would arise assuming the units increase in future at the guaranteed bonus rates (shown in the above table in 4(8)) and then discounted at the respective valuation discount rates

(10) Other basis items

There are no other material basis assumptions.

(11) Derivatives

No derivative assets are held within WPSF5.

(12) Changes to INSPRU valuation rules effective from 31 December 2006

There was no change to the valuation methodology at the valuation date arising from changes in INSPRU valuation rules effective 31 December 2006.

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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund 5**

Global business

Financial year ended **31 December 2011**

5. Options and guarantees

- (1) The fund does not have any business with Guaranteed Annuity Rate options.
- (2) There are no surrender value guarantees on any of the fund's products.

The Company can apply a market value adjustment to any encashment of unitised with-profit units for ex-RSA business. There are no guaranteed "MVA-free" withdrawals.

The Company guarantees not to apply a market value adjustment on death or maturity to encashment of unitised with-profits units for ex-NWL business.

In addition, there are guaranteed minimum bonus rates on some UWP contracts. To ensure this is adequately reserved for, the unit liabilities are taken as the greater of:

- a) the bid value of the units;
 - b) the prospective liability that would arise assuming the units increase in future at the guaranteed bonus rates (shown in the above table) and then discounted at the respective valuation discount rates.
- (3) Ancillary options exist under certain classes of contract to extend the term of cover and/or increase the sum assured without underwriting. However, these are not of sufficient significance on the valuation mortality basis stated to require specific additional provision.
 - (4) There are no other guarantees or options for which a reserve is needed.

6. Expense reserves

- (1) Expense loadings are applied at policy level and the aggregate amount of expense loadings expected to arise during the 12 months from the valuation date is shown in section 6 (1) for Non-Profit Sub-Fund 1.

For unitised business, the reserves arise from charges made on the funds and other explicit allowances described in paragraph 4(6) above.

No expenses have been treated as non-attributable.

- (2) Not applicable.
- (3) There are no material expenses in WPSF5.
- (4) The fund is closed to new business.
- (5) There are no material expenses in WPSF5 and no additional expense reserves are deemed necessary.
- (6) Not applicable

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund 5**

Global business

Financial year ended **31 December 2011**

7. Mismatching reserves

- (1) All of the mathematical reserves of WPSF5 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 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) No other reserves have been set up in relation to asset-liability mismatching.

8. Other special reserves

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

In total, the reinsurance credit risk reserve exceeds £10m however the amount of this reserve allocated to WPSF5 is £1,666,231.

9. Reinsurance

- (1) WPSF5 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).

10. Reversionary (annual, regular) bonus

WPSF5 does not have sufficient with-profits liabilities to require disclosure for section 10.

The unitised with-profit unit funds are fully reinsured to Scottish Equitable plc, Scottish Widows plc or Clerical Medical Investment Group, depending on product. The policies in WPSF5 do not have participation rights over any surpluses arising within WPSF5.

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 2011**

1. Introduction

- (1) The **valuation date** is 31 December 2011.
- (2) The previous valuation was completed with an effective date of 31 December 2010.
- (3) An interim valuation was carried out with an effective date of 30 June 2011 for the purposes of rule 9.3A.

2. Product Range

From November 2009, the Unitedised With-Profit Portfolio Bond offered a 100% money-back guarantee from the fifth policy anniversary onwards. In February 2011 this guarantee was changed to a 100% money-back guarantee on the fifth policy anniversary.

In 2011 the Defined Contribution Scheme Replacement product was launched. This is a unitised with profit pension arrangement for accepting monies from employers' money purchase schemes. Costs are met by deducting regular management charges from units.

In 2011 the Trustee Investment Plan product was re-launched. This is a unitised with profit pension arrangement which had temporarily closed to new business.

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 2011. 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 2011.

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	01/01/11 - 15/04/11	N/A	N/A
1990	N/A	01/01/11 - 15/04/11	N/A	N/A	N/A	N/A	N/A
1991	N/A	01/01/11 - 15/04/11	N/A	N/A	01/01/11 - 15/04/11	N/A	N/A
1992	N/A	01/01/11 - 15/04/11	N/A	N/A	N/A	N/A	N/A
1993	N/A	01/01/11 - 15/04/11	N/A	N/A	01/01/11 - 15/04/11	N/A	N/A
1994	N/A	01/01/11 - 15/04/11	N/A	N/A	N/A	N/A	N/A
1995	N/A	01/01/11 - 15/04/11	N/A	N/A	N/A	N/A	N/A
1996	N/A	01/01/11 - 15/04/11	N/A	N/A	01/01/11 - 15/04/11	N/A	N/A
1997	N/A	01/01/11 - 15/04/11	N/A	N/A	01/01/11 - 15/04/11	N/A	N/A
1998	N/A	01/01/11 - 30/06/11	N/A	N/A	01/01/11 - 31/12/11	N/A	N/A
1999	N/A	01/01/11 - 31/12/11	N/A	N/A	01/01/11 - 31/12/11	N/A	N/A
2000	N/A	01/01/11 - 31/12/11	01/01/11 - 31/12/11	N/A	01/01/11 - 31/12/11	N/A	N/A
2001	N/A	01/01/11 - 30/06/11	01/01/11 - 31/12/11	N/A	01/01/11 - 30/06/11	N/A	N/A
2002	N/A	N/A	01/01/11 - 15/04/11	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	01/01/11 - 30/06/11 & 01/10/11-31/12/11
2004	N/A	N/A	N/A	N/A	N/A	N/A	01/01/11-30/06/11 & 01/10/2011-31/12/11
2005	01/01/11 - 15/04/11	01/01/11 - 15/04/11	01/01/11 - 15/04/11	01/01/11 - 15/04/11	01/01/11 - 15/04/11	01/01/11 - 15/04/11	01/01/11-30/06/11 & 01/10/2011-31/12/11
2006	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 30/06/11	01/01/11-31/12/11
2007	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11-31/12/11
2008	01/01/11 - 30/06/11	01/01/11 - 30/06/11	01/01/11 - 31/12/11	01/01/11 - 15/04/11	01/01/11 - 30/06/11	01/01/11 - 15/04/11	01/01/11-30/06/11 & 01/10/11-31/12/11
2009	N/A	N/A	N/A	N/A	N/A	N/A	01/10/11-31/12/11
2010	N/A	N/A	N/A	N/A	N/A	N/A	01/10/11-31/12/11
2011	N/A	N/A	N/A	N/A	N/A	N/A	01/10/11-31/12/11

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 2011****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	01/01/11 - 15/04/11	N/A	N/A
1992	N/A	N/A	N/A	N/A
1993	01/01/11 - 15/04/11	N/A	N/A	N/A
1994	01/01/11 - 15/04/11	N/A	N/A	N/A
1995	01/01/11 - 15/04/11	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A
1997	01/01/11 - 15/04/11	01/01/11 - 30/06/11	01/01/11 - 15/04/11	N/A
1998	01/01/11 - 30/06/11	01/01/11 - 30/06/11	01/01/11 - 15/04/11	N/A
1999	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 15/04/11	N/A
2000	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 15/04/11	N/A
2001	01/01/11 - 30/06/11	01/01/11 - 30/06/11	01/01/11 - 15/04/11	N/A
2002	01/01/11 - 15/04/11	01/01/11 - 15/04/11	N/A	N/A
2003	01/01/11 - 15/04/11	01/01/11 - 15/04/11	N/A	N/A
2004	N/A	01/01/11 - 15/04/11	N/A	N/A
2005	01/01/11 - 15/04/11	01/01/11 - 15/04/11	01/01/11 - 15/04/11	01/01/11 - 15/04/11
2006	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 15/04/11	01/01/11 - 31/12/11
2007	01/01/11 - 31/12/11	01/01/11 - 31/12/11	01/01/11 - 15/04/11	01/01/11 - 31/12/11
2008	01/01/11 - 30/06/11	01/01/11 - 30/06/11	01/01/11 - 15/04/11	01/01/11 - 30/06/11
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A
2011	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	01/01/11 - 30/06/11
2003	N/A	N/A
2004	N/A	N/A
2005	01/01/11 - 15/04/11	01/01/11 - 15/04/11
2006	01/01/11 - 31/12/11	01/01/11 - 31/12/11
2007	01/01/11 - 31/12/11	01/01/11 - 31/12/11
2008	01/01/11 - 30/06/11	01/01/11 - 31/12/11
2009	N/A	N/A
2010	N/A	N/A
2011	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 2011**

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 2011.

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 5.0%, except for Irish products where the charge increased by 5.9%.

Ex-GA products

The monthly administration charge increased by 2.4% on Life and Pensions products.

Ex-CU products

Sterling Pensions: The increase in policy charge was 5.0%.

Sterling Group Plan: The increase applied was 2.4%.

Prime Series: Policy charges were increased by 5.0%.

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 unit management charges or notional charges to accumulating with profits policies.
- (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 an instruction, payment and all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment and all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

For Pension Assured funds, investment return is attributed through the issue of bonus units. Each month bonus units are allocated based on market movements up to 11:00pm on the last business day in the month. The offer unit price may increase during the month as new investments are not entitled to the bonus at the end of the first month. On contractual exits, units are 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.

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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 2011**

- (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 2011. The rate applied to unrealised gains varied by fund in the range 1.5% to 20% during the year to 31 December 2011. 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 2011.
- (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 2.84% per annum.

Principles adopted in the valuation of particular contracts were:

- (a) The reserve for single premium group and individual term assurance contracts was the single premium and for Group Decreasing Term Assurance contracts the reserve was one year's office premium for annual premium contracts and the unearned proportion of the premium on the 24ths basis for single premium contracts, plus an appropriate reserve for profit sharing.

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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 2011**

- (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.

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.

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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 2011**

- 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 2.84% 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.

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 2011****(2) Valuation interest rates:**

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

Product Group	31 December 2011	31 December 2010
Life Assurances		
All Conventional With-Profit business	3.70%	3.75%
All Conventional Non-Profit business	1.80%	2.70%
All Unitised With Profit business	1.50%	2.55%
Pensions and General Annuities		
Immediate Annuities (currently in payment)	4.15%	4.45%
With-Profit Deferred Annuity		
In payment	3.60%	4.30%
In deferment	3.60%	4.30%
Non-Profit Deferred Annuity		
In payment	2.30%	3.20%
In deferment	2.30%	3.20%
Pure Endowment WP	3.60%	4.30%
In-payment rate for valuing Guaranteed Annuity Options	3.60%	4.30%
Other Non-Profit Conventional business	2.30%	3.20%
All Unitised With-Profit business	1.75%	2.90%
With Profit Annuity	4.00%	4.30%

(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 0.35% for equities and by approximately 0.74% for property.

Fixed interest securities

The allowance for credit risk on bonds is two-fold. Firstly, the bond yield is capped at a maximum of 12%. A further deduction is then applied determined as 30% of the excess of the capped bond yield over the yield of a gilt with a matching duration.

For the purposes of the valuation the average deduction from the yield on fixed interest securities (excluding Approved fixed interest i.e. gilts and other bonds issued by approved UK and international public sector bodies) held at 31 December 2011 was:

Deduction from Yield	NWPSF	OWPSF
Impact of 12% cap	0.12%	0.24%
Impact of 30% spread	0.95%	1.04%
Total Deduction	1.07%	1.28%

For Mortgages, a deduction of 1.0% was used, while for Deposits, the equivalent deduction was 0.10%.

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 2011****(4) Mortality assumptions**

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

Product	Mortality basis 31 December 2011	Mortality basis 31 December 2010
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 (ex-CGNU)	93.3% AM00 sel / 93.3% AF00 sel	93.3% TM00 sel / 93.3% TF00 sel
Decreasing Term Assurance on Low Cost Whole Life (ex-CGNU)	138.9% AM00 sel / 138.9% AF00 sel	93.3% TM00 sel / 93.3% TF00 sel
Decreasing Term Assurance on Low Cost Endowment (ex-CULAC)	93.3% AM00 sel / 93.3% AF00 sel	91.2% TM00 sel / 91.2% TF00 sel
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 (Scale)	Duration 0 and 1 89.0% TMN00 sel / 96.5% TFN00 sel (non-smokers) Duration 2 to 4 82.7% TMN00 sel / 91.2% TFN00 sel (non-smokers) Duration 5+ 76.3% TMN00 sel / 84.8% TFN00 sel (non-smokers) Duration 0 and 1 95.4% TMS00 sel / 103.9% TFS00 sel (smokers) Duration 2 to 4 89.0% TMS00 sel / 97.5% TFS00 sel (smokers) Duration 5+ 82.7% TMS00 sel / 91.2% TFS00 sel (smokers)	79.2% TMN00 sel / 79.2% TFN00 sel (non-smokers) 84.9% TMS00 sel / 84.9% TFS00 sel (smokers)
Term assurance (Heritage)	84.8% TM00 sel / 84.8% TF00 sel	83.6% TM00 sel / 83.6% TF00 sel
Mortgage Protection (Scale)	Duration 0 and 1 83.7% TMN00 sel / 92.2% TFN00 sel (non-smokers) Duration 2 to 4 75.3% TMN00 sel / 83.7% TFN00 sel (non-smokers) Duration 5 + 66.8% TMN00 sel / 75.3% TFN00 sel (non-smokers) Duration 0 and 1 83.7% TMS00 sel / 92.2% TFS00 sel (smokers) Duration 2 to 4 75.3% TMS00 sel / 83.7% TFS00 sel (smokers) Duration 5+ 66.8% TMS00 sel / 75.3% TFS00 sel (smokers)	84.0% TM00 sel / 84.0% TF00 sel
Mortgage Protection (Heritage)	75.3% TM00 sel / 75.3% TF00 sel	86.6% TM00 sel / 86.6% TF00 sel
Other term	1x premium	1x premium
Lifecover plus	Lifecover plus 93	Lifecover plus 93
Mortgage Protection with Critical Illness	Duration 0 to 4 113.9% CIM11A Males	Duration 0 and 1 103.5% CIM11A

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 2011**

	124.2% CIM11A Females Duration 5+ 89.7% CIM11A Males 100.1% CIM11A Females	Duration 2+ 103.5% CIM11A
Term assurance with Critical Illness	Duration 0 to 4 131.1% CIM11A Males 142.6% CIM11A Females Duration 5+ 113.9% CIM11A Males 126.5% CIM11A Females	Duration 0 and 1 103.5% CIM11A Duration 2+ 124.2% 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
Unitised With Profits	106% AM00 ult / 106% AF00 ult	106% AM00 ult / 106% AF00 ult
Term assurance (Scale)	Duration 0 and 1 89.0% TMN00 sel / 96.5% TFN00 sel (non-smokers) Duration 2 to 4 82.7% TMN00 sel / 91.2% TFN00 sel (non-smokers) Duration 5+ 76.3% TMN00 sel / 84.8% TFN00 sel (non-smokers) Duration 0 and 1 95.4% TMS00 sel / 103.9% TFS00 sel (smokers) Duration 2 to 4 89.0% TMS00 sel / 97.5% TFS00 sel (smokers) Duration 5+ 82.7% TMS00 sel / 91.2% TFS00 sel (smokers)	79.2% TMN00 sel / 79.2% TFN00 sel (non-smokers) 84.9% TMS00 sel / 84.9% TFS00 sel (smokers)
Term assurance (Heritage)	84.8% TM00 sel / 84.8% TF00 sel	83.6% TM00 sel / 83.6% 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.

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 2011**

- 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 2011	31 December 2010
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 1/1/2012	Expectation of Life for annuitant aged 75 on 1/1/2012	Expectation of Life from age 65 for annuitant aged 45 on 1/1/2012	Expectation of Life from age 65 for annuitant aged 55 on 1/1/2012
90.5% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	24.2	14.8	28.7	26.4
85% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	26.0	16.5	29.1	27.5
74% IML00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	26.2	16.4	30.7	28.4
77% IFL00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	27.6	17.5	30.6	29.1

Allowance for future changes in mortality where not implicit in the basis:

There is an additional reserve held to allow for potential adverse deviation in future annuitant mortality. The additional reserve is £35m in NWPSF and £4.7m in OWPSF.

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.

(5) Morbidity assumptionsEx-CGNU business

The Combined disability and mortality rates were used for Critical Illness attached to Term Assurance, Mortgage Protection are detailed in the table in 4(4) above.

Ex-CULAC business

Morbidity experience is assumed to be according to the IC94 table of decrement rates published by the Society of Actuaries in Ireland Working Party 1994. The tabulated rate is increased by 0.887%, and a further deterioration rate of 1.5% per annum of policy term is then applied. The following rates are an example of the morbidity rates used per mille for a 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.

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Global business

Financial year ended **31 December 2011****(6) Expense assumptions:**

Expense assumptions are taken as 120% of the amounts detailed in the Management Services Agreement (MSA). 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.

The table below shows the per-policy expenses for 2010 and 2011 (including loadings).

Product	Product code	Renewal admin (£ per policy)	
		2011	2010
CWP savings endowment	120	34.63	33.04
CWP target cash endowment	125	34.63	33.04
CWP Pensions	155/165	46.17	44.07
Term assurance	325/330	23.09	22.03
Critical illness	340/345/350/355	23.09	22.03
Income protection	360/365	23.09	22.03
Annuity	400	19.29	18.41
UWP bond	500	51.81	49.44
UWP savings endowment	510	23.09	22.03
UWP target cash endowment	515	34.63	33.04
UWP regular premium pension	525/545	42.20	40.27
UWP single premium pension	525/545	42.20	40.27
UWP group regular premium pension	535	69.27	66.10
UWP group single premium pension	535	69.27	66.10

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.

Assumed future expense inflation:

2.84% per annum (RPI, as set by the MSA agreement)

Zillmer adjustments:

No Zillmer adjustments were made to net premium reserves.

Investment expenses:

The yield on the asset classes backing the liabilities was reduced for investment expenses. This reduced the upper bound on the interest rates used in the valuation. The adjustments made were:

Asset Class	Reduction in asset yield
Equity	0.139%
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%.

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

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Global business

Financial year ended **31 December 2011****(7) Unit Linked policies: basis for non-unit reserves.**

	31 December 2011		31 December 2010	
	Life	Pensions	Life	Pensions
Assumed Fund Growth (before annual management charge)	2.80%	3.50%	4.00%	5.00%
Discount rate	2.20%	2.70%	3.10%	3.80%
Policy fee inflation	2.84%	2.84%	3.25%	3.25%

Assumed future expense inflation:

2.84% 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)

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.

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Global business

Financial year ended **31 December 2011**

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/PUP 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%
Life CWP endowment - savings	Surrender	0%	0%	0%	0%
Life CWP endowment - target cash	Surrender	0%	0%	0%	0%
Life UWP endowment - savings	Surrender	5.85%	5.85%	5.85%	5.85%
Life UWP endowment - target cash	Surrender	5.85%	5.85%	5.85%	5.85%
Life UWP single premium - no guarantee	Surrender	2.47%	8.06%	6.11%	5.20%
Life UWP single premium - moneyback guarantee	Surrender	2.47%	8.06%	6.11%	5.20%
Life UWP single premium - no-MVR guarantee	Surrender	2.47%	6.50%	6.11%	8.06%
Life UWP single premium - RPI/CPI guarantee	Surrender	1.43%	7.67%	6.11%	5.20%
Life UWP single premium	Automatic withdrawals	100% of current withdrawal			
Pension CWP regular premium	PUP	0%	0%	0%	0%
Pension CWP regular premium	Surrender	0%	0%	0%	0%
Pension CWP single premium	Surrender	0%	0%	0%	0%
Individual Pension UWP regular premium	PUP	Peak 1 valuation assumes no future premiums on UWP business			
Individual Pension UWP regular premium	Surrender	2.28%	2.28%	2.28%	2.28%
Individual Pension UWP single premium	Surrender	2.28%	2.28%	2.28%	2.28%
Group Pension UWP regular premium	PUP	Peak 1 valuation assumes no future premiums on UWP business			
Group Pension UWP regular premium	Surrender	1.30%	1.30%	1.30%	1.30%
Group Pension UWP single premium	Surrender	1.30%	1.30%	1.30%	1.30%
Trustee Investment Plan UWP	Surrender	9.75%	11.70%	11.70%	9.75%

(10) Other basis items:**Option Take-Up Rates**Guaranteed Annuity Rate Options:

We have assumed that current option take-up is 88% for ex-CGNU business and 95% 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).

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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 2011**

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:

- 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

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 2011 is zero.

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Global business

Financial year ended **31 December 2011**

(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)	0.1	14.9	2.2	1.3
(iii) Spread of o/s durations:				
% with o/s dur'n of 1 year	0.0%	15.1%	7.7%	8.4%
% with o/s dur'n of 2 to 5 years	100.0%	28.1%	46.4%	22.3%
% with o/s dur'n of 6 to 10 years	0.0%	30.0%	20.1%	20.0%
% with o/s dur'n of 11 to 20 years	0.0%	25.8%	23.2%	49.0%
% with o/s dur'n of over 20 years	0.0%	0.9%	2.6%	0.3%
(iv) guarantee reserve (£m)	0.1	10.0	0.4	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

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	10.5	0.9	0.5
(iii) Spread of o/s durations:				
% with o/s dur'n of 1 year	0.0%	11.1%	3.9%	4.7%
% with o/s dur'n of 2 to 5 years	0.0%	31.3%	30.4%	28.3%
% with o/s dur'n of 6 to 10 years	51.6%	27.2%	18.0%	22.2%
% with o/s dur'n of 11 to 20 years	48.4%	28.9%	30.1%	17.5%
% with o/s dur'n of over 20 years	0.0%	1.6%	17.7%	27.4%
(iv) guarantee reserve (£m)	0.0	7.1	0.2	0.0
(v) guaranteed annuity rate	10.31%	11.11%	7.51%	4.98%
(vi) increments allowed?	Same as NWPSF	Same as NWPSF	Same as NWPSF	Same as NWPSF
(vii) form of annuity	Same as NWPSF	Same as NWPSF	Same as NWPSF	Same as NWPSF
(viii) retirement ages	62 to 75	52 to 75	57 to 75	57 to 75

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**

Global business

Financial year ended **31 December 2011****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)	65.2	3.6
(iii) Spread of O/S durations:		
Less than 1 year	6.3%	3.3%
2-5 years	24.1%	18.0%
6-10 years	31.5%	24.6%
11-20 years	33.1%	41.3%
over 20 years	5.0%	12.8%
(iv) Guarantee Reserve (£m)	52.8	3.8
(v) Guaranteed Annuity Rate	11.2%	11.2%
(vi) Increments allowed?	See note(1) below	See note (1) below
(vii) Form of the annuity	See note(2) below	See note(2) below
(viii) Retirement Ages	60 until 75	60 until 75

Guaranteed Annuity Rate 2: Annuity interest rate 5.25%

(i) Product Name	With-Profits Pensionmaker and Retirementmaker	Non-Profit Pensionmaker and Retirementmaker	With-Profits Sterling Transfer Bonds
(ii) Basic Reserve (£m)	93.3	3.8	13.8
(iii) Spread of O/S durations:			
Less than 1 year	6.3%	6.1%	11.6%
2-5 years	23.7%	13.5%	37.9%
6-10 years	30.1%	21.3%	35.2%
11-20 years	37.1%	57.6%	15.3%
over 20 years	2.9%	1.5%	0.1%
(iv) Guarantee Reserve (£m)	57.8	3.3	7.6
(v) Guaranteed Annuity Rate	10.0%	10.0%	10.0%
(vi) Increments allowed?	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
(viii) Retirement Ages	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

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 2011****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)	13.4	0.5
(iii) Spread of O/S durations:		
Less than 1 year	2.7%	3.3%
2-5 years	17.5%	18.0%
6-10 years	30.3%	24.6%
11-20 years	40.1%	41.3%
over 20 years	9.4%	12.8%
(iv) Guarantee Reserve (£m)	11.1	0.5
(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
(ii) Basic Reserve (£m)	18.1	0.5	2.3
(iii) Spread of O/S durations:			
Less than 1 year	9.2%	6.1%	4.8%
2-5 years	21.4%	13.5%	48.8%
6-10 years	36.3%	21.3%	28.1%
11-20 years	30.5%	57.6%	18.1%
over 20 years	2.5%	1.5%	0.3%
(iv) Guarantee Reserve (£m)	11.1	0.4	1.3
(v) Guaranteed Annuity Rate	10.0%	10.0%	10.0%
(vi) Increments allowed?	Same as NWPSF	Same as NWPSF	Same as NWPSF
(vii) Form of the annuity	Same as NWPSF	Same as NWPSF	Same as NWPSF
(viii) Retirement Ages	60 until 75	60 until 75	60 until 75

(2) Guaranteed surrender and unit-linked maturity values:**Non-unit-linked:**

The only such policies with a guaranteed surrender value are certain Unitised with-profit Life contracts. No Conventional policies have a guaranteed surrender value.

Unitised with-profit Pensions contracts cannot be surrendered, only transferred or switched; in either case, an MVR would apply if this were to be done before normal retirement rate. Retirement under such policies can happen on more than one date without incurring an MVR. Retirement is a contractual exit (not a surrender of the policy) and is explicitly valued.

There are four types of guaranteed surrender value:

- The option to surrender the policy on a certain set of dates without an MVR being applied (a no-MVR guarantee).
- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the total premium paid into the policy (a money-back guarantee)
- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the total premium paid into the policy, plus inflation (an inflation-protected guarantee)

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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 2011**

- 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 $[\text{Accumulated Benefit} + \text{adjustment}]$ item is calculated in accordance with INSPRU 1.2.71R(1).
- The $[\text{Prospective reserve for future benefit}]$ 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 2011

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	358,005,749	N/A; policy has no contractual exit date	0	356,393,380	None	None	None	No MVR on regular withdrawals up to 5% if taken from inception.	0	No (RW gtee)
Portfolio Bond (16/3/1993 to 30/9/1998)	414,635,321	N/A; policy has no contractual exit date	0	421,405,791	None	None	None	No MVR on regular withdrawals up to 7.5% if taken from inception.	0	No (RW gtee)
Portfolio Bond (1/10/1998 to 1/10/2000)	734,701,849	6% with duration 1 year; 46% with duration 2 years; 48% with duration 3 years	0	769,785,061	No MVR on surrender on 10th anniversary / any subsequent 5 yearly anniversaries	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	757,161,723	1% with duration less than 1 year; 30% with duration 3 years; 69% with duration 4 years	0	774,624,712	No MVR on surrender on 10th anniversary / any subsequent 5 yearly anniversaries	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	370,814,298	Duration 4 years	0	370,826,214	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	754,255,606	89% with duration less than 1 year; 11% with duration 1 years	0	754,191,842	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)	65,693,677	Duration 2 years	0	65,690,717	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 9/2/2004 to 29/1/2006)	1,177,581,289	14% with duration less than 1 year; 16% with duration 1 years; 28% with duration 2 years; 28% with duration 3 years; 14% with duration 4 years	0	1,245,433,711	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 30/1/2006 to 27/4/2008)	1,600,940,244	47% with duration less than 1 year; 22% with duration 1 years; 31% with duration 5 years	0	1,493,954,827	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.	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 2008 (contracts issued 28/4/2008 to 31/10/2009)	1,326,226,602	66% with duration 1 year; 34% with duration 2 years	0	1,235,774,463	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.	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 1/1/2009)	205,340,224	3% with duration 2 years; 74% with duration 3 years; 23% with duration 4 years	0	214,838,667	None	The amount paid from the 5th 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

Returns under the Accounts and Statements Rules

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 2011**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	30,831,359	N/A; policy has no contractual exit date	0	30,684,652	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (16/3/1993 to 30/9/1998)	30,895,571	N/A; policy has no contractual exit date	0	31,391,793	None	None	None	Same as NWPSF	0	No (RW gtee)
Portfolio Bond (1/10/1998 to 1/10/2000)	68,191,214	5% with duration 1 year; 42% with duration 2 years; 53% with duration 3 years	0	71,353,294	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	78,021,298	29% with duration 3 years; 71% with duration 4 years	0	79,438,386	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	32,363,303	Duration 4 years	0	32,364,576	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	61,331,288	87% with duration less than 1 year; 13% with duration 1 year	0	61,308,902	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 7/7/2003 to 8/2/2004)	5,128,312	99% with duration 1 year; 1% with duration 2 years	0	5,126,990	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 9/2/2004 to 29/1/2006)	142,599,538	15% with duration less than 1 year; 17% with duration 1 year; 24% with duration 2 years; 28% with duration 3 years; 16% with duration 4 years	0	151,613,671	None	Same as NWPSF	None	Same as NWPSF	0	No
Portfolio Bond (contracts issued 30/1/2006 to 27/4/2008)	191,360,603	53% with duration less than 1 year; 25% with duration 1 year; 22% with duration 4 years	0	178,217,366	None	None	Same as NWPSF	Same as NWPSF	0	No
Portfolio Bond 2008 (contracts issued 28/4/2008 to 31/10/2009)	176,579,746	66% with duration 1 year; 34% with duration 2 years	0	164,536,543	None	None	Same as NWPSF	Same as NWPSF	0	No
Portfolio Bond (contracts issued from 1/11/2009)	27,339,917	3% with duration 2 years; 74% with duration 3 years; 23% with duration 4 years	0	28,604,582	None	Same as NWPSF	None	Same as NWPSF	0	No

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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 2011

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)	19,993,813	44% with duration 1 year; 39% with duration 2 years; 17% with duration 3 years	0	19,993,813	No-MVR guarantee applies at 10th anniversary and every 5 years thereafter.	0	No (RW gtee)
Irish Bonds (OWPSF)	5,964,104	35% with duration 1 year; 41% with duration 2 years; 24% with duration 3 years	0	5,964,104	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)	148,011,644	3% with duration less than 1 year; 19% with duration 1 years; 39% with duration 2 years; 39% with duration 3 years	0	151,024,168	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)	142,540,542	25% with duration less than 1 year; 34% with duration 1 year; 5% with duration 2 years; 34% with duration 3 years; 2% with duration 4 years	0	163,349,203	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)	411,010,052	60% with duration less than 1 year; 28% with duration 1 year; 12% with duration 2 years	0	431,534,971	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

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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 2011**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)	31,608,485	1% with duration less than 1 year; 24% with duration 1 year; 51% with duration 2 years; 24% with duration 3 years	0	31,968,983	None	Same as NWPSF	None	Same as NWPSF	0	No
NUIL Bond (from February 2004)	19,674,340	24% with duration less than 1 year; 34% with duration 1 year; 4% with duration 2 years; 33% with duration 3 years; 5% with duration 4 years	0	22,450,688	None	Same as NWPSF	None	Same as NWPSF	0	No
NUIL Bond (from 30/01/2006)	50,068,935	56% with duration less than 1 year; 30% with duration 1 year; 14% with duration 2 years	0	52,602,778	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)	542,065,654	59% with duration less than 1 year; 40% with duration 1 year; 1% with duration 2 years	0	543,299,166	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)	132,232,676	90% with duration 2 years; 10% with duration 3 years	0	132,218,731	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 2011**(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 £813m (although note that this is held within the UKL&P NP fund)
- (iii) Spread of outstanding durations:

Year	Proportion with Guarantee
2012	25.00%
2013	26.69%
2014	48.25%
2015	0.06%

- (iv) The Guarantee reserves are £25.3m for NWPSF and £3.4m for OWPSF
- (v) The Guaranteed amount totals £724m
- (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 2011**

(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-2011 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 £94.0m for NWPSF and £9.9m for OWPSF. The reserves for the guarantee are £54.1m in NWPSF and £9.9m 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.

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Global business

Financial year ended **31 December 2011****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 = £160.2m for NWPSF and £14.9m for OWPSF

Reserve for the guarantee = £71.9m for NWPSF and £3.2m for OWPSF.

6. Expense reserves

- (1) The tables below show the aggregate amount of expense loadings for 2012 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)	219	-	1,369	-	1,589
All expenses attributable	-	22,678	44,844	-	67,521
Total	219	22,678	46,213	-	69,110

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)	29	-	182	-	212
All expenses attributable	-	3,216	7,936	-	11,152
Total	29	3,216	8,118	-	11,364

- (2) The implicit allowance has been calculated as the surplus expected to emerge in 2012 on the valuation basis. This emerges due to the constraint that sterling reserves cannot be negative.
- (3) The 2011 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 2012 maintenance expenses in 6(1) above is higher than the adjusted Form 43 expense by £6,400,000 in NWPSF and £2,700,000 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.

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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Global business

Financial year ended **31 December 2011**

- (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 (2.84%) 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 2011 using the following method and basis of calculation:
- All sales, marketing and new business administration operations were assumed to cease three months after the date of closure.
 - Allowance was made for statutory 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 the additional cost that would be incurred through outsourcing existing business administration
 - Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.

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 £11.1m in NWPSF and £1.6m 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

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	19,160,930	18,307,619	96%
Euro	152,680	152,680	100%
Dollar	67,454	67,454	100%
Total	19,381,063	18,527,752	96%

OWPSF

Currency	Mathematical Reserves (£000)	Matching Assets (£000)	Matched %
Sterling	2,731,642	2,678,063	98%
Euro	24,594	24,594	100%
Dollar	2,788	2,788	100%
Total	2,759,024	2,705,446	98%

- (2) No such grouping of liabilities has been needed.
- (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 the majority of our liabilities – both UK and overseas - are covered by assets held in the same currency and mismatching risk is not material.

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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 2011**

- (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 2012 is £1,962m for NWPSF and £252m for OWPSF. Expected income, in 2012, from assets currently held in the NWPSF is £719m, £868m is held in deposit-style assets and the expected premium income is £464m. For OWPSF, the respective figures are £119m investment income, £15m deposit style assets, £74m is held in UK gilts and £80m 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.

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.

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The reserve will be calculated by considering the full liability for payments advised to policyholders in Promise mailings.

The amount of the provisions are £428.4m in NWPSF and £100.4m 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 £9.9m in NWPSF and £1.3m in OWPSF.

The reserve was calculated using current complaint experience, allowing for the run-off of business and the expected impact of time-barring. Future expenses have been calculated assuming a fixed amount per complaint.

The key basis items are:

Average cost per claim: £5,234 (ex-CGNU) and £6,343 (ex-CULAC)

Percentage of complaints leading to a claim: 55% (ex-CGNU) and 42% (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 £12.7m (NWPSF £11.2m, OWPSF £1.5m).

(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 £11.8m in NWPSF and £1.6m 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 £10.9m (split £9.6m NWPSF, £1.3m OWPSF).

(6) System migration costs

A provision of £47m in NWPSF and £6.3m in OWPSF is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

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Name of insurer **Aviva Life & Pensions UK Ltd – New/Old/Stakeholder With-Profits Sub-Funds**
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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 2011 was £13,000,000.
 - (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 2011.
 - (j) The mathematical reserves ceded under the treaties total £60,700,000 for NWPSF and £7,500,000 for OWPSF.
 - (k) N/A, see (h).
 - (l) The reinsurer is authorised to carry on insurance business in the United Kingdom.
 - (m) The Company is not connected with the reinsurer.
 - (n) The treaties are not subject to any material contingencies.
 - (o) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
 - (p) The treaties are not financing arrangements.
 - (b) This item covers a group of similar treaties.
 - (d) Swiss Re Life & Health Limited
 - (e) The treaty provides cover for ex-CGNU term assurances on original terms for up to £1,500,000 above the Company's retention limit and for term assurances with accelerated critical illness benefit on a risk premium basis up to £3,000,000 in excess of the Company's retention limit. From 2 October 2000 the treaty provides cover for term assurances with accelerated critical illness benefit on a risk premium basis for 50% in excess of the Company's retention limit up to £1,700,000.
 - (f) The premium payable by the Company during 2011 was £3,700,000.
 - (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 2011.
 - (j) The mathematical reserves ceded under the treaty total £26,700,000 for NWPSF and £3,600,000 for OWPSF.
 - (k) N/A, see (h).
 - (l) The reinsurer is authorised to carry on insurance business in the United Kingdom.
 - (m) The Company is not connected with the reinsurer.
 - (n) The treaty is not subject to any material contingencies.
 - (o) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
 - (p) The treaty is not a financing arrangement.

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Financial year ended **31 December 2011****10. Reversionary (annual, regular) bonus**

(1)

Ex-CGNU business

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2010)	Regular bonus (2011)	Guaranteed bonus (2011)
Conventional Life					
Series 6 (super-compound)	1,570.0	238.9	3.16% SA / 4.16% RB	0% SA / 0.5% RB	0.00%
Series 5 (simple)	38.4	4.9	14.91% simple	3.5% Simple	0.00%
Conventional Pensions					
Retirement Annuities	337.6	46.2	3.16% SA / 3.16% RB	0% SA / 0% RB	0.00%
Group Pensions, Individual Pension Arrangements, Money Purchase Schemes (1974)	106.8	58.0	3.16% SA / 3.16% RB	0% SA / 0% RB	0.00%
With Profits Annuity	16.5	0.7	2.00%	1.50%	0.00%
Unitised Life - direct written (UK)					
<u>Implicitly-charged business:</u>					
Loyalty fund units	215.7	17.5	2.25%	2.00%	0.50%
Units bought post 31/1/1994 on policies written pre 1/10/1998 (excluding Distribution Bonds)	557.2	45.8	1.75%	1.50%	0.00%
Units bought on policies written post 1/10/1998 (excluding Distribution Bonds)	2,281.6	234.6	1.75%	1.50%	0.00%
Units bought on Distribution Bond policies written post 1/10/1998	390.1	25.1	1.50%	1.25%	0.00%
<u>Explicitly-charged business:</u>					
Excluding distribution bonds	4,316.9	538.2	2.75%	2.50%	0.00%
Distribution Bonds	196.1	23.1	2.50%	2.25%	0.00%
NUL(RBS) products:					
Life excluding Distribution Bonds (Implicit charge)	374.1	57.7	1.75%	1.50%	0.00%
Life excluding Distribution Bonds (Explicit charge)	110.8	17.8	2.75%	2.50%	0.00%
Distribution Bonds (Implicit charge)	97.4	12.8	1.50%	1.25%	0.00%
NUIL products:					
Sterling Bond	364.6	50.3	3.50%	2.75%	0.00%
Dollar Bond	151.1	33.7	3.25%	2.75%	0.00%
Euro Bond	199.2	19.2	3.25%	2.75%	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)	160.4	36.8	4.00%	4.00% g'teed	4.00%
Units bought on or after 22/1/1996 (13/5/1996) for policies sold before 1/10/1998	332.5	67.8	2.25%	2.00%	0.00%
Units bought on policies sold after 1/10/1998	492.5	90.0	2.25%	2.00%	0.00%
<u>Explicitly-charged business (excl Stakeholder)</u>					
All units purchased	484.8	94.3	3.25%	3.00%	0.00%
UNISURE funds 1000 and 1001**	82.7	20.3	2.85%	2.60%	0.00%
<u>Stakeholder Pensions</u>					
All units purchased	706.3	94.0	2.75%	2.75%	0.00%
Overseas business					
France Valeur Plus*	56.7	13.1	0.75%	0.75%	0.00%
Ireland - Life policies	20.0	6.0	1.75%	1.75%	0.00%
Swedish Personal Investment Plans	36.4	4.3	1.50%	1.25%	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

For conventional business, the 2010 rates above include a special bonus.

For unitised business, in addition to the 2010 rates above, a special bonus of 3.16% of the value of units was credited to eligible policies during 2010.

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Global business

Financial year ended **31 December 2011**Ex-CULAC business

Product	NWPSF Amount of mathematical reserve (£m)	OWPSF Amount of mathematical reserve (£m)	Regular bonus (2010)	Regular bonus (2011)	Guaranteed bonus (2011)
Conventional Life					
New Series	842.2	156.3	3.16% SA / 4.66% RB	0% SA / 1% RB	0.0
Conventional Pensions					
Red Plan Deferred Annuity	16.3	2.2	4.45% of Annuity Purchased	0.5% of Annuity Purchased	0.0
All other Conventional Pensions business	294.9	57.4	3.16% SA / 3.16% RB	0% SA / 0% RB	0.0
Unitised Life - direct written					
All units purchased	596.9	56.2	2.50%	2.50%	0.00%
Unitised Pensions - direct written					
Sterling Group Plan (Deposit Admin)	52.5	16.1	5.91%	2.75%	0.00%
Units purchased pre 1/1/1993	17.2	3.1	4.00%	4.00% g'teed	4.00%
Units purchased after 31/12/1992	278.6	62.1	2.75%	2.75%	0.00%
Pensions Explicit pre 1/1/1993	97.8	31.9	5.00%	5.00% g'teed	5.00%
Pensions Explicit after 31/12/1992	230.8	69.2	3.75%	3.75%	0.00%
Sterling Group Plan (UWP) (non g'teed RB)	23.0	4.9	2.75%	2.75%	0.00%
Red Plan	232.2	18.1	2.75%	2.75%	0.00%

For conventional business, the 2010 rates above include a special bonus.

For unitised business (other than Deposit Admin), in addition to the 2010 rates above, a special bonus of 3.16% of the value of units was 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 £68m 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.

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Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
Global business
Financial year ended **31 December 2011**

1. Introduction

- (1) The **valuation date** is 31 December 2011.
- (2) The previous valuation was completed with an effective date of 31 December 2010.
- (3) An interim valuation was carried out with an effective date of 30 June 2011 for the purposes of Rule 9.3A.

2. Product Range

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

We launched new versions of our protection range of products, including 'Life Only' (Term Assurance), 'Life with Guaranteed CI' (Accelerated Critical Illness), 'Income Protection' and 'Fifty Plus' (Whole Life for ages over 50). Charges are included within the premiums payable.

We also started selling the Trustee Investment Plan product again during 2011; this is another unit linked pension arrangement which had temporarily closed to new business.

We launched a new Fixed Term Retirement Plan, which is a fixed term annuity with a guaranteed maturity amount, where the maturity amount is either a fixed guaranteed amount, or the value of units in the Unit Linked Guaranteed Fund (which has an investment guarantee at the specified maturity date). The costs are met from the single premium paid, plus management charges taken on the Unit Linked Guaranteed Fund.

The 'Defined Contribution Scheme Replacement' product was launched; this is a unit linked pension arrangement for accepting monies from employers' money purchase schemes. Costs are met by deducting regular management charges from units.

We launched new versions of the unit-linked Guaranteed Fund in 2011, one with a 5-year money-back guarantee of 80% and one with 90%, to complement the existing version with 100% money-back guarantee.

We have stopped offering LAUTRO commission on new Group Personal Pension scheme.

Following the transfer of business from Aviva Life RBS JV Limited (RSA and NWL), the products previously sold by that company are now sold by Aviva Life & Pensions UK Limited. There are no significant changes to the product range.

3. Discretionary charges and benefits

- (1) Details of any market value reductions have been included in the with-profits fund abstract.
- (2) During 2011, RSA and NWL level and decreasing term assurance policies with accelerated critical illness cover were reviewed and premium changes were made in the range -2.5% to 3%.

For other business, there have been no changes to premiums on reviewable protection policies.

- (3) There are no non-profit deposit administrations in forms 51 to 54.
- (4) For RSA and NWL policies, service charges on all unit linked policies (deducted monthly via cancellation of units) were increased to reflect inflation in line with the National Average Earnings Index / Average Weekly Earnings Index over the same period. Increases were in the range 1.85% to 2.70% depending on policy type. For ex-RSA business, the cumulative increase in price since the policy was first written cannot exceed the cumulative increase in the index over the same period.

For other business, where service charges have been increased in 2011 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.

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(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 an instruction, payment and all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment and all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

For Pension Assured funds, investment return is attributed through the issue of bonus units. Each month bonus units are allocated based on market movements up to 11:00pm on the last business day in the month. The offer unit price may increase during the month as new investments are not entitled to the bonus at the end of the first month. On contractual exits, units are de-allocated at the bid value of units, normally £1. On non-contractual exit payment may be subject to a Market Depreciation Discount.

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

For Variable Annuity business (included in code 725 in Form 53), units in the internal linked funds are allocated or de-allocated (and simultaneously created 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.
- (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 Finances 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) For RSA and NWL business prior to 22nd December 2011 the internal linked funds were taxed on investment gains as if they were stand-alone funds within the Long Term Business Fund. The intention

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was to adopt smoothed neutrality, looking at rates on a quarterly basis and adjusting the rates charged to repay any accumulated excesses or reimburse any accumulated deficit over an appropriate period.

For funds with an excess of realised/unrealised gains over losses the percentage used for realised gains was 20% during this period. For unrealised gains the rate used was 19%.

Credit was also applied to unit prices for accumulated realised losses and unrealised losses. For funds with an excess of realised/unrealised losses over gains the percentage used for gains and losses varied by fund in the range 1% to 14% during this period.

From 22nd December 2011 the approach for RSA/NWL business was brought into line with other business, as described below.

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 2011. The rate applied to unrealised gains varied by fund in the range 1.5% to 20% during the year to 31 December 2011.

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 2011.

(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 on to the fund.

4. Valuation basis (other than for special reserves)

Where either the gross mathematical reserves or the gross annual premiums for a group of products exceed £10m, details of the method and basis for valuation are provided below.

(1) Valuation methods

Non-linked business

A gross premium valuation method has been used for most material types of conventional product. The present value of future premiums is deducted from the present value of the benefits and future expenses. For certain blocks of business, negative reserves arising on individual contracts are set to zero – there is no allowance for future policy lapses on these contracts. However, for a large block of protection business, negative reserves have been allowed and prudent lapse assumptions have been included. The lapse rates assumed are higher than expected for contracts where the reserve is negative and lower than expected where the reserve is positive.

For deferred annuity contracts where premiums are returned with interest on death, mortality in the deferred period is ignored. Otherwise the value of any benefit payable on death during the deferred period is added to the value of the annuity.

For deferred annuities continued beyond the normal pension age, the cash available at the normal pension age is accumulated with interest.

For group life contracts, the total reserve consists of an Unearned Premium reserve, an Outstanding Claims reserve (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.

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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 other waiver of premium benefits, the reserve is taken as a multiple of the waiver 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.

For RSA/NWL policies which have accelerated critical illness benefit, the method used has been modified so that the experience assumed in each policy year is taken to be the greater of (i) the assumed mortality experience, and (ii) the assumed critical illness experience plus a proportion of the assumed mortality experience being an estimate of death claims from causes other than those which would be expected to give rise to a critical illness claim. The uncertainty of future critical illness experience rates is recognised in the valuation by the use of a parameter which causes the assumed critical illness experience rates to increase at a compound rate in each future year.

For certain small blocks of business the net reserve was taken as the gross reserve. For a large block of business where policies are written under level or risk premium reinsurance arrangements, the net reserve was calculated on the retained benefits and premium.

Guaranteed Capital Bond

The liability for policyholder benefits and tax was taken as the market value of the backing assets allowing for the timing difference on the loan relationship tax. An additional expense reserve was calculated as an amount per policy per annum increasing each year by an assumed rate of inflation. Additional reserves were set up to meet death benefits and allow for the risk of default on the asset proceeds.

Guaranteed Income Bond

A gross premium valuation method was used to set up a reserve to cover the projected income payments during the term of the policy, the maturity benefit and expected death benefits and projected tax payable. The valuation interest rate used was determined by examining the return on the underlying asset tranches and was reduced by the required valuation margin.

An explicit expense reserve and a reserve to cover the risk of default on the asset proceeds have also been established.

The reserve per policy will be at least as large as the surrender value per policy.

For bonds which have continued beyond the option date the reserve has been taken as the face value of the benefit available.

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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 are calculated by projecting cashflows on a monthly basis for each month that the policy was expected to remain in force. Where the cashflow in any future month is found to be negative, the negative is offset where possible by positive cashflows in previous months. For any future month where this is not possible, then a positive sterling reserve is set up at the valuation date.

Non-unit reserves include explicit allowance for per policy expenses. Allowance has also been made for expenses which are not directly attributable to individual contracts, as described in section 6. For benefits linked to the Guaranteed Funds, future charges which accrue to the New With Profit and Old With Profit subfunds have been allowed for at the rate of 0.5% p.a. applied to those funds. Explicit allowance is made for commission where appropriate.

Allowance is made for the promise that the Company made to certain policyholders that the charges on certain pensions policies will not exceed 1% p.a. in any future year.

For regular premium policies, the non-unit reserve is generally determined assuming that premiums cease at the valuation date.

Where non-unit reserves are negative, these are set to zero, except where the policy terms include a surrender penalty, in which case the absolute amount of the negative reserve is limited to the surrender penalty amount.

A non-unit reserve is determined along similar lines for unitised with profits business where the investment liability arises in the company's With Profits fund, but other policy benefits, charges and expenses arise in the company's Non Profit funds.

For Variable Annuity business (included in code 725 on Form 53), the mathematical reserve has been taken as the total amount of the internal linked funds. In view of the nature of this business, no additional non-unit reserve is required. No reserve is necessary for guarantees and options. The guarantees in the contract relate to maximum limits for levels of charge and in testing the requirement for sterling reserves no increases in the rates of charge have been assumed.

For ex-RSA regular premium linked pensions contracts the unit reserve is based on the "actuarially funded" units which are the units deemed allocated to the contracts reduced by the value of future renewal fund charges under the contract. This process is subject to the value of the actuarially funded units always being at least equal to the surrender or transfer value of the contract. For most pensions contracts there are surrender penalties which cease prior to the maturity date and so the normal actuarial funding factors have been modified to anticipate the required increase in unit value at the point at which surrender penalties cease.

For certain contracts a prudent allowance has been made for lapses.

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Name of insurer **Aviva Life & Pensions UK Limited – Non-Profit Sub-funds**
Global business
Financial year ended **31 December 2011**

(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. These are before deduction for investment expenses.

Product	31 December 2011	31 December 2010
Life Assurances		
Conventional business	1.9%	2.8%
Ex-RSA and Ex-NWL	1.9%	2.7%
PHI		
Standalone critical illness	2.4%	3.5%
Income Protection		
Active lives	2.4%	3.5%
Disabled lives	3.6%	4.5%
Disabled lives (index-linked)	-1.0%	-0.7%
Pensions and General Annuities		
Immediate Annuity	2.8%	3.9%
Deferred Annuity/WDIS		
Post vesting	2.4%	3.5%
In deferment	2.8%	3.9%
Ex-RSA and Ex-NWL	2.4%	3.8%
Other	2.4%	3.5%
Sterling Reserves– Life		
Discount rate	2.2%	3.1%
Ex-RSA and Ex-NWL discount rate	1.9%	2.7%
Sterling Reserves– Pensions		
Discount rate	2.7%	3.8%
Ex-RSA and Ex-NWL discount rate	2.4%	3.5%
Ex-Hamilton Life Assurance Business	1.9%	2.8%

For ex-RSA and ex-NWL yields on short term assets held were not sufficient to support the interest rates shown above. In accordance with INSPRU 3.1.45 the valuation interest rate has been restricted in the first three years to reflect yields on the assets held. A special reserve has been set up (the “Additional Valuation Interest Rate Provision”) to allow for this restriction.

Ex-RSA and Ex-NWL:

Product	31 December 2011	31 December 2010
Non-linked life	2.90%	4.20%

(3) Adjustment to yield for credit risk

The risk-adjusted yield in Form 57 has been determined after making the following allowances for risk, in accordance with INSPRU 3.1.41R.

For fixed interest assets, this adjustment took account of:

- The historic experience of bad debts for each of the major fixed interest asset classes,
- Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available,
- The reasonableness of the net of adjustment yields over the yields of risk-free investments of a similar term in the same currency, taking account of the points above,

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Name of insurer

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

Global business

Financial year ended

31 December 2011

(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	2.08%
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.

The yield on equities was capped at the maximum reinvestment rate, except for £39m of equities used to back reserves for Guaranteed Annuity Option on deferred annuities. In this case, deductions were made which were greater than those used on "other fixed interest securities". No property was 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

For RSA and NWL, the mortality bases used at the end of the financial year and at the end of the previous financial year were as follows:

Assurances	31 December 2011	31 December 2010
Non-Linked Life		
Over 50's Plan	Unchanged	Adjusted AMC00/AFC00 (2) (**)
Level Term Assurances post June 2001	58.3% TMC00 (5) (Male Non-Smoker) 132.5% TMC00 (5) (Male Smoker) 63.6% TFC00 (5) (Female Non-Smoker) 137.8% TFC00 (5) (Female Smoker)	76.4% TMC00 (5) (Male Non-Smoker) 164.5% TMC00 (5) (Male Smoker) 82.3% TFC00 (5) (Female Non-Smoker) 170.4% TFC00 (5) (Female Smoker)
Level Term Assurances post June 2001 (limited underwriting)	84.8% TMC00 (5) (Male Non-Smoker) 190.8% TMC00 (5) (Male Smoker) 95.4% TFC00 (5) (Female Non-Smoker) 196.1% TFC00 (5) (Female Smoker)	94.0% TMC00 (5) (Male Non-Smoker) 205.6% TMC00 (5) (Male Smoker) 99.9% TFC00 (5) (Female Non-Smoker) 211.5% TFC00 (5) (Female Smoker)
Decreasing Term Assurances post June 2001	63.6% TMC00 (5) (Male Non-Smoker) 137.8% TMC00 (5) (Male Smoker) 74.2% TFC00 (5) (Female Non-Smoker) 148.4% TFC00 (5) (Female Smoker)	82.3% TMC00 (5) (Male Non-Smoker) 170.4% TMC00 (5) (Male Smoker) 82.3% TFC00 (5) (Female Non-Smoker) 176.3% TFC00 (5) (Female Smoker)
Decreasing Term Assurances post June 2001 (limited underwriting)	90.1% TMC00 (5) (Male Non-Smoker) 190.8% TMC00 (5) (Male Smoker) 95.4% TFC00 (5) (Female Non-Smoker) 201.4% TFC00 (5) (Female Smoker)	99.9% TMC00 (5) (Male Non-Smoker) 211.5% TMC00 (5) (Male Smoker) 105.8% TFC00 (5) (Female Non-Smoker) 223.3% TFC00 (5) (Female Smoker)
Unit-Linked Life		
Capital Investment Bond	90.1% AMC00/AMF00 (2)	105.8% AMC00/AMF00 (2)
Lifetime Security Plan	50.2% AM80/AF80 (2) (Non-Smoker) 100.6% AM80/AF80 (2) (Smoker)	56.0% AM80 (2) (Male Non-Smoker) 111.5% AM80 (2) (Male Smoker) 72.5% AF80 (2) (Female Non-Smoker) 145.0% AF80 (2) (Female Smoker)
Mortgage Savings Plan and Flexible Mortgage Plan	58.3% AMC00/AFC00 (2) (Non-Smoker) 116.6% AMC00/AFC00 (2) (Smoker)	76.4% AMC00/AFC00 (2) (Non-Smoker) 152.8% AMC00/AFC00 (2) (Smoker)
Flexible Investment Bond	68.9% AMC00 (2) (Male) 100.7% AFC00 (2) (Female)	76.4% AMC00 (2) (Male) 111.6% AFC00 (2) (Female)

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Name of insurer

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

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Flexible Protection Plan and	79.5% AMC00/AFC00 (2) (Non-Smoker)	88.1% AMC00 (2) (Male Non-Smoker)
Mortgage Endowment Plan	185.5% AMC00/AFC00 (2) (Smoker)	182.1% AMC00 (2) (Male Smoker)
		88.1% AFC00 (2) (Female Non-Smoker)
		188.0% AFC00 (2) (Female Smoker)

Unit-Linked Pensions (ex-RSA)

	84.8% AMC00/AFC00 (2)	94.0% AMC00/AMF00 (2)
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Unit-Linked Pensions (ex-NWL)

	79.5% AMC00 (2) (Male Non-Smoker)	94.0% AMC00 (2) (Male Non-Smoker)
	137.8% AMC00 (2) (Male Smoker)	176.3% AMC00 (2) (Male Smoker)
	74.2% AFC00 (2) (Female Non-Smoker)	82.3% AFC00 (2) (Female Non-Smoker)
	137.8% AFC00 (2)(Female Smoker)	188.0% AFC00 (2)(Female Smoker)

Bonds

Guaranteed Capital Bond and	100.7% AMC00/AFC00 (2)	111.6% AMC00/AFC00 (2)
Guaranteed Income Bond		

The assumptions for future mortality experience contain margins over and above current best estimates for such experience. This provides a margin to anticipate significant, adverse change in mortality experience as a result of changing disease incidence.

(**) The mortality percentages shown for the Over 50s Plan are age dependent as shown below:

2011 Multiplier			2010 Multiplier		
Age	Males %	Females %	Age	Males %	Females %
1-55	381.6	318.0	1-55	470.0	352.5
56-60	233.2	233.2	56-60	305.5	235.0
61-65	222.6	159.0	61-65	246.8	176.3
66-70	169.6	159.0	66-70	188.0	176.3
71-75	143.1	132.5	71-75	158.6	146.9
75+	127.2	116.6	75+	141.0	129.3

For 2010, a factor of 1.25 was applied to these rates in the first 24 months of the policy. For 2011, this factor was reduced to 1.1.

For business other than ex-RSA/NWL, 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

Assurances	31 December 2011	31 December 2010
Whole life (Fifty Plus plan)	modified ELT15	modified ELT15
Whole life (other)	Unchanged	138.9% AM00/AF00 Sel
Endowments	Unchanged	93.3% AM00/AF00
Level Term Assurance	Duration 0 and 1	79.2% TMN00/TFN00 (Non- Smoker)
(Current Range)	89.0% TMN00 (Male Non-Smoker)	84.9% TMS00/TFS00 (Smoker)
	95.4% TMS00 (Male Smoker)	
	96.5% TFN00 (Female Non-Smoker)	
	103.9% TFS00 (Female Smoker)	

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

Global business

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	Duration 2, 3 and 4 82.7% TMN00 (Male Non-Smoker) 89.0% TMS00 (Male Smoker) 91.2% TFN00 (Female Non-Smoker) 97.5% TFS00 (Female Smoker)	
	Duration 5+ 76.3% TMN00 (Male Non-Smoker) 82.7% TMS00 (Male Smoker) 84.8% TFN00 (Female Non-Smoker) 91.2% TFS00 (Female Smoker)	
Level Term assurance (Pre merger)	84.8% TMx00/TFx00	83.6% TMx00/TFx00
Mortgage Protection (Current)	Duration 0 and 1 83.7% TMx00 (Male) 92.2% TFx00 (Female)	84.0% TMx00/TFx00
	Duration 2, 3 and 4 75.3% TMx00 (Male) 83.7% TFx00 (Female)	
	Duration 5+ 66.8% TMx00 (Male) 75.3% TFx00 (Female)	
Mortgage Protection (Pre Merger)	75.3% TMx00/TFx00	86.6% TMx00/TFx00
Term assurance with Critical Illness	Duration 0 to 4 131.1% CIM11A (Male) 142.6% CIM11A (Female)	Duration 0 and 1 93.6% CIM11A
	Duration 5+ 113.9% CIM11A (Male) 126.5% CIM11A (Female)	Duration 2+ 124.2% CIM11A
Mortgage Protection with Critical Illness	Duration 0 to 4 113.9% CIM11A (Male) 124.2% CIM11A (Female)	Duration 0 and 1 93.6% CIM11A
	Duration 5+ 89.7% CIM11A (Male) 100.1% CIM11A (Female)	Duration 2+ 103.5% CIM11A
		Sample "CIM11A" rates are given below

Unitised Life

Flexible Whole Life	Unchanged	138.9% AM00/AF00 Sel
Bonds	Unchanged	108.1% AM00/AF00 Sel
Mortgage Endowment	Unchanged	93.3% AM00/AF00 Sel
Pre-merger NU Bonds	Unchanged	108.1% AM00/AF00 Sel
Pre-merger NU Mortgage Endowment	Unchanged	93.3% AM00/AF00 Sel

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Name of insurer

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

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31 December 2011**CIM11A table**

The following tables contain the unmodified base rates of CIM11A for term assurance with critical illness and mortgage protection with critical illness, and these should be multiplied by the factors provided above to obtain the final rates used

Age	Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.84	1.02	0.54	0.73
35	1.09	1.65	1.26	1.38
45	2.56	5.53	2.74	3.85
55	7.10	16.07	6.25	9.64

For whole of life (Fifty Plus Plan), the mortality rate for age 55 is 0.015 for males and 0.0086 for females. The product is not available to lives aged less than 50.

Annuitant mortality bases

Pensions and General Annuities	31 December 2011	31 December 2010
Immediate Annuities – individual	Unchanged	69% IML00
	Unchanged	72% IFL00
Immediate Annuities – group	Unchanged	88.5% PCMA00
	Unchanged	83% PCFA00
Structured Settlements	Unchanged	As individual annuities above + 1 year + 0.01 to rates
Deferred annuity cash contracts in deferment	Unchanged	60% AM00/AF00
Deferred & Reversionary Annuity Including retirement Annuity		
In deferment	Unchanged	60% AM00/AF00
In deferment – WDIS	Unchanged	110% AM00/AF00
Post vesting	Unchanged	88.5% PCMA00
	Unchanged	83% PCFA00
Variable Annuity In deferment	Unchanged	RMV92 (C=2010)
Unitised Pensions (excluding ex-Hamilton Life Assurance Business)	Unchanged	106% AM00/AF00 ult
Unitised Pensions (ex-Hamilton Life Assurance Business)		
Linked – non smoker	Unchanged	76.5% A67/70 Select
Linked – smoker	Unchanged	102% A67/70 Select
Other		
Standalone Critical Illness	Unchanged	103.5% Reassurer Rates

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For ex-RSA and ex-NWL business in 2012, assumed expectation of life is as follows:

For ex-NWL, females are subject to an age rating of +1 year.

	Expectation of Life for annuitant	
	aged 65	aged 75
ex-RSA, 97% PCMA00	25.0	15.9
ex-RSA, 78% PCFA00	30.1	20.0
ex-NWL, 69% RMC00	23.7	14.8
ex-NWL, 72% RFC00	26.2	16.6

For other annuitant business in 2012, 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 2012 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 %
ex-RSA	Percentage of long cohort applicable from 2005 Minimum rate p.a.	100% 1.5%	75% 1.5%
ex-NWL	Percentage of medium cohort applicable from 2005 Minimum rate p.a.	100% 1.5%	100% 1.5%
other	Percentage of medium cohort applicable from 2005 Minimum rate p.a.	100% 2%	75% 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:

For RSA and NWL business the morbidity bases at the end of the financial year and at the end of the previous financial year are as follows:

Assurances	31 December 2011	31 December 2010
Term assurances post June 2001 accelerated CI	120.75% GE Adj acc (Male) 120.75% GE Adj acc (Female)	104.13% GE Adj acc (Male) 122.50% GE Adj acc (Female)
Ex-RSA lifetime security plan stand alone CI	115.00% GE Adj s/a	122.50% GE Adj s/a
Flexible Mortgage Plan & Mortgage Savings Plan Accelerated CI	115.00% IC94 Adj acc	122.50% IC94 Adj acc
Flexible Protection Plan & Mortgage Endowment Plan Accelerated CI	103.50% GE Adj acc	98.00% GE Adj acc

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Global business

Financial year ended

31 December 2011

IC94 Adj acc is the IC94 Table loaded for Total and Permanent Disability (TPD) benefit and covers accelerated CI benefits. It does not allow for smoker status. The following rates are prior to the percentage factors given in the above table.

Age	IC94 Adj acc Annual rates per mille:	
	Male	Female
25	0.43	0.65
35	1.01	1.35
45	3.19	3.12
55	7.86	6.61

GE Adj s/a is a series of tables split by sex and smoker status provided by GE Frankona. They cover stand alone CI benefits. The following rates taken from these tables are prior to the percentage factors given in the above table.

Age	GE Adj s/a Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.41	0.66	0.46	0.73
35	0.85	1.33	1.11	1.94
45	2.30	4.43	2.70	4.85
55	6.42	13.89	5.96	11.83

GE Adj acc is a series of tables split by sex and smoker status provided by GE Frankona. They cover accelerated CI benefits. The following rates taken from these tables are prior to the percentage factors given in the above table.

Age	GE Adj acc Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.43	0.69	0.50	0.79
35	0.84	1.33	1.16	2.02
45	2.26	4.40	2.61	4.62
55	5.46	11.91	5.13	10.11

Greater uncertainty surrounds the impact of changing disease incidence and medical advancements on future critical illness claims experience. This uncertainty is recognised in the valuation by assuming that the experience for term assurances deteriorates compound in each future year by 2.00% for males and 2.50% for females. For unit-linked products, critical illness deterioration is ignored in the base reserve as it is assumed that any experience deterioration will be met by increasing charges to policyholders.

For other business, the morbidity bases at the end of the financial year and at the end of the previous financial year were as follows:

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

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Name of insurer

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

Global business

Financial year ended

31 December 2011

Rates for the modified tables for 31 December 2011 (and 2010) 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 2010):

	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 and location, 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 2011	31December 2011	31 December 2010	31December 2010
	Male	Female	Male	Female
25	0.93	1.02	1.14	1.35
35	0.43	0.91	0.64	1.28
45	0.82	1.95	1.23	2.91
55	1.96	5.39	2.60	8.53

Age	PHI rates			
	Annual rates per mille:			
	31 December 2011	31December 2011	31 December 2010	31December 2010
	Male	Female	Male	Female
25	1.61	3.05	1.30	2.20
35	1.06	2.08	0.97	1.75
45	1.44	3.07	1.65	3.29
55	2.64	4.49	3.36	7.81

Income Protection - Recovery rates

For Safeguard and PHI policies, these have been based on CMIR12, adjusted by factors dependent on the age, deferred period, duration and disability type, 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

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Name of insurer

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

Global business

Financial year ended

31 December 2011

Age	Safeguard rates : 31 December 2011			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	225.15	225.15	68.04	68.04
35	195.72	195.72	56.48	56.48
45	157.91	157.91	45.92	45.92
55	111.68	111.68	36.61	36.61

Age	PHI rates : 31 December 2011			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	246.32	246.32	74.47	74.47
35	214.13	214.13	61.82	61.82
45	172.77	172.77	50.25	50.25
55	122.20	122.20	40.07	40.07

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 2011 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 and ex-RSA/NWL business, 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 2011 - 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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Name of insurer

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

Global business

Financial year ended

31 December 2011**Per policy expenses in the year after the valuation date**

Category	31/12/2011 Expense (£)	31/12/2010 Expense (£)
Term assurance	14.38	13.76
Critical illness	14.38	13.76
Income protection	15.50	14.50
Income protection claims in payment	15.50	14.50
Annuity	18.26	18.00
UWP bond	53.50	51.08
UWP savings endowment	36.22	34.65
UWP target cash endowment	16.83	16.07
UWP regular premium pension	16.71	15.99
UWP single premium pension	16.71	15.99
UWP group regular premium pension	16.20	15.49
UWP group single premium pension	34.08	32.60
UL bond	19.29	18.42
UL savings endowment	11.36	10.87
UL target cash endowment	17.05	16.31
UL regular premium pension	16.71	15.99
UL single premium pension	16.71	15.99
UL group regular premium pension	16.20	15.49
UL group single premium pension	16.20	15.49

Per policy expenses in the year after the valuation date for Ex-RSA and Ex-NWL business

Product Code	Category	31/12/2011 Expense (£)	31/12/2010 Expense (£)
325, 330 340, 345	Term Assurance (post June 2001)	17.60	17.60
700	Capital Investment Bond (pre Oct 1997)	35.08	34.39
700	Capital Investment Bond (post Sep 1997)	33.58	32.89
515, 720	Mortgage Savings Plan	61.41	60.26
515, 720	Flexible Mortgage Plan	70.96	69.58
700	Flexible Investment Bond (pre June 2001)	19.78	19.78
700	Flexible Investment Bond (post June 2001)	17.60	17.60
515, 720	Mortgage Endowment Plan	26.11	26.11
525, 725	Executive Pension Plan (regular premium) pre Oct 1997	119.14	116.84
525, 725	Executive Pension Plan (single premium/paid up) pre Oct 1997	89.36	87.63
525, 725	Executive Pension Plan (regular premium) post Sep 1997	110.86	108.68
525, 725	Executive Pension Plan (single premium/paid up) post Sep 1997	83.15	81.51
525, 725 755	Personal Pension Plan (regular premium) pre Oct 1997	77.17	75.67
525, 725 755	Personal Pension Plan (single premium/paid up) pre Oct 1997	57.87	56.75
525, 725	Personal Pension Plan (regular premium) post Sep 1997	69.35	67.97
525, 725	Personal Pension Plan (single premium/paid up) post Sep 1997	52.01	51.23
525, 725	Executive Pension Plan (regular premium)	84.87	84.87
525, 725	Executive Pension Plan (single premium/paid up)	63.71	63.71
525, 725	Personal Pension Plan (regular premium)	28.41	28.41
525, 725	Personal Pension Plan (single premium/paid up)	21.28	21.28

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Name of insurer

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

Global business

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525,725	Top Up Pension Plan (regular premium)	28.41	28.41
525,725	Top Up Pension Plan (single premium/paid up)	21.28	21.28
525,725	Grouped Personal Pension Plan (regular premium)	56.70	56.70
400	Ex-RSA pension annuity*	18.25	18.25
400	Ex-NWL pension annuity*	23.43	22.53

* These figures are shown gross of reinsurance. These products are 100% reinsured. The net expense reserve for 2011 and 2010 is zero as there is no reinsurer charge for payment service and therefore no compensation on a recapture.

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

Expenses as % of Claim

Income protection claims in payment	2011	2010
- Group	11.5%	10.5%
- Individual (Mortgage Payment Protection)	19.0%	15.0%
- Individual (other)	23.0%	14.5%

Investment expenses

For ex-RSA business, valuation interest rates were reduced to allow for investment expenses by 0.14% for life products and 0.17% for pensions products.

For ex-NWL business, valuation interest rates were reduced to allow for investment expenses by 0.09% for life products and 0.11% for pensions products.

For other business:

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.

(7) Unit Growth and Inflation

For RSA and NWL business the unit growth and inflation rates are as follows:

	31 December 2011	31 December 2010
Inflation rate for future expenses	3.40%	4.30%
Linked business		
Unit Growth Rate life	2.16%	3.57%
Unit Growth Rate pensions	2.70%	4.58%

For all other business the expense and inflation rates are:

	31 December 2011	31 December 2010
Inflation rate for future expenses	2.84%	3.25%
Linked business		
Unit Growth Rate for gross business	3.50%	5.00%
Unit Growth Rate for net business	2.80%	4.00%
Future increases in policy charges	2.84%	3.25%

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Name of insurer

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

Global business

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31 December 2011

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 and surrender assumptions for RSA and NWL is provided below:

Product		Average lapse / surrender rate for the policy years			
		1-5	6-10	11-15	16-20
Decreasing Term	lapse 1	17.9%	13.5%	13.5%	13.5%
Decreasing Term	lapse 2	8.6%	6.5%	6.5%	6.5%
Level term	lapse 1	22.9%	10.8%	10.8%	10.8%
Level term	lapse 2	11.0%	5.2%	5.2%	5.2%
UL cash endowment	surrender	N/A*	N/A*	5.2%	5.2%
UL accelerated critical illness	surrender	6.6%	4.6%	4.6%	4.6%

* The surrender rates for policy year 1-5 and 6-10 are no longer applicable as those products closed to new business in 2000.

For other business lapse and surrender assumptions are provided below:

Product		Average lapse / surrender rate for the policy years			
		1-5	6-10	11-15	16-20
Accelerated critical illness	lapse 1	16.5%	12.7%	10.3%	10.1%
Accelerated critical illness	lapse 2	7.9%	6.1%	5.0%	4.9%
Decreasing Term	lapse 1	16.5%	12.7%	10.3%	10.1%
Decreasing Term	lapse 2	7.9%	6.1%	5.0%	4.9%
Level term	lapse 1	12.3%	5.9%	5.4%	5.4%
Level term	lapse 2	5.9%	2.9%	2.6%	2.6%
UL bond	surrender	3.9%	4.8%	5.7%	5.7%
UL individual pension, regular premium	surrender	2.3%	2.3%	2.3%	2.3%
UL individual pension, single premium	surrender	2.3%	2.3%	2.3%	2.3%
UWP individual pension, regular premium	surrender	2.3%	2.3%	2.3%	2.3%
UWP individual pension, single premium	surrender	2.3%	2.3%	2.3%	2.3%
UL group pension, regular premium	surrender	1.3%	1.3%	1.3%	1.3%
UL group pension, single premium	surrender	1.3%	1.3%	1.3%	1.3%
UWP group pension, regular premium	surrender	1.3%	1.3%	1.3%	1.3%
UWP group pension, single premium	surrender	1.3%	1.3%	1.3%	1.3%

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 16.9%.

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Name of insurer

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

Global business

Financial year ended

31 December 2011**(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 81% on policies maturing within 1 year, to 95% on policies maturing after 15 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:

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) Derivatives

For RSA and NWL, derivative contracts are used to back Guaranteed Bond liabilities.

These derivatives move in and out of the money depending on the level of the stock market. The company retains no market risk from these derivatives because they are used to match the index-linked policyholder maturity guarantees as explained in section 5 (2).

Where derivative contracts are included amongst the property linked assets relating to property linked contracts they have been valued at their fair market value

For other business, 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 2011 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 £35m.

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

Retirement Age	Outstanding Term (years)						Total
	0-5	5-10	10-15	15-20	20-25	25-30	
55 and under	0	0	1	0	0	0	1
56-60	265	123	24	1	0	0	413
61-65	136	85	28	3	1	0	253
66-70	2	5	2	0	0	0	9
71-75	28	90	177	4	0	0	299
Total	431	303	232	8	1	0	975

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 2011**

The guarantee reserve is £39m.

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:

For RSA and NWL, no additional investment performance guarantee reserve was considered necessary in respect of index-linked bonds since the underlying investments deliver returns which are matched to the policyholder liabilities. Derivatives contracts are used to hedge the investment guarantees provided to holders of single premium bonds.

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

For business written before September 2009, 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.

For business written since then:

(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 £1,004m
- (iii) Spread of outstanding durations:

Year	Proportion with Guarantee
2014	3.0%
2015	60.0%
2016	37.0%

- (iv) The Guarantee reserves are £40.4m in the NP funds
- (v) The Guaranteed amount totals £965m
- (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, apart from ex-RSA/NWL business where options are not material.

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Name of insurer

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

Global business

Financial year ended

31 December 2011

- (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	£7.9m	£4,109.7m	£0.2m
Decreasing Term Assurance	£14.9m	£3,562.0m	£7.9m

Conversion option

Conversion options are included on certain policies. For an additional premium, and provided the option is selected prior to their 65th birthday, the policyholder can convert all or part of their policy without further medical evidence. If the policy is a level term assurance then it can be converted into either a non-increasing term type policy or a low cost whole of life. If the policy is a decreasing term assurance it may also be converted into an endowment assurance. In either case the maximum sum insured will be the original sum insured inflated using RPI to the conversion date.

Renewal option

Renewal options are included on certain policies. For an additional premium, and provided the term of the policy expires before the policyholder's 65th birthday (if a level term assurance) or 75th birthday (if a decreasing term assurance), the policyholder may effect a new policy at the end of the policy term. The term of the new policy must not exceed the term of the original policy. No further medical evidence is required on selecting this option, unless a critical illness or premium protected option is selected on the new policy. The maximum sum insured will be the original sum insured inflated using RPI to the conversion date.

(4) Other guarantees and options

When contracts provide other options with a specific premium, a reserve is generally held of all option premiums paid.

Some group business contains premium rate guarantees for a limited period. No specific reserve for these is considered necessary.

6. Expense reserves

- (1) The aggregate amount for expense loadings, grossed up for taxation where appropriate, expected to arise during 2012 is shown in the table below:

Homogenous risk Group	Implicit allowances	Explicit allowance (investment)	Explicit allowance (other)	Non attributable expenses	Total
UL Life	£0.0m	£12.4m	£7.4m	£21.1m	£40.9m
UL individual pensions	£0.0m	£22.6m	£17.6m	£42.9m	£83.1m
UL employer sponsored pension	£0.0m	£10.9m	£14.3m	£26.9m	£52.1m
All expenses attributable	£0.8m	£0.7m	£39.5m	n/a	£41.0m
Total	£0.8m	£46.7m	£78.8m	£91.0m	£217.1m

- (2) Non-attributable expenses on unit linked business are allowed for implicitly, through expected future valuation surplus. In 2011, the valuation surplus on unit linked business of £162.6m covers the expected amount of non-attributable expenses, £91.0m.

Investment expenses on conventional business are reserved for implicitly, through a margin in the valuation interest rate. The expected expense over 2012 is £0.8m.

- (3) The total amount of maintenance expenses shown at line 14 of Form 43 (combined for the non-profit sub-funds) is £199.7m
- (4) In determining the requirement for a new business expense overrun reserve, a prudent assessment of the projected value of 2012 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 2012 new business.

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 2011**

- (5) In addition to per policy expense reserves, explicit expense reserves of £112.1m 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 £33.8 million of Euro-denominated reserves, all of the mathematical reserves of the non-profit sub-funds are held to support liabilities payable in Pounds Sterling. The funds hold sufficient sterling assets to match these liabilities. There are no Euro-denominated assets in the funds to match the small volume of Euro-denominated liabilities.
- (2) There are no liabilities in non-sterling currencies other than those described in 7(1) above.
- (3) The fund does not hold an explicit reserve for the small volume of mismatched Euro-denominated liabilities.
- (4) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (5) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (6) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (7) The non-profit sub-funds hold significant volumes of liquid assets (e.g. cash, certificates of deposit), mitigating the risk that the fund may have to sell assets at an unfavourable time. The firm also ensures that a significant proportion of other assets are invested in highly marketable stocks, in particular government bonds, but also corporate bonds issued by large companies. Any cash flow shortfall could therefore be met by selling some of these assets at short notice.

A further reserve of £10m is held against the risk of mismatching between positive and negative cash flows arising on different blocks of conventional business where positive and negative reserves are held.

8. Other Special Reserves

Counterparty Risk Reserve

A reserve of £66.5m 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 £132.2m 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 £29m 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 £94.8m.

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 2011**Depreciation**

A reserve of £22.9m 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 reinsurer is authorised to carry out insurance business in the United Kingdom, and whether the reinsurer is connected to the Company.

Ref	Name of Reinsurer	A	C	Class of business	Reinsurance Premiums £'000s	Reserve £'000s	Open/ Closed to NB	% retained for new business
A	GE Frankona Reinsurance Limited.	Yes	No	Term and Gteed Integrated CI	11,406	76,497	Closed	
B	GE Frankona Reinsurance Limited.	Yes	No	MP and Gteed Integrated CI	63,235	- 67,425	Open	25% up to £50k
C	Hannover Re (Ireland)	No	No	Term and Gteed Integrated CI	8,054	21,910	Closed	
D	Hannover Life Reassurance (UK) Limited	Yes	No	Term and Gteed Integrated CI	9,597	12,567	Closed	
E	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term and Gteed Integrated CI	64,835	279,589	Open	10% up to £500k
F	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term Assurance, Mortgage Protection, Low Cost Endowment.	-	23,220	Closed	
G	SCOR Global Life Reinsurance Ireland Ltd	No	No	Term and Gteed Integrated CI	3,238	17,975	Closed	
H	RGA Americas Reinsurance Company Limited	No	No	Term and Gteed Integrated CI	51,245	154,746	Closed	
I	RGA Americas Reinsurance Company Limited	No	No	MP and Gteed Integrated CI	30,024	- 4,628	Open	10% up to £500k
J	RGA Americas Reinsurance Company Limited	No	No	Term with Rev Integrated CI	1,985	198,465	Open	
K	Swiss Re Life & Health Limited	Yes	No	Term and Gteed Integrated CI	7,990	148,253	Closed	
L	Swiss Re Life & Health Limited	Yes	No	MP and Gteed Integrated CI	11,236	- 5,105	Closed	
M	XL Re Limited (UK Branch)	Yes	No	Term and Gteed Integrated CI	29,305	190,693	Open	Life: 10% up to £500k, CI: 25% up to £50k
N	Swiss Re Life & Health Limited	Yes	No	2008 Existing Business	3,992	292,979	Open	
O	Swiss Re Life & Health Limited	Yes	No	Future SH Transfer	1,724	75,818	Open	
P	Swiss Re Life & Health Limited	Yes	No	Deferred annuity	525	778,397	Closed	
Q	Invesco Pensions Limited	Yes	No	Unit-linked External Funds	1,885	119,746	Open	
R	Deutsche Asset Management Life & Pensions	Yes	No	Unit-linked External Funds	8,260	75,055	Closed	
S	Blackrock/Merrill Lynch	Yes	No	Unit-linked External Funds	273,697	548,514	Open	
T	PartnerRe Ltd	Yes	No	Term Assurance	5,209	68,927	Open	
U	Aviva Annuity UK Ltd	Yes	Yes	Immediate Annuities	6,600	113,674	Open	
V	Legal and General Assurance (Pensions Management)	Yes	No	Unit-linked	- 8,301	622,070	Closed	
W	GE Frankona Reinsurance Limited.	Yes	No	Standalone Gteed CI	179	14,178	Closed	
X	GE Frankona Reinsurance Limited.	Yes	No	MP with Rev Integrated CI	6,932	16,332	Open	
Y	Kolnische Ruckversicherungs-Gesellschaft AG (KR AG)	Yes	No	Whole Life	4,961	25,486	Closed	
Z	Scottish Widows plc	Yes	No	Annuities	5,522	87,933	Open	
AA	NatWest Reinsurance	No	Yes	Flexible Investment Bonds	-	37,922	Closed	
AB	Hannover Life Reassurance (UK) Limited	No	No	Pension Annuities	-	56,852	Closed	
AC	Swiss Re Life & Health Limited	Yes	No	Unit-linked, Unitised with-Profit and Conversional	3,728	-	Closed	

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 2011

- (3) 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.

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

Ref	Benefits Reinsured
A	Variable % of Sum Assured by sex or smoker status
B	Quota Share - death and CI benefits
C	Quota Share - death and CI benefits
D	Quota Share
E	Quota Share - Life
F	Quota Share - Death Benefits for all business with no previous reinsurance
G	Quota Share - death and CI benefits
H	Quota Share death benefits
I	Quota Share - Life
J	RGA UK 5% of SA, RGA US 45% of SA
K	50% of SA
L	50% of SA
M	Quota Share
N	Financing Arrangement (TDSL)
O	Financing Arrangement (TDSL)
P	Quota share and surplus
Q	Unit-linked External Funds
R	Unit-linked External Funds
S	Unit-linked External Funds
T	49.9% of SA
U	100% of Immediate Annuity Benefits
V	Unit Liability
W	Quota Share - death and CI benefits
X	Quota Share - death and CI benefits
Y	50% of life assurance risk from July 2003 to 3 February 2005, 100% thereafter
Z	100% of annuity
AA	100% of unit and non-unit reserve for series 2 funds
AB	100% of annuity
AC	Financing Arrangement (Financial Reinsurance)

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 2011

There are no significant undischarged obligations to the reinsurers as at 31/12/2011.

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

Financing Treaties (table reference N, O and AC)

Three financing arrangements exist between the Company and Swiss Reinsurance Company.

Treaties referenced in the table above as N and O 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.

The treaty referenced as AC in the table above is a financial reinsurance arrangement where the reinsurer has paid Aviva an upfront cash amount in exchange for future surplus payments. The future surplus payments are contingent upon surplus emerging on the in scope business.

Account has been taken of the credit risk exposure to the reinsurers in the reinsurer counterparty exposure reserve (see section 8).

10. There are no with-profits contracts in the non-profit sub-funds.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

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

Global business

Financial year ended **31 December 2011**

1. Introduction

- (1) The **valuation date** is 31 December 2011.
- (2) The date of the previous valuation was 31 December 2010.
- (3) An interim valuation was carried out with an effective date of 30 June 2011 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:

	2011	2010
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	2.84%	3.25%
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 conventional with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM.

For unitised business, the asset share of a policy is defined as the sum of the asset shares of the units of the policy. Our approach calculates the asset share of each individual unit, and then aggregates across all units in a policy. We have recorded this approach as being individual.

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

Global business

Financial year ended **31 December 2011**

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 2011

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		970	4,528
Asset Share (individual)	2,817		
Asset Share (grouped)	73		
BRV	668		
Conventional Pensions		1,892	4,240
Asset Share (individual)	1,146		
Asset Share (grouped)	319		
BRV	857		
Regulatory Reserve	26		
UWP Life		43	1,317
Asset Share (individual)	1,273		
Asset Share (grouped)	1		
UWP Pensions		623	6,124
Asset Share (individual)	5,486		
Asset Share (grouped)	15		
Miscellaneous Other	(32)	(102)	(134)
Total	12,649	3,426	16,075

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 £668m 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 £651m using a BRV approach. Conventional Group Defined Benefits business uses the regulatory reserve. The grouped asset shares in Conventional Pensions refer to adjustments that are made on a grouped basis. In line with current bonus practice, the BRV is based on the final bonus scales derived from projected premium paying policies.

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Conventional Pensions also contains £205m 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)	85
Asset Share (grouped)	3
BRV	12
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 2011
- (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.

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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.

	2011			
	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	86	17	0	103
Shareholder Transfers	3	6	0	9

The above table approximately splits out the expenses incurred over 2011. 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 2011 are approximately £86m. 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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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 2011 are approximately £96m (£102m in 2010).

(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	2009	2010	2011
With Profits Sub-fund	Conventional Life	111%	98%	97%
	Conventional Pensions	131%	123%	125%
	UWP Life	102%	97%	99%
	UWP Pensions	107%	99%	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 2011 are 0.4%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method

(1) Prospective assumptions

Bonus reserve valuation (BRV) is used for approximately 12% 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	0.32%
5	1.14%
10	2.20%
15	2.85%

For with-profit immediate annuity business an equivalent single rate is used:

Product Class	2011
With-profit Immediate Annuity	1.82%

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	2011
Conventional Pension PUPs	0%
Whole of Life	0% on sum assured, 0.5% on accrued bonuses
With-profit Immediate Annuity	1.5%

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

	2011	
Product Class	Renewal Expenses Per policy	Expense Inflation %
Conventional Pension PUPs	£39.73	2.84
With-profit Immediate Annuity	£16.60	2.84

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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(g) Future mortality assumptions

Conventional pension PUPs: No mortality is assumed in deferment

Conventional Pension PUPs post-vesting:

	31 December 2011
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 2011
Males	95.5% * PCMA00 with 100% medium cohort improvement factors, minimum 2% pa, applicable from 2005
Females	90% * PCFA00 with 75% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005

The mortality rate assumed for whole life business is that used for the regulatory valuation.

(2) **Regulatory Reserves**

The methodology for the calculation of these reserves is described in Appendix 9.4.

Miscellaneous Other

Not applicable

6. Costs of guarantees, options and smoothing

(1) Not applicable.

(2)

(a) The calculation of the cost of guarantees, options and the cost of the mortgage promise has been performed using a stochastic model.

A description of the stochastic model is given below.

(b) **Grouping Basis**

All valuation methods use grouped policy data. Data has been divided as follows:

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 1900 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, is 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 are:
- UK and overseas equity are now modelled separately.
 - Introduction of credit modelling, to allow for the extra volatility in corporate bonds, compared to that in government bonds.
 - Move from Libor Market Model (LMM) to Libor Market Model Plus (LMM+) to model interest rates.

(4) Description of guarantees, options or smoothing being valued**(a) Stochastic Model - Description of guarantees, options or smoothing**

- (i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

Product Class	Planned Enhancements to WPBR	Planned deductions for cost of guarantees/options	Planned deductions for other costs	Contractual Guarantee costs	Non-Contractual Commitments	Cost of financial options	Smoothing costs
Conventional Life	92	41	0	139	671	0	0
Conventional Pensions	49	68	0	1,239	0	645	0
UWP Life	30	47	0	60	0	0	0
UWP Pensions	109	260	0	773	0	0	0
Misc	24	0	13	0	0	0	(238)
Total	305	417	13	2,210	671	645	(238)

Planned Enhancements to WPBR

These represent the estimates of anticipated changes to the asset share calculation in order to reduce the estate to the top of the preferred range.

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Planned Deductions to WPBR for guarantees and options

This represents the expected future value (from 1 January 2012) of the 0.75% p.a. charge made on direct-written With Profits Sub-fund asset shares. This charge has been made to help cover the future costs of guarantees within the fund. This charge was introduced 1 May 2004.

The aggregate level of the charge is restricted to be no greater than the aggregate costs of the guarantees in any scenario.

Planned Deductions to WPBR for other costs

This represents an allowance for a charge in respect of expenses incurred in the migration of business to the Admin Re platform, which is expected to be charged to Asset Shares.

Contractual Guarantee Costs

To assess the extent to which guarantees or options are in or out of the money we have compared the stochastic cost included in Form 19 against the cost on the deterministic 'central-estimate' basis using the risk-free rate.

Conventional Life

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Stochastic Reserve	£141m
Central Estimate	£4m
Option value	97%

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	£618m
Central Estimate	£600m
Option value	3%

Conventional pension guarantees are 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	£608m
Central Estimate	£593m
Option value	2%

On those policies which have a GMP, the cost of this underpin is generally in-the-money.

UWP Life

Stochastic Reserve	£60m
Central Estimate	£18m
Option value	71%

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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 out of the money.

UWP Pensions

Stochastic Reserve	£773m
Central Estimate	£585m
Option value	24%

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

The guarantees are in the money for many years of purchase, and the future guarantee of 4% per annum return requires an investment return in excess of 5.6% 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	£671m
Central Estimate	£671m
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	£644m
Central Estimate	£625m
Option value	3%

Guaranteed annuity options are very deeply in the money.

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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:

Outstanding term	Risk free annualised spot rate (%) – 2011	Risk free annualised spot rate (%) – 2010
1	0.32%	0.73%
2	0.42%	1.12%
3	0.64%	1.64%
4	0.89%	2.12%
5	1.14%	2.51%
6	1.38%	2.83%
7	1.61%	3.12%
8	1.82%	3.37%
9	2.02%	3.59%
10	2.20%	3.78%
12	2.51%	4.08%
15	2.85%	4.37%
20	3.21%	4.57%
25	3.39%	4.60%
30	3.46%	4.54%

- 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 2010.

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 Plus (LMM+) is used.

The LMM+ model allows for variation of interest rate volatility by moneyness of guarantees as well as by term to maturity and term of payment (for GAO and GMP). This results in a better fit to the volatility surface.

Real interest rates are modelled using a 2-factor Vasicek model.

The Vasicek model is one of the simplest interest rate models. The model uses 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.

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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	31.1%	28.9%	26.7%	24.4%	22.1%	19.5%	16.3%
3	30.1%	28.3%	26.5%	24.8%	23.2%	21.6%	20.0%
5	29.8%	28.4%	27.1%	25.8%	24.6%	23.5%	22.4%
10	29.0%	28.0%	27.2%	26.4%	25.6%	24.9%	24.3%
15	28.9%	28.2%	27.6%	27.1%	26.6%	26.2%	25.8%
20	28.8%	28.3%	27.8%	27.4%	27.1%	26.8%	26.5%

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:

UK Equity Return versus	End Dec 2011
Property	35%
Bonds	13%
IL Bonds	10%
Short Rate	-9%
European Equities	75%
US Equities	75%
Japanese Equities	52%
Emerging Markets Equities	62%
Pacific Basin Equities	54%

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

Returns under the Accounts and Statements Rules

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(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)	1.15%	2.85%	3.39%	3.46%	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	944,585	655,710	434,231	304,106	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	117,471	253,551	354,198	430,167	225,850	401,770	528,923	622,476	557,318	753,044	913,363	1,032,743
3	FTSE All Share Index (p=0.8)	114,505	221,478	280,716	316,577	220,060	352,113	420,936	460,570	543,858	662,619	733,819	771,841
4	Property (p=1)	32,205	108,829	181,273	243,121	134,743	244,598	338,816	414,477	521,153	618,056	726,117	812,023
5	Property (p=0.8)	30,145	83,527	122,790	151,619	128,460	196,378	239,027	269,107	505,697	518,903	540,681	556,155
6	15yr Risk-Free ZCBs (p=1)	25,157	22,370	17,478	25,607	93,048	85,488	96,769	133,017	500,450	501,332	511,342	537,840
7	15yr Risk-Free ZCBs (p=0.8)	23,947	15,607	7,743	5,673	88,231	56,631	35,445	35,941	483,521	382,665	300,344	265,730
8	15yr Corporate Bonds (p=1)	28,492	30,960	32,069	45,009	102,394	109,999	121,248	154,726	499,513	499,642	513,917	543,517
9	15yr Corporate Bonds (p=0.8)	27,135	21,418	14,785	14,664	97,261	76,698	57,049	57,401	482,805	385,472	311,186	280,620
10	Portfolio 1 (p=1)	71,577	174,228	256,953	325,467	170,546	308,350	418,261	502,831	523,927	659,554	794,784	900,469
11	Portfolio 1 (p=0.8)	69,137	146,912	192,411	225,290	164,929	261,727	317,345	352,932	509,205	566,774	616,098	644,928
12	Portfolio 2 (p=1)	63,420	148,324	218,415	279,028	157,047	273,601	367,365	445,436	512,636	616,152	730,143	827,276
13	Portfolio 2 (p=0.8)	61,090	123,669	160,216	188,188	151,663	229,396	273,555	304,452	497,324	524,500	556,560	581,144
14	Portfolio 3 (p=1)	34,302	85,109	133,690	182,704	118,247	194,647	267,296	332,952	502,730	550,490	631,109	709,483
15	Portfolio 3 (p=0.8)	32,570	66,118	87,953	108,488	112,901	154,368	181,194	204,613	486,354	451,567	453,026	463,885
16	Sterling Receiver Swaptions	17.94%	11.83%	10.01%	7.97%	20.83%	14.69%	12.38%	9.67%	23.53%	17.25%	14.36%	10.94%
		Swap Duration = 15 years				Swap Duration = 20 years				Swap Duration = 25 years			

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due n years after the valuation date.

Rows 2 to 15 inclusive is completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of $K * £1,000,000 * (1 + r * p)^n$.

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds are assumed to be rolling AA rated zero coupon bonds.

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 2011**

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 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 3.59% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

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

Global business

Financial year ended **31 December 2011****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

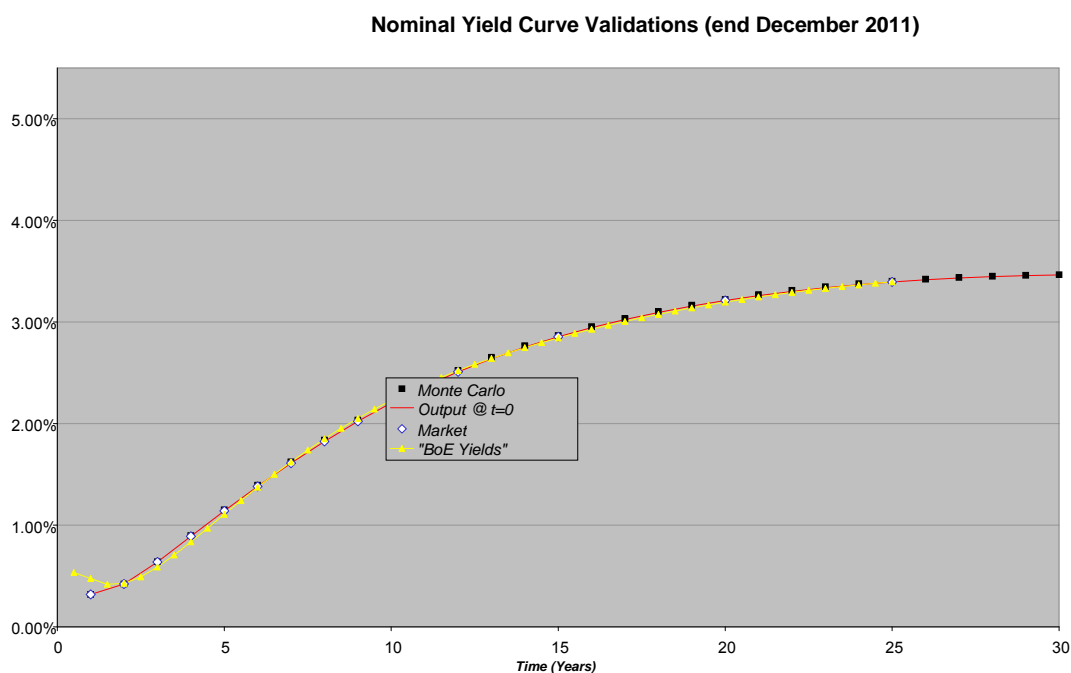
	Duration (yrs)	%															
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026+	
Conventional Life																	
Base guarantee	4.9	3	16	14	21	18	11	0	1	2	1	1	0	-	-	11	100
Mortgage promise	2.9	13	23	16	23	14	12	0	-	-	0	-	0	-	-	-	100
Conventional Pensions																	
Base guarantee	7.9	4	6	5	8	7	8	8	8	7	7	8	6	5	4	9	100
GAR option	6.0	10	16	9	8	7	7	6	6	6	4	6	3	3	4	6	100
S32 GMP guarantee	7.1	8	7	7	7	8	7	9	7	7	7	6	5	4	3	8	100
Unitised Life:																	
Death guarantee	12.2	2	3	4	5	4	4	5	5	5	5	5	5	5	5	39	100
Partial surrender guarantee	7.9	5	7	9	9	8	7	7	7	6	5	5	4	4	3	14	100
Surrender guarantee	5.7	0	0	2	21	47	5	0	0	5	12	1	0	0	1	4	100
Unitised Pensions:																	
Base guarantee	13.3	1	0	2	3	4	4	4	4	4	5	5	5	5	6	46	100

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

Global business

Financial year ended **31 December 2011**

The following 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	1.0	1.1	1.2	1.3
1	34.4%	30.7%	27.1%	23.7%	20.4%	17.8%	16.1%
3	31.8%	29.4%	27.0%	25.0%	22.9%	21.0%	19.3%
5	31.2%	29.2%	27.4%	25.8%	24.3%	23.0%	21.9%
9	31.3%	29.8%	28.4%	27.0%	25.9%	24.8%	23.8%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1.0	1.1	1.2	1.3
1	(326)	(181)	(48)	+76	+170	+171	+22
3	(163)	(108)	(59)	(14)	+30	+61	+68
5	(147)	(86)	(34)	+4	+31	+47	+50
9	(205)	(154)	(110)	(72)	(36)	(5)	+20

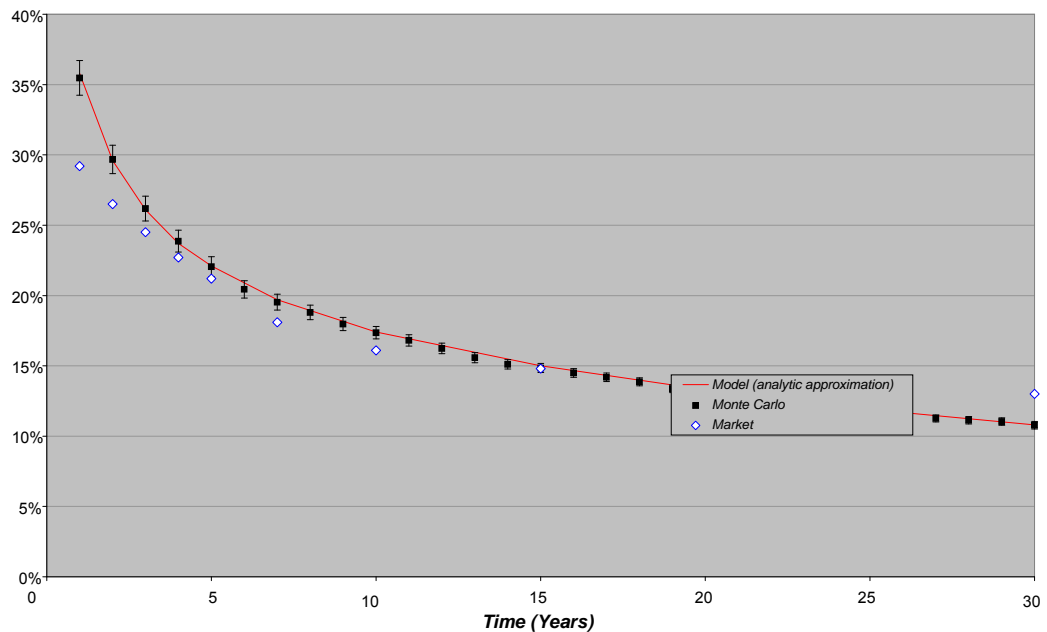
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

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

Global business

Financial year ended

31 December 2011Swaption implied
volatilities**Swaption LMM ATM Validation 20 years (end December 2011)****(vi) Nature of validations of asset model**

The table below shows the discounted value of £1 invested on the valuation date and projected forward t years ($t=5, 10, 15, 20$) invested in equities and property. For a risk-neutral model, the expected result would be 100%.

t (year from valuation date)		5	10	15	20
Equities	5000 Simulation results	100.2%	100.6%	99.8%	100.1%
	standard error	0.4%	0.7%	1.0%	1.5%
Property	5000 Simulation results	99.8%	100.1%	100.1%	100.0%
	standard error	0.2%	0.3%	0.5%	0.7%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	99.9%	101.2%	101.2%	102.2%
	standard error	0.7%	1.5%	2.4%	3.5%
Property	1000 Simulation results	99.8%	100.5%	101.8%	102.5%
	standard error	0.3%	0.7%	1.2%	1.7%

(vii) 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 there is no significant change in convergence between 2500 and 5000 sims. 1000 sims has been used in the step through analysis over the year, with the final closing position done on 2500 sims.

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

Global business

Financial year ended **31 December 2011**

(b) Market costs of hedging - Description of guarantees, options or smoothing

No guarantees, options or smoothing costs have been valued using this method.

(c) Deterministic projections - Description of guarantees, options or smoothing

No guarantees, options or smoothing costs have been valued using this method.

(5) Management Actions

- (a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

Projected Equity backing Ratio (EBR)

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 asset 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.

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Global business

Financial year ended **31 December 2011****(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 rateUWP Bonus Rates

Product	31-Dec-11	31-Dec-16	31-Dec-21
UWP Life	1.00%	1.02%	1.51%
UWP Life with Gtee	2.50%	2.62%	2.82%
UWP Pension	1.25%	1.37%	1.87%
UWP Pension with Gtee	4.00%	4.00%	4.12%

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 2011:

Asset Class	31/12/2011	31/12/2016	31/12/2021
Equities	37.6%	40.3%	42.9%
Property	28.7%	21.7%	23.1%
Fixed Interest	33.6%	38.0%	34.0%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	66.3%	62.0%	66.0%

(ii) Projection at risk free rate plus 17.5%UWP Bonus rates

Product	31-Dec-11	31-Dec-16	31-Dec-21
UWP Life	1.00%	1.29%	1.92%
UWP Life with Gtee	2.50%	2.77%	3.04%
UWP Pension	1.25%	1.69%	2.34%
UWP Pension with Gtee	4.00%	4.06%	4.32%

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Global business

Financial year ended **31 December 2011**Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2011	31/12/2016	31/12/2021
Equity	37.6%	42.2%	44.4%
Property	28.7%	22.7%	23.9%
Fixed Interest	33.6%	35.0%	31.6%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	66.3%	65.0%	68.4%

(iii) **Projection at risk free rate minus 17.5%**UWP Bonus rates

Product	31-Dec-11	31-Dec-16	31-Dec-21
UWP Life	1.00%	0.81%	1.28%
UWP Life with Gtee	2.50%	2.58%	2.75%
UWP Pension	1.25%	1.10%	1.59%
UWP Pension with Gtee	4.00%	4.01%	4.12%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2011	31/12/2016	31/12/2021
Equity	37.6%	38.0%	41.1%
Property	28.7%	20.5%	22.1%
Fixed Interest	33.6%	41.5%	36.7%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	66.3%	58.5%	63.3%

(6) Persistency and Mortality Assumptions

The lapse rates assumed in the projection of the asset shares and guaranteed benefits are based on own experience adjusted for anticipated trends. The following table shows the static assumptions; the model incorporates a dynamic overlay to these rates.

WPSF		Average surrender / paid-up rate for the policy			
		years			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	n/a	n/a	3.00%
CWP target cash endowment	surrender	n/a	n/a	n/a	3.00%
UWP savings endowment	surrender	n/a	n/a	8.00%	8.00%
UWP target cash endowment	surrender	n/a	n/a	8.00%	8.00%
UWP bond	surrender	n/a	n/a	8.00%	8.00%
UWP bond	automatic withdrawals	n/a	n/a	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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Name of insurer **Aviva Life & Pensions UK Ltd – With-Profits Sub-Fund**

Global business

Financial year ended **31 December 2011**

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).

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 2011
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 93% 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	110
Conventional Pensions	0	28
UWP Life	0	0
UWP Pensions	0	0
Miscellaneous	0	125
Total	0	263

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. £137m is held in respect of these liabilities to the estate.

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Global business

Financial year ended **31 December 2011**

£30m is held to cover the cost of future expenses not charged to asset shares.

£15m is included as a data provision on mortgage endowment contracts.

£31m is included in respect of other liabilities including future pension transfer review costs, funding for the Aviva staff pension scheme deficit, and investigation and redress of mortgage endowment mis-selling complaints.

An additional liability of £50m is held to cover shortcomings in the modelling process.

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 2011 are £2,608m.

The realistic current liabilities are £10m 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	593.7

(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	-22.4%
Property	-12.5%

The overseas equity fall is set such that it has the same probability as UK equities falling 20%.

The fall in market values of equity and property is more onerous than the rise in market values.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+43bps	-43bps
long-term yield – level post-stress	2.91%	2.05%
long-term yield – % movement post-stress	+17.50%	-17.50%

The fall in fixed-interest yield scenario is more onerous.

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

Global business

Financial year ended **31 December 2011**

(iii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
With Profits Sub-fund	1.44%	-6.82%

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 = 1.10%

- (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 93% 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	(3)
Total	(3)

- (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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Global business

Financial year ended **31 December 2011**

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	593.7	100.0%
Other fixed interest securities	0.0	0.0%
All other assets	0.0	0.0%
Total	593.7	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.

	2011
	%
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 2011 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	25%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

The corporation tax rate has been updated from 27% to 25% in respect of payments from 2012 onwards, following the rate that will apply from April 2012. 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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Global business

Financial year ended **31 December 2011****12. Derivatives**

Security	Exposure at 31/12/2011 £m
Futures on Bonds - short term trading derivatives	(776)
Futures on Equities - short term trading derivatives	(565)
Currency Futures	1,904
Property swaps	218
Interest Rate Swaps	1,562
Credit Default Swaps	152
Equity Options	480

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 2012.

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.

The Equity Options are used to manage equity exposure within the fund.

13. Analysis of working capital

	£m
Working capital at 31/12/2010	1,812
Investment return on opening working capital and profits on assets backing liabilities	(117)
Economic assumption changes	(70)
Non-economic assumption changes	(4)
Policyholder action assumption changes	78
Other experience variances	29
Planned enhancements to WPBR	(305)
Impact of new business	0
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	172
Miscellaneous liabilities	19
Working capital at 31/12/2011	1,614

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 an increase in equity and fixed interest volatility.
3. There have been no changes to the key non-economic assumptions.
4. The policyholder assumption changes reflect an increase in lapse rates on UWP bonds and Endowments.
5. Experience variances include the impact of premiums, claims and expenses.
6. The fund does not write significant volumes of new business.
7. Planned enhancements to WPBR represent the estimates of anticipated changes to the asset share calculation in order to reduce the estate to the top of the preferred range.

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

Global business

Financial year ended **31 December 2011**

8. Modelling changes and opening adjustments include

- The introduction of the LMM+ model
- Introduction of credit modelling
- Explicit modelling of overseas equity

9. Note that the change in other liabilities from Form 19 line 47 is included in the analysis above.

10. 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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Global business

Financial year ended **31 December 2011****1. Introduction**

- (1) The **valuation date** is 31 December 2011.
- (2) The date of the previous valuation was 31 December 2010.
- (3) An interim valuation was carried out with an effective date of 30 June 2011 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

	2011	2010
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	2.84%	3.25%
Tax rates	20%	20%

- The risk free rates used are the same as the rates used to determine guarantee costs, and shown in section 6(4)(a)(ii) below.
 - The additional 0.5% per annum in the discount rate provides an allowance for risk and uncertainty, and to give a margin to allow for the cost of any non-financial guarantees
 - The value of future profits on non-profit business includes the release of the LTICR in respect of non-profit business. In assessing this release an approximate allowance is made for tax and investment expenses.
- (2) Not applicable.
 - (3) Not applicable.
 - (4) Not applicable.
 - (5) Not applicable.

3. With-Profits Benefits Reserve Liabilities

- (1) There are four main methods used to calculate the with-profits benefits reserve.

- Asset share (individual) (retrospective)
- Asset share (group) (retrospective)
- Bonus Reserve Valuation (prospective)
- Regulatory Reserve (prospective)

The majority of the with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM. A small amount of business is treated at an aggregate level using accounts and reserve information to derive the asset share.

The With Profit Benefit Reserve for With Profits Immediate Annuities is set to the bonus reserve valuation for:

- Business with entry years prior to 1984, where a BRV approach is used so that the With Profits Benefits reserve is aligned to the bonus setting process;
- Schemes with a guaranteed bonus rate of 5%, where a BRV approach using the guaranteed bonus rate is used, as this is in excess of the asset shares; and

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- 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 £152m.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

At 31 December 2011

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		5	85
Asset Share (individual)	67		
Regulatory Reserve	13		
Conventional Pensions		365	1,602
Asset Share (individual)	944		
Asset Share (group)	105		
Bonus Reserve Valuation	152		
Regulatory Reserve	36		
Miscellaneous Other	8	32	40
Total	1,325	402	1,727

Conventional life consists mainly of endowment business with £8m of whole life business. The WPBR consists of individual policy level asset shares for premium paying business, regulatory reserve of £8m 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 £81m.

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 £105m at 31 December 2011.

Regulatory reserves of £36m 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)	76
Asset Share (grouped)	8
BRV	11
Regulatory Reserve	4
Miscellaneous Other	1
Total	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

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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 2011
- (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.

	2011			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Initial expenses and commission	0	0	0	0
Renewal expenses and commission	2	(1)	1	3
Shareholder Transfers	0	5	0	5

The above tables approximately splits out the expenses incurred over 2011. 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 2011 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.

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.

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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	2009	2010	2011
PM	Life	105%	93%	99%
PM	Pensions	103%	95%	96%

These are estimates of claim amounts relative to asset share for the past three complete calendar years.

The figures above for 2009 to 2011 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 2011 are 6.7%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method

(1) Prospective assumptions

11% 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.

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

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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 5,000 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	3	0	0	0	0
Conventional Pensions	34	0	20	0	0
Miscellaneous	0	7	0	0	19
Total	37	7	20	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 2011 the planned enhancements to WPBR totalled £37m.

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.

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 2011, there were no planned deductions.

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Financial year ended **31 December 2011****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	=	£0.03m
Central Estimate	=	£0.01m
Option Value	=	62%

Conventional life guarantees are mostly out of the money.

Conventional Pensions

Stochastic Reserve	=	£19.5m
Central Estimate	=	£18.1m
Option Value	=	7%

Conventional pensions guarantees are 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:

Risk-free rate:

- Risk-free rate curve as shown below–

Outstanding term	Risk free annualised spot rate (%) – 2011	Risk free annualised spot rate (%) – 2010
1	0.32%	0.73%
2	0.42%	1.12%
3	0.64%	1.64%
4	0.89%	2.12%
5	1.14%	2.51%
6	1.38%	2.83%
7	1.61%	3.12%
8	1.82%	3.37%
9	2.02%	3.59%
10	2.20%	3.78%
12	2.51%	4.08%

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15	2.85%	4.37%
20	3.21%	4.57%
25	3.39%	4.60%
30	3.46%	4.54%

- 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 2010.

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 2011. The following table shows specimen volatilities from the model.

Specimen volatilities

Term	1	2	5	7	10	15	20	25	30
UK Equity volatility	24.40%	24.65%	25.80%	26.00%	26.40%	27.30%	27.60	28.20	28.80

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 26.1% (25.1% at 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.

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Swap maturity	Implied volatility (%)
1	29.2%
5	21.2%
10	16.1%
15	14.8%
20	13.8%
25	13.5%

For the purposes of our model, we have used an implied volatility of 19.4% 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	0.35
2	0.70
3	1.05
5	1.75
7	2.46
10	3.53

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 2.50%. The volatility used includes a small margin to allow for inevitable approximations involved in the above approach.

Corporate Bond and Overseas Bond volatility

Separate asset classes are set up for corporate and overseas bonds. These have different correlations with the returns on UK gilts.

There are spreads between swaps, corporate bonds, gilts and overseas bonds. These spreads move over time so one class of asset may be more or less volatile than the others.

We have therefore set the price volatility assumption for Corporate and Overseas bonds to be 2% in excess of that of UK gilts.

In summary the price volatility assumptions are:

	Volatility
Gilts	2.50%
Other Fixed Interest	4.50%

Correlation between different asset classes:

- Correlation between asset classes was taken from internal historic data. The table below shows the figures used at 31 December 2011.

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	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 2.84% 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 2011. The resulting asset mix is shown below, together with the volatility parameters for each class:

Class	Actual asset mix	Volatility
UK	12.5%	26.1%
Property	3.2%	15.0%
Europe	1.6%	27.6%
US	0.0%	30.5%
Japan	0.0%	24.7%
Pacific Basin	0.0%	32.4%
Emerging markets	0.0%	42.1%
UK gov bonds	17.2%	2.5%
Corporate bonds	56.7%	4.5%
Global bonds	0.0%	4.5%
Cash	8.7%	0.0%
TOTAL	100.0%	

Management of the EBR within the stochastic return projector is discussed in 6(5)(a).

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Financial year ended **31 December 2011****(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	1.14%	2.85%	3.39%	3.46%	1.14%	2.85%	3.39%	3.46%	1.14%	2.85%	3.39%	3.46%
		p:												
1	Risk-free zero coupon bond		944,874	655,870	434,419	304,016	x	x	x	x	x	x	x	x
2	FTSE AllShare	1	71,989	229,596	310,039	373,257	201,975	389,723	486,095	560,832	570,379	771,102	882,586	971,359
3	FTSE AllShare	0.8	68,586	195,152	235,896	265,069	195,191	335,446	376,981	403,747	556,328	674,426	695,911	711,411
4	Property	1	35,040	97,351	146,373	187,458	135,359	226,902	289,051	339,483	525,730	597,744	661,718	716,128
5	Property	0.8	33,198	73,492	93,064	112,073	129,130	179,800	198,052	212,170	510,231	499,760	480,324	475,193
6	15 yr risk free ZCB	1	3,660	27,075	55,694	79,582	70,179	132,071	176,206	210,007	503,149	529,205	567,248	602,663
7	15 yr risk free ZCB	0.8	3,385	14,293	22,093	32,697	64,147	87,964	95,008	100,783	486,512	421,987	371,904	349,936
8	15 yr corporate	1	7,530	36,654	69,451	95,982	81,578	145,998	193,639	230,182	505,767	536,714	579,366	617,859
9	15 yr corporate	0.8	7,008	21,552	31,856	43,616	75,557	101,651	111,091	117,796	489,266	431,315	387,337	368,486
10	65% FTSE AllShare, 35% Property	1	51,451	151,363	212,690	265,408	167,040	294,583	368,609	433,508	543,140	667,200	749,129	821,642
11	65% FTSE AllShare, 35% Property	0.8	48,909	122,712	150,687	174,708	160,524	244,314	270,586	292,732	528,462	570,924	567,187	574,586
12	65% FTSE AllShare, 35% ZCB	1	43,628	107,547	157,796	199,108	159,398	257,835	323,435	375,983	548,573	650,254	726,475	788,601
13	65% FTSE AllShare, 35% ZCB	0.8	41,337	78,602	94,019	109,477	152,697	204,636	218,508	227,859	533,541	549,512	534,703	526,314
14	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	1	20,246	57,229	94,562	123,986	115,022	185,106	235,483	276,211	519,790	576,014	628,400	673,650
15	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	0.8	19,033	36,682	47,341	59,154	108,625	136,441	143,543	148,729	504,001	473,104	437,441	419,435
			L = 15				L = 20				L = 25			
16	Receiver swaptions		12.92%	8.60%	9.51%	8.84%	14.76%	11.08%	12.00%	10.69%	16.84%	13.47%	14.02%	11.83%

Returns under the Accounts and Statements Rules

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Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due n years after the valuation date.

Rows 2 to 15 inclusive has been completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of $K * £1,000,000 * (1 + r * p)^n$.

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds should be assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values are expressed as a percentage of nominal.

The property put options assumed relate to a well diversified portfolio of UK commercial property.

A zero trend growth in property prices is assumed where this is relevant.

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.

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Financial year ended **31 December 2011****(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.

Proportion of Maturity Guarantee Costs arising in Year (%)		
Year	Conventional Life	Conventional Pensions
2012	2	4
2013	1	2
2014	4	3
2015	12	3
2016	13	5
2017	15	5
2018	12	7
2019	7	7
2020	17	6
2021	3	8
2022	7	6
2023	2	6
2022-2026	1	23
2027-2031	0	11
2032+	0	4
Total	100	100
Duration (yrs)	7.5	11.7

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:

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ROW	r (Continuous)		K=0.75				K=1				K=1.5			
			5	15	25	35	5	15	25	35	5	15	25	35
			1.13%	2.81%	3.33%	3.40%	1.13%	2.81%	3.33%	3.40%	1.13%	2.81%	3.33%	3.40%
		p												
2	FTSE AllShare: matrix approach	1	71,989	229,596	310,039	373,257	201,975	389,723	486,095	560,832	570,379	771,102	882,586	971,359
2	FTSE AllShare: Black-Scholes valuation	1	98,922	225,782	309,015	371,790	229,566	386,739	485,921	559,914	600,600	768,050	882,164	969,156
	Difference / MV(0)		-2.7%	0.4%	0.1%	0.1%	-2.8%	0.3%	0.0%	0.1%	-3.0%	0.3%	0.0%	0.2%
4	Property: matrix approach	1	35,040	97,351	146,373	187,458	135,359	226,902	289,051	339,483	525,730	597,744	661,718	716,128
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%	-0.1%	-0.2%	-0.2%	0.2%	-0.2%	-0.3%	-0.3%	0.3%	-0.2%	-0.3%	-0.3%
10	65% FTSE, 35% Property: matrix approach	1	51,451	151,363	212,690	265,408	167,040	294,583	368,609	433,508	543,140	667,200	749,129	821,642
10	65% FTSE, 35% Property: B-S valuation	1	56,577	149,193	214,329	265,812	172,018	293,349	372,945	434,638	549,567	665,397	752,512	822,706
	Difference / MV(0)		-0.5%	0.2%	-0.2%	0.0%	-0.5%	0.1%	-0.4%	-0.1%	-0.6%	0.2%	-0.3%	-0.1%

- The table above shows that the model is capable of producing Black-Scholes prices. For an all equity portfolio, the comparison to Black Scholes at short durations can be improved by increasing the number of bands used to group returns in the model. However, given the low equity backing ratio in the PM fund there will be no distortion of results from using the current bands. The table implies that the number of simulations used and the width of the banding within the matrix approach do not distort the results.

(vii) Nature of validations of asset model

The model projects total return credited to asset share, not income and gains on assets. Therefore no explicit comparison of the NPV of the projection of income/gains has been made. Instead, the table below shows the discounted value of £1 invested on the valuation date and projected forward t years (t=5, 10, 15, 20). For a risk-neutral model, the result would be 1. The table shows how the results depend on the number of simulations used.

t (years from valuation date)	5	10	15	20
100 Sims result	0.997	0.997	0.973	1.057
1000 Sims result	1.013	1.018	1.007	1.020
5000 Sims result	1.011	1.010	1.005	1.005
10000 Sims result	1.004	1.004	1.000	0.997
Distribution result	0.996	1.004	1.001	0.997

The final line shows the results based on using the actual distribution required by our matrix approach to the calculation of the costs of guarantees. This table implies that the number of simulations (as used by the model) is sufficient for convergence.

- (viii) 10,000 projections of asset share returns have been made to construct the probability distribution used to value the guarantees.

(b) Market costs of hedging - Description of guarantees, options or smoothing

The approach used to value Guaranteed Annuity Options on conventional pensions increases the deterministic (intrinsic cost) of the option to allow for the limited option value. The increase is based on the implied option value of other GAO business in the company.

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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	266
Uplift (4.1%)	9
Adjustment after increase to AS	0
Form 19 reserve	275

The next table shows the split of maturity dates on contracts that have Guaranteed Annuity Options.

Split of Guaranteed Annuity Option Maturity Dates	
Year	Percentage
2012	23%
2013	12%
2014	10%
2015	8%
2016	8%
2017	6%
2018	5%
2019	4%
2020	4%
2021	4%
2022	3%
2023	2%
2023 - 2027	7%
2028 and later	4%
Total	100%

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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

Management is assumed to intervene and carry out switches (in addition to any impact from market movements) of investments supporting asset shares when investment returns are particularly strong or weak.

The logic for this is that the main aim of investment policy is to provide the highest long-term returns given acceptable levels of solvency risk.

A substantial amount of our fixed interest portfolio is intended to be held to maturity. Therefore investment performance above or below expectation is largely a function of simulated performance for equity and property.

If equity/property performance is poor, then solvency would deteriorate, hence management action would be to reduce the equity/property content of the fund.

The converse is also true; however, increasing the EBR is constrained to the extent of the investment philosophy where a large proportion of our existing holding of bonds will be held to provide a duration match of the liabilities.

Regular Bonus Assumptions

In the stochastic model, the regular bonus on all policies is assumed to be zero in future.

For with-profit immediate annuities, a Bonus Reserve Valuation is used in cases where the guarantee cost would be material.

Guarantee Charges on asset shares

The model uses no charge to asset share in respect of guarantees.

Any planned deductions in respect of the GAO liability on conventional pensions, and in respect of the mortgage endowment mis-selling costs on endowments are calculated separately.

Allocation of non-profit profits to asset share

It is assumed that no future non profit profits are allocated to asset shares, in line with the PPFM.

Shareholder Transfers and tax

The model assumes that transfers to shareholders continue at the rate of 10% of the cost of bonus.

Shareholder transfers in the PM fund are met by the estate. Additional tax due on these is a shareholder liability and is not met by the WP fund.

Mortality costs

Mortality profits and losses are passed on to the asset shares in line with the PPFM

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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Financial year ended **31 December 2011****(i) Projection at risk free rate**

The fund does not have any Unitised With-Profits business.

Assets Backing With-Profit Benefits Reserve

Asset class	31/12/2011	31/12/2016	31/12/2021
UK equities	12.5%	5.2%	2.8%
Overseas equities	1.6%	0.7%	0.4%
Land and buildings	3.2%	1.0%	0.4%
Approved fixed interest securities	17.2%	19.4%	20.1%
Other fixed interest securities	56.7%	63.9%	66.1%
All other assets	8.7%	9.8%	10.1%
Total assets	100.0%	100.0%	100.0%
EBR	17.4%	6.9%	3.6%

(ii) Projection at risk free rate plus 17.5%Assets Backing With-Profit Benefits Reserve

Asset class	31/12/2011	31/12/2016	31/12/2021
UK equities	12.5%	4.6%	2.8%
Overseas equities	1.6%	0.6%	0.3%
Land and buildings	3.2%	1.0%	0.5%
Approved fixed interest securities	17.2%	19.5%	20.1%
Other fixed interest securities	56.7%	64.4%	66.2%
All other assets	8.7%	9.9%	10.1%
Total assets	100.0%	100.0%	100.0%
EBR	17.4%	6.2%	3.6%

(iii) Projection at risk free rate minus 17.5%Assets Backing With-Profit Benefits Reserve

Asset class	31/12/2011	31/12/2016	31/12/2021
UK equities	12.5%	3.3%	1.6%
Overseas equities	1.6%	0.4%	0.2%
Land and buildings	3.2%	0.7%	0.2%
Approved fixed interest securities	17.2%	19.9%	20.4%
Other fixed interest securities	56.7%	65.6%	67.2%
All other assets	8.7%	10.1%	10.3%
Total assets	100.0%	100.0%	100.0%
EBR	17.4%	4.4%	2.0%

(6) Persistency and Mortality Assumptions

The persistency assumptions used in the calculation of maturity and GAO costs are shown in the following table.

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PM		Average surrender / paid-up rate for the policy years			
		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	1.30%	1.30%	1.30%	1.30%
CWP pension single premium	surrender	1.30%	1.30%	1.30%	1.30%
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.

Annuitant Mortality

	31 December 2011
Males	90% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	100% 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 79% has been assumed in respect of Guaranteed Annuity options attaching to pensions. The take-up rates increase by 1% every year from 2013 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.

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

Global business

Financial year ended **31 December 2011**

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	4
Pensions Shareholder Transfers	0	35
Miscellaneous	0	58
Total	0	97

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.

£12m is held to cover expenses in relation to the Heritage migration project.

An additional liability of £45m is held as a contingency.

9. Realistic current liabilities

The realistic current liabilities include the following:

- Provisions for inter company transfers from internal reinsurance
- Outstanding Claims
- Other creditors
- Accruals and deferred income
- Creditors in relation to current tax liabilities

The realistic and regulatory current liabilities at 31 December 2011 are £129m.

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	Change in market values
UK Equities	+20.0%
OS Equities	+20.0%
Property	-12.5%

The rise in market value of equity is more onerous than the fall in market value.
The fall in market value of property is more onerous than the rise in market value.

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(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+43bps	-43bps
long-term yield– level post-stress	2.91%	2.05%
long-term yield- % movement post-stress	+17.50%	-17.50%

The fall in fixed-interest yield scenario is more onerous.

(iii)

Fund	Average Increase in credit spread – excluding Approved stock	Change in FI asset value – excluding Approved stock
PM	1.21%	-5.99%

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 0.3%, as a result of an increase in GAO and other guarantee costs

(v) Not applicable.

(b) Management Actions under the stress tests

(i) The following changes in management actions are assumed to be made under the stress tests.

Charge to payouts

Under the stress test, 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 79% to 84% as a result of the fall in fixed interest yields. The take-up rate then increases by 1% every year from 2013 onwards, until an ultimate level of 95% is reached.

(ii) A charge to payouts of £5m would be required in the stress test, compared to an increase to payouts of £37m in the central scenario.

The cost of Guaranteed Annuity Options decreases by £2m.

(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.

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- (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	25%
Income Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

The corporation tax rate has been updated from 27% to 25% in respect of payments from 2012 onwards, following the rate that will apply from April 2012. 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.

12. Derivatives

Security	Exposure at 31/12/2011
	£m
Futures on Equities - short term trading derivatives	(63)
Cashflow Swaps	(379)
Interest Rate Swaps	3,054
Inflation Rate Swaps	(437)

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.

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Global business

Financial year ended **31 December 2011****13. Analysis of working capital**

	£m
Working capital at 31/12/2010	55
Zeroisation impact	(55)
Published Working capital at 31/12/2010	0
Investment return on opening working capital and profits on assets backing liabilities	16
Economic assumption changes	3
Non-economic assumption changes	(12)
Policyholder action assumption changes	0
Other experience variances	6
Impact of new business	0
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	3
Miscellaneous liabilities	(29)
Working capital at 31/12/2011	41
Zeroisation impact	(41)
Published Working capital at 31/12/2011	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 2010, the impact of the change in Risk Free Rate during 2011 and the excess return on corporate bonds backing guarantees, financial options and non-profit liabilities.
2. Non-economic assumption changes relates to a strengthening of the annuitant mortality assumptions.
3. Experience variances include the impact of premiums, claims and expenses.
4. The fund is closed to new business.
5. There have been no significant modelling changes.
6. Miscellaneous liabilities include £30m which is being held to cover expected impacts of future model changes.
7. Note that the change in other liabilities from line 47 is included in the analysis above.
8. The change in working capital arising purely from the change in line 51 cannot be quantified.

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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 2011**

1. Introduction

- (1) The **valuation date** is 31 December 2011.
- (2) The date of the previous valuation was 31 December 2010.
- (3) An interim valuation was carried out with an effective date of 30 June 2011 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:

	2011	2010
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	2.84%	3.25%
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 gilts and corporates.
- 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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Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2011

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 2011**NWPSF**

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		634	3,785
Asset Share (individual)	2,664		
BRV	471		
Regulatory Reserve	16		
Conventional Pensions		384	894
Asset Share (individual)	347		
BRV	122		
Regulatory Reserve	41		
UWP Life (inc. Overseas)		588	10,385
Asset Share (individual)	9,783		
Regulatory Reserve	14		
UWP Pensions (inc. Overseas)		289	2,644
Asset Share (individual)	2,271		
Asset Share (group)	84		
Regulatory Reserve	0		
UWP Stakeholder		15	785
Asset Share (individual)	770		
Regulatory Reserve	-		
Miscellaneous Other	53	29	82
Total	16,636	1,939	18,575

OWPSF

Product class	With-profit benefits reserve £m	Future policy related liabilities £m	Total £m
Conventional Life		140	673
Asset Share (individual)	467		
BRV	64		
Regulatory Reserve	2		
Conventional Pensions		70	169
Asset Share (individual)	37		
BRV	55		
Regulatory Reserve	7		
UWP Life (inc. Overseas)		68	1,199
Asset Share (individual)	1,129		
Regulatory Reserve	2		

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Global business

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UWP Pensions (inc. Overseas)		60	569
Asset Share (individual)	477		
Asset Share (group)	23		
Regulatory Reserve	9		
UWP Stakeholder		2	105
Asset Share (individual)	103		
Regulatory Reserve	-		
Miscellaneous Other	3	(4)	(1)
Total	2,378	336	2,714

The BRV figures of £471m for conventional life in NWPSF and £64m 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 £465m for NWPSF and £63m 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 £72m in NWPSF and £10m 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, £18m 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 £71m 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 2011**

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	30/11/2009-31/01/11	Money back on or after 5th
Aviva With Profit Guarantee Fund	01/02/2011 onwards	Money back on 5th

There is also the guarantee that MVRs will not apply on any automatic partial withdrawals selected from outset (subject to certain limits).

UWP Pensions consists mainly of individual and Group personal pensions and pension single premium bonds. As for UWP Life, UWP units increase in value at the declared regular bonus rates and cannot reduce on death, at the selected retirement date and at age 75. Any final bonus due is added at policy exit. The value on exit can be subject to an MVR if not at the selected retirement date. No-MVR guarantees apply at the selected retirement date and at age 75. Ex CGNU UWP units purchased prior to 22 January 1996 have a guaranteed minimum regular bonus rate of 4%. Ex CULAC UWP pension units purchased up to 31 December 1992 have a guaranteed minimum 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 (£12m NWPSF / £4m OWPSF) and French branch business (£68m NWPSF / £16m OWPSF) is Asset Share, whilst German Bond (£3m NWPSF / £2m OWPSF) and Irish pensions (£5m NWPSF / £3m 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)	95	93
Asset Share (grouped)	1	1
BRV	4	5
Regulatory Reserve	0	1

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Miscellaneous Other	0	0
Total	100	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

The asset shares calculated on a grouped basis relate to two UWP pension contracts (Sterling Group plan – UWP and Deposit Admin variants). The asset shares are grouped as follows:

- Product
- Bid Value of Units by year of unit purchase

Factors have then been applied to each of these groupings based on asset share to BVU ratios for sample model points. Sample model points are representative of the policies within each group allowing for factors such as average premium size and age.

(2) Changes in valuation method

- (a) There have been no significant changes have been made to the valuation method.
- (b) Not applicable.

(3) Allocation of expenses

- (a) See (b)
- (b) UKLS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.
- (c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission. Broadly, some policies are charged sales and administration expenses incurred by the fund, some follow this approach but have the overall charge capped, and a third group has defined charges.

Other expenses, or the difference between the expense and the charge to asset share, fall to the estate.

NWPSF

	2011			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	1	20	1	22
Renewal expenses and commission	161	(69)	5	97
Shareholder Transfers	17	61	0	78

OWPSF

	2011			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	0	3	0	3
Renewal expenses and commission	22	(9)	1	14
Shareholder Transfers	2	8	0	10

The tables above approximately split out the expenses incurred over 2011.

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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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 2011 are approximately £161m for NWPSF and £22m 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 £17m 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 £438m 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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- 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 2011 was £17.4m in NWPSF and £2.3m 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	2009		2010		2011	
	NWPSF	OWPSF	NWPSF	OWPSF	NWPSF	OWPSF
Conventional Life	99%	96%	97%	97%	96%	97%
Conventional Pensions	144%	150%	130%	97%	109%	95%
UWP Life	106%	101%	106%	104%	101%	102%
UWP Pensions	100%	98%	99%	96%	97%	97%
UWP Stakeholder	103%	103%	98%	98%	97%	97%

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 2011 were -1.2%

A return of -1.2% was also used in respect of business reinsured from Provident Mutual Sub-Fund into NWPSF and OWPSF.

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Bonus reserve valuation (BRV) is used for 4% of NWPSF (£592m) and 5% of OWPSF (£119m) with-profit benefits reserve. A high proportion of the with-profit benefit reserve is in respect of conventional whole life policies, 3% for both NWPSF and OWPSF.

The prospective assumptions are as follows:

(a) Economic Assumptions

Future earned rate: ex CGNU Whole Life	2.59%
Future earned rate: ex CULAC Whole Life	2.25%
Future earned rate: ex CGNU Pensions	2.34%
Future earned rate: ex CULAC Pensions	2.38%
Discount rate (benefits): ex CGNU Whole Life	2.59%
Discount rate (benefits): ex CULAC Whole Life	2.25%
Discount rate (premium, expenses): ex CGNU Whole Life	2.31%
Discount rate (premium, expenses): ex CULAC Whole Life	2.08%
Discount rate: ex CGNU Pensions	2.34%
Discount rate: ex CULAC Pensions	2.38%
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%	0.5%
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%	1.0%
Conventional Pension	0%	0%

(e) Future Expense Assumptions

Product Class	Renewal Expenses 2012
Ex CGNU and ex CULAC Conventional Whole Life	£18.36
Ex CGNU Conventional Individual Pension	£55.08

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Ex CGNU Conventional Group Pension	£55.08
Ex CULAC Conventional Pension	£36.72

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.

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(b) Grouping Basis

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions)
- Life Endowment contracts are grouped by original term, outstanding term and also by eligibility to endowment promise.
- Conventional Pensions are grouped by premium type, original term, premium term and outstanding term.

For unitised with-profit business:

- Product class (e.g. life bonds, individual pensions, stakeholder pensions, trustee investment plans)
- Life Bonds are split by bonus series, age band, entry year and quarter, joint life status, and lapse class. Individual Pensions are grouped by age band, original term, outstanding term, 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 15,900 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, is 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 are the following:
- UK and overseas equities are now modelled separately.
 - Introduction of credit modelling, to allow for the extra volatility in corporate bonds, compared to that in government bonds.
 - Move from Libor Market Model (LMM) to Libor Market Model Plus (LMM+) to model interest rates.

(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.

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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	(0)	0	0	554	0	0
Conventional Pensions	(0)	0	0	189	193	0
UWP Life (incl. Overseas)	12	67	0	989	0	0
UWP Pensions	(0)	0	0	287	0	0
UWP Stakeholder	0	0	0	42	0	(28)
Misc	0	0	25	(10)	0	(71)
Total:	12	67	25	2,052	193	(99)

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	122	0	0
Conventional Pensions	(0)	0	0	37	33	0
UWP Life (incl. Overseas)	1	9	0	120	0	0
UWP Pensions	(0)	0	0	58	0	0
UWP Stakeholder	0	0	0	6	0	(4)
Misc	0	0	4	(1)	0	(8)
Total	1	9	4	341	33	(12)

Planned Enhancements to WPBR

For UWP Life, the amounts represent the cost of an additional 0.5% p.a. regular bonus on Loyalty Fund units..

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 £55m (NWPSF) and £10m (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.

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	NWPSF	OWPSF
Stochastic Reserve	£193m	£39m
Central Estimate	£43m	£7m
Option value	78%	82%

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	£362m	£84m
Central Estimate	£366m	£85m
Option value	-1%	-1%

This represents the cost of the mortgage endowment promise from conventional endowments. The amount reserved for is the difference between the mortgage amount and policy payout if returns on the fund after tax are 6% or more, from the end of 1999 to the maturity date of the policy, or the amount as communicated to policyholders in other circumstances.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

The payment of promise amounts also gives rise to additional transfers to shareholders.

The option value is negative as in some scenarios very good returns will mean we don't need to pay the full promise amount.

Conventional Pensions

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection. The costs of providing for any guaranteed annuity options is covered under the cost of financial options, although the cost of providing deferred annuities is included here.

	NWPSF	OWPSF
Stochastic Reserve	£189m	£37m
Central Estimate	£176m	£35m
Option value	7%	5%

Conventional pension guarantees are 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.

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Type of guarantee	No-MVR Guarantee on Bond surrenders	Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£156m	£691m	£145m
Central Estimate	£106m	£520m	£66m
Option value	32%	25%	54%

OWPSF

Type of guarantee	No-MVR Guarantee on Bond surrenders	Inflation-protected Bonds	Other Bond guarantees
Stochastic Reserve	£18m	£87m	£15m
Central Estimate	£11m	£65m	£6m
Option value	35%	25%	60%

A large proportion of the no-MVR guarantees, taken out in the period from 1998 to 2001 remain in the money.

The inflation protected guarantees have significant time value due to stock market performance since the inception date of these policies.

UWP pensions

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

	NWPSF	OWPSF
Stochastic Reserve	£233m	£48m
Central Estimate	£110m	£21m
Option value	53%	56%

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	£43m	£6m
Central Estimate	£1m	£0m
Option value	99%	99%

Stakeholder pension guarantees are virtually all out of the money

Costs of Financial Options

This represents the cost of the guaranteed annuity option (GAO) attaching to conventional deferred cash pensions. Contracts provide for a basic cash amount plus accrued regular bonus and a final bonus. The policyholder then has the option to take this cash amount or to convert this into income at guaranteed rates written into the policy conditions.

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NWPSF	CWP GAO	UWP GAO
Stochastic Reserve	£136m	£55m
Central Estimate	£132m	£55m
Option value	3%	0%

OWPSF	CWP GAO	UWP GAO
Stochastic Reserve	£31m	£2m
Central Estimate	£30m	£2m
Option value	3%	1%

Guaranteed annuity options are 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	£1.4m
Central Estimate	£0m
Option value	100%

OWPSF	CWP Cash
Stochastic Reserve	£0m
Central Estimate	£0m
Option value	100%

These guaranteed cash options are almost completely out of the money.

Smoothing Costs

The amount reported is designed to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date, consistent with statements in the PPFM for both NWPSF and OWPSF. 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 (%) – 2011	Risk free annualised spot rate (%) – 2010
1	0.32%	0.73%
2	0.42%	1.12%
3	0.64%	1.64%
4	0.89%	2.12%
5	1.14%	2.51%
6	1.38%	2.83%
7	1.61%	3.12%
8	1.82%	3.37%
9	2.02%	3.59%
10	2.20%	3.78%
12	2.51%	4.08%
15	2.85%	4.37%
20	3.21%	4.57%
25	3.39%	4.60%
30	3.46%	4.54%

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- 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 2010.

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 Plus (LMM+) is used.

The LMM+ model allows for variation of interest rate volatility by moneyness of guarantees as well as by term to maturity and term of payment (for GAO and GMP). This results in a better fit to the volatility surface.

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 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:

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Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	31.1%	28.9%	26.7%	24.4%	22.1%	19.5%	16.3%
3	30.1%	28.3%	26.5%	24.8%	23.2%	21.6%	20.0%
5	29.8%	28.4%	27.1%	25.8%	24.6%	23.5%	22.4%
10	29.0%	28.0%	27.2%	26.4%	25.6%	24.9%	24.3%
15	28.9%	28.2%	27.6%	27.1%	26.6%	26.2%	25.8%
20	28.8%	28.3%	27.8%	27.4%	27.1%	26.8%	26.5%

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:

UK Equity Return versus	End Dec 2011
Property	35%
Bonds	13%
IL Bonds	10%
Short Rate	-9%
European Equities	75%
US Equities	75%
Japanese Equities	52%
Emerging Markets Equities	62%
Pacific Basin Equities	54%

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

Returns under the Accounts and Statements Rules

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(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)	1.15%	2.85%	3.39%	3.46%	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	944,585	655,710	434,231	304,106	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	117,471	253,551	354,198	430,167	225,850	401,770	528,923	622,476	557,318	753,044	913,363	1,032,743
3	FTSE All Share Index (p=0.8)	114,505	221,478	280,716	316,577	220,060	352,113	420,936	460,570	543,858	662,619	733,819	771,841
4	Property (p=1)	32,205	108,829	181,273	243,121	134,743	244,598	338,816	414,477	521,153	618,056	726,117	812,023
5	Property (p=0.8)	30,145	83,527	122,790	151,619	128,460	196,378	239,027	269,107	505,697	518,903	540,681	556,155
6	15yr Risk-Free ZCBs (p=1)	25,157	22,370	17,478	25,607	93,048	85,488	96,769	133,017	500,450	501,332	511,342	537,840
7	15yr Risk-Free ZCBs (p=0.8)	23,947	15,607	7,743	5,673	88,231	56,631	35,445	35,941	483,521	382,665	300,344	265,730
8	15yr Corporate Bonds (p=1)	28,492	30,960	32,069	45,009	102,394	109,999	121,248	154,726	499,513	499,642	513,917	543,517
9	15yr Corporate Bonds (p=0.8)	27,135	21,418	14,785	14,664	97,261	76,698	57,049	57,401	482,805	385,472	311,186	280,620
10	Portfolio 1 (p=1)	71,577	174,228	256,953	325,467	170,546	308,350	418,261	502,831	523,927	659,554	794,784	900,469
11	Portfolio 1 (p=0.8)	69,137	146,912	192,411	225,290	164,929	261,727	317,345	352,932	509,205	566,774	616,098	644,928
12	Portfolio 2 (p=1)	63,420	148,324	218,415	279,028	157,047	273,601	367,365	445,436	512,636	616,152	730,143	827,276
13	Portfolio 2 (p=0.8)	61,090	123,669	160,216	188,188	151,663	229,396	273,555	304,452	497,324	524,500	556,560	581,144
14	Portfolio 3 (p=1)	34,302	85,109	133,690	182,704	118,247	194,647	267,296	332,952	502,730	550,490	631,109	709,483
15	Portfolio 3 (p=0.8)	32,570	66,118	87,953	108,488	112,901	154,368	181,194	204,613	486,354	451,567	453,026	463,885
16	Sterling Receiver Swaptions	17.94%	11.83%	10.01%	7.97%	20.83%	14.69%	12.38%	9.67%	23.53%	17.25%	14.36%	10.94%
		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.

Returns under the Accounts and Statements Rules

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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 2011**

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 8 years for NWPSF and 9 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 3.59% and the initial property rental yield is 4.3%.

(v) UK risk free rates are applied throughout.

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Financial year ended **31 December 2011****(vi) Duration of significant guarantees**

The following tables show the durations of significant guarantees and promises for the with-profits funds. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

Duration of guarantees

NWPSF	Duration (yrs)	%															
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026+	
Conventional Life																	
Base guarantee	5.7	3	11	10	12	11	10	10	8	6	7	6	4	1	0	0	100
Mortgage promise	6.1	5	7	7	9	12	13	13	11	6	6	6	5	1	0	0	100
Conventional Pensions																	
Base guarantee	7.3	16	5	5	6	6	8	7	6	5	5	5	5	4	3	13	100
GAR option	5.8	6	14	12	11	11	12	5	4	4	4	3	3	2	2	8	100
Unitised Life																	
Partial surrender	9.5	7	8	8	7	6	6	6	5	5	4	4	3	3	3	25	100
No-MVR (surrender)	5.0	6	6	17	29	13	2	2	6	8	4	0	1	2	2	3	100
Money-back (surrender)	7.0	0	1	4	7	1	16	22	13	22	15	-	-	-	-	-	100
Inflation protected (surrender)	7.4	2	7	11	11	9	10	9	7	5	5	4	3	2	2	12	100
Unitised Pensions excl Stk																	
Base guarantee	11.1	2	7	0	5	8	5	0	14	-	6	8	5	-	12	28	100
GAR option	5.4	27	7	5	13	6	5	9	1	7	3	3	4	1	1	7	100
Stakeholder																	
Base guarantee	13.3	1	3	-	-	13	-	0	15	-	-	16	-	-	14	38	100

Returns under the Accounts and Statements Rules

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OWPSF	Duration (yrs)	%															
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 +	
Conventional Life																	
Base guarantee	6.9	2	6	7	8	9	10	10	9	8	11	10	7	2	0	1	100
Mortgage promise	7.1	3	4	4	6	9	12	13	12	7	9	10	9	2	0	1	100
Conventional Pensions																	
Base guarantee	8.6	15	4	5	2	5	6	6	5	5	5	7	6	5	5	20	100
GAR option	6.3	6	9	11	11	15	10	5	4	4	4	3	3	2	2	10	100
Unitised Life																	
Partial surrender	9.3	7	8	8	8	7	6	6	5	4	4	4	3	3	3	24	100
No-MVR (surrender)	5.0	6	6	17	29	14	2	2	5	8	4	0	0	1	2	3	100
Money-back (surrender)	6.9	0	1	5	6	1	15	22	13	22	15	-	-	-	-	-	100
Inflation protected (surrender)	7.5	2	7	11	11	9	10	9	7	5	5	4	3	2	2	12	100
Unitised Pensions excl Stk																	
Base guarantee	13.2	1	3	-	4	4	4	0	12	-	6	6	6	-	13	40	100
GAR option	8.1	10	10	2	2	5	4	12	1	0	3	11	19	12	6	3	100
Stakeholder																	
Base guarantee	13.3	1	3	-	-	13	-	0	15	-	-	16	-	-	14	38	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

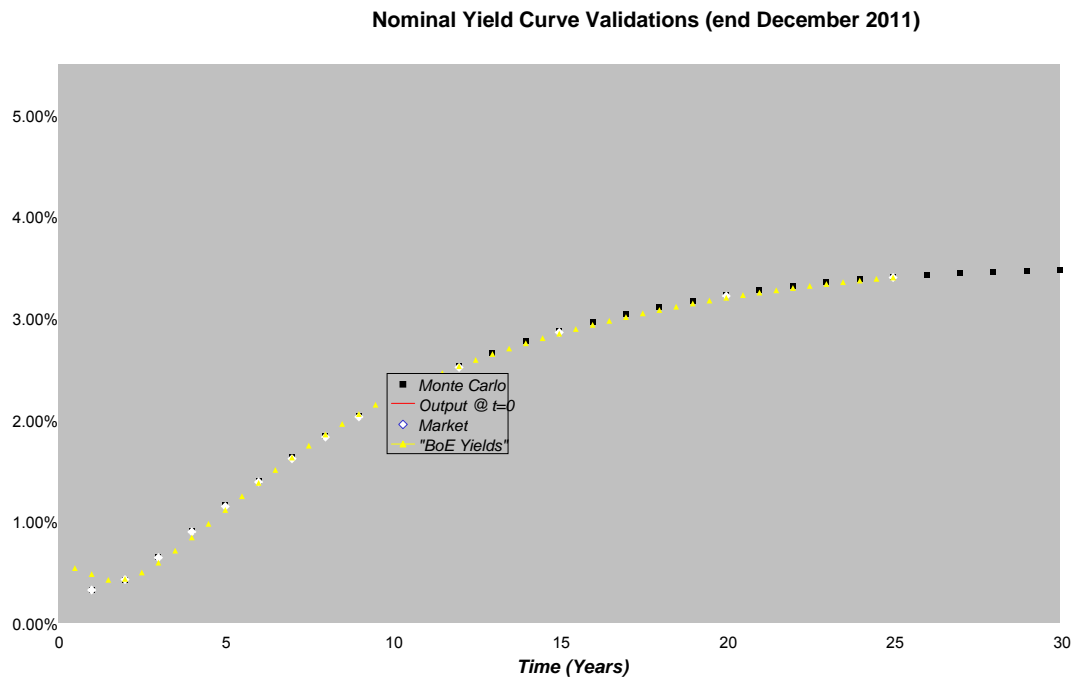
Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

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Financial year ended

31 December 2011

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	34.4%	30.7%	27.1%	23.7%	20.4%	17.8%	16.1%
3	31.8%	29.4%	27.0%	25.0%	22.9%	21.0%	19.3%
5	31.2%	29.2%	27.4%	25.8%	24.3%	23.0%	21.9%
9	31.3%	29.8%	28.4%	27.0%	25.9%	24.8%	23.8%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1.0	1.1	1.2	1.3
1	(326)	(181)	(48)	+76	+170	+171	+22
3	(163)	(108)	(59)	(14)	+30	+61	+68
5	(147)	(86)	(34)	+4	+31	+47	+50
9	(205)	(154)	(110)	(72)	(36)	(5)	+20

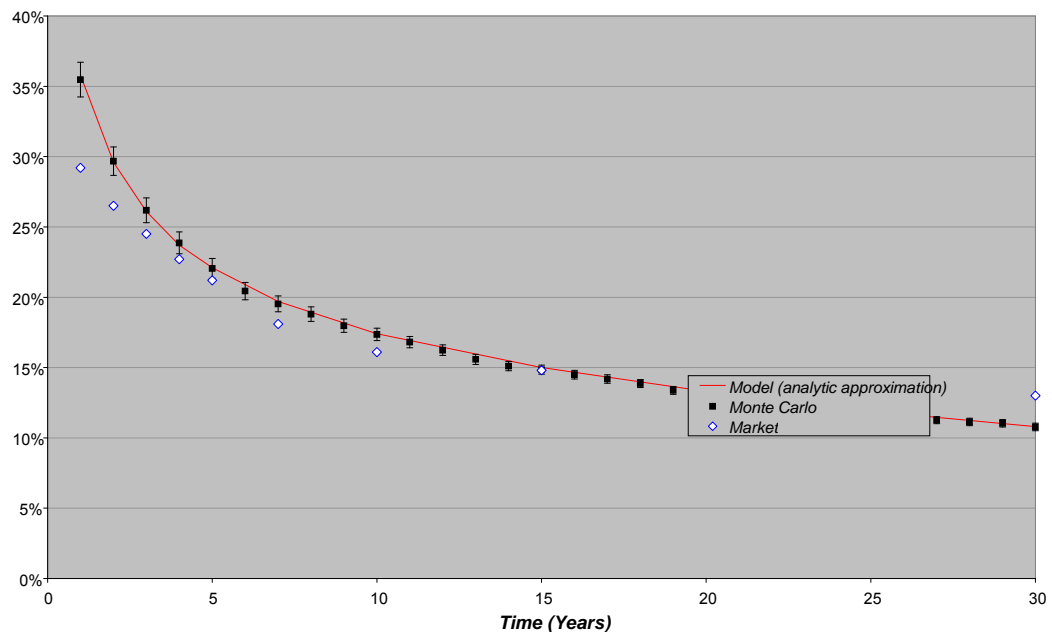
Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A

Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

Global business

Financial year ended

31 December 2011Swaption implied volatilities**Swaption LMM ATM Validation 20 years (end December 2011)****(vii) Nature of validations of asset model**

The table below shows the discounted value of £1 invested on the valuation date and projected forward t years ($t=5, 10, 15, 20$) invested in equities and property. For a risk-neutral model, the expected result would be 100%.

t (year from valuation date)		5	10	15	20
Equities	5000 Simulation results	100.2%	100.6%	99.8%	100.1%
	standard error	0.4%	0.7%	1.0%	1.5%
Property	5000 Simulation results	99.8%	100.1%	100.1%	100.0%
	standard error	0.2%	0.3%	0.5%	0.7%

t (year from valuation date)		5	10	15	20
Equities	1000 Simulation results	99.9%	101.2%	101.2%	102.2%
	standard error	0.7%	1.5%	2.4%	3.5%
Property	1000 Simulation results	99.8%	100.5%	101.8%	102.5%
	standard error	0.3%	0.7%	1.2%	1.7%

(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 there is no significant change in convergence between 2500 and 5000 sims. 1000 sims has been used in the step through analysis over the year, with the final closing position done on 2500 sims.

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Global business

Financial year ended **31 December 2011****(b) Market costs of hedging - Description of guarantees, options or smoothing**

A small reserve for GMP guarantees on Section 32 Transfer policies is held. This reserve has been calculated as the statutory provision, with an adjustment to allow for future bonuses together with a 15% uplift. These costs have been included in the figures quoted in 6(4)(a)(i).

Note the GMP liabilities are calculated using an annuity vesting rate based on the average duration of liabilities rather than a curve.

The costs of these guarantees are shown below.

NWPSF Cost of Guaranteed Minimum Pensions	£m
Base cost of GMP gtee on S32	48
Uplift (15%)	7
Total	55

OWPSF Cost of Guaranteed Minimum Pensions	£m
Base cost of GMP gtee on S32	9
Uplift (15%)	1
Total	10

(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 asset 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.

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Global business

Financial year ended **31 December 2011**

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).

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 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.

(i) Projection at risk free rateUWP Bonus Rates

Product ex CGNU	31-Dec-11	31-Dec-16	31-Dec-21
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.50%	1.91%	2.28%
UWP Life (implicit charged): Units purchased on policies written post 01/09/98	1.50%	1.26%	1.77%
UWP Life (explicit charged)	2.50%	2.21%	2.89%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.00%	1.90%	2.61%
UWP Pension (implicit charged): Units purchased on policies written post 01/09/98	2.00%	2.39%	3.13%
UWP Pension (explicit charged)	3.00%	2.70%	3.24%
UWP Pension (Stakeholder)	2.75%	2.75%	3.32%

Product ex CULAC	31-Dec-11	31-Dec-16	31-Dec-21
UWP Life (Direct Written)	2.50%	1.92%	2.34%
UWP Pension (Direct Written)	4.00%	4.04%	4.26%

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Global business

Financial year ended **31 December 2011**

- 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 2011:

Asset Class	31/12/2011	31/12/2016	31/12/2021
Equities	46.6%	45.8%	48.0%
Property	25.1%	24.7%	25.9%
Fixed Interest	28.4%	29.5%	26.1%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	71.6%	70.5%	73.9%

(ii) **Projection at risk free rate plus 17.5%**UWP Bonus Rates

Product ex CGNU	31-Dec-11	31-Dec-16	31-Dec-21
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.50%	2.18%	2.66%
UWP Life (implicit charged): Units purchased on policies written post 01/09/98	1.50%	1.52%	2.16%
UWP Life (explicit charged)	2.50%	2.58%	3.32%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.00%	2.22%	3.06%
UWP Pension (implicit charged): Units purchased on policies written post 01/09/98	2.00%	2.71%	3.56%
UWP Pension (explicit charged)	3.00%	3.06%	3.70%
UWP Pension (Stakeholder)	2.75%	3.11%	3.78%

Product ex CULAC	31-Dec-11	31-Dec-16	31-Dec-21
UWP Life (Direct Written)	2.50%	2.20%	2.74%
UWP Pension (Direct Written)	4.00%	4.12%	4.48%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2011	31/12/2016	31/12/2021
Equity	46.6%	46.5%	48.2%
Property	25.1%	25.0%	25.9%
Fixed Interest	28.4%	28.5%	25.9%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	71.6%	71.5%	74.1%

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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 2011**(iii) Projection at risk free rate minus 17.5%**UWP Bonus Rates

Product ex CGNU	31-Dec-11	31-Dec-16	31-Dec-21
UWP Life (implicit charged): Units purchased on policies written pre 01/10/98	1.50%	1.67%	2.04%
UWP Life (implicit charged): Units purchased on policies written post 01/09/98	1.50%	1.05%	1.54%
UWP Life (explicit charged)	2.50%	1.89%	2.59%
UWP Pension (implicit charged): Units purchased on policies written pre 01/10/98	2.00%	1.63%	2.31%
UWP Pension (implicit charged): Units purchased on policies written post 01/09/98	2.00%	2.12%	2.80%
UWP Pension (explicit charged)	3.00%	2.36%	2.88%
UWP Pension (Stakeholder)	2.75%	2.42%	2.95%

Product ex CULAC	31-Dec-11	31-Dec-16	31-Dec-21
UWP Life (Direct Written)	2.50%	1.69%	2.11%
UWP Pension (Direct Written)	4.00%	4.03%	4.22%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2011	31/12/2016	31/12/2021
Equity	46.6%	45.0%	47.8%
Property	25.1%	24.2%	25.7%
Fixed Interest	28.4%	30.8%	26.5%
Cash	0.0%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%
EBR	71.6%	69.2%	73.5%

(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 policy			
		years			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	n/a	n/a	3.00%
CWP target cash endowment	surrender	n/a	n/a	n/a	3.00%
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	3.26%	11.72%	9.40%	8.00%
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%

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Name of insurer

Aviva Life & Pensions UK Ltd – New/Old With-Profits Sub-Funds

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Financial year ended

31 December 2011

CWP pension regular premium	surrender	1.00%	1.00%	1.00%	1.00%
CWP pension single premium	surrender	1.00%	1.00%	1.00%	1.00%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	3.50%	3.50%	3.50%	3.50%
UWP indiv pension single premium	surrender	3.50%	3.50%	3.50%	3.50%

ex CULAC		<u>Average surrender / paid-up rate for the policy</u> <u>years</u>			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	n/a	n/a	3.00%
CWP target cash endowment	surrender	n/a	n/a	n/a	3.00%
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	9.40%	8.00%
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	3.50%	3.50%	3.50%	3.50%
UWP indiv pension single premium	surrender	3.50%	3.50%	3.50%	3.50%

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 2011
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 83% for ex CGNU and 90% 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 2013 onwards, until an ultimate level of 95% is reached.

A fixed take up rate is assumed irrespective of how in the money the option is.

A maturity age of 65 has been used to determine the value of the Guaranteed Annuity Option

Deferred Annuity with cash option

The ex CGNU SEDA business with a guaranteed cash option is modelled stochastically with a 100% take-up rate in simulations where the cash option is more valuable than the secured annuity amount.

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

Global business

Financial year ended **31 December 2011****(7) Policyholder Actions**

Policyholder actions are covered by the static persistency and GAO take-up rates in the previous section, together with a dynamic overlay for certain classes of business. There is dynamic linking of policyholder behaviour in respect of no-MVR, Inflation-protection and 'money-back' guarantees for certain classes of business.

7. Financing Costs

There are no financing costs.

8. Other long-term insurance liabilities**NWPSF**

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	80
Conventional Pensions	0	2
UWP Life (incl. Overseas)	0	(347)
UWP Pensions	0	2
UWP Stakeholder	0	0
Miscellaneous	0	136
Total	0	(127)

OWPSF

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	18
Conventional Pensions	0	0
UWP Life (incl. Overseas)	0	(44)
UWP Pensions	0	2
UWP Stakeholder	0	0
Miscellaneous	0	10
Total	0	(13)

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 £99m in NWPSF and £22m in OWPSF held in respect of the future shareholder transfers.

£27m (NWPSF) and £6m (OWPSF) is included for Mortgage Endowment Legal Risk provision,

A credit of £397m (NWPSF) and £53m 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.

£93m (NWPSF) and £4m (OWPSF) is held to cover the cost of future expenses not charged to asset shares and to align the claims position between the two companies.

£52m (NWPSF) and £8m (OWPSF) is included in respect of other liabilities including future pension transfer review costs, funding for the Aviva staff pension scheme deficit, investigation and redress of mortgage endowment mis-selling complaints, and Mortgage Endowment Promise data provisions.

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Global business

Financial year ended **31 December 2011****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
- Creditors arising out of reinsurance business

The realistic current liabilities at 31 December 2011 are £2,321m in NWPSF and £197m in OWPSF.

The realistic current liabilities are £49m lower than the regulatory liabilities in NWPSF and £7m 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	389.1
OWPSF	71.6

(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 fall is set such that it has the same probability as UK equities falling 20%.

A fall in market values of equity is more onerous than a rise in market values for NWPSF and OWPSF. A fall in market values of property is more onerous than a rise in market values for NWPSF and OWPSF.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+43bps	-43bps
long-term yield – level post-stress	2.91%	2.05%
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	1.19%	-6.24%
OWPSF	1.35%	-6.62%

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Global business

Financial year ended **31 December 2011**

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 £39.7m in NWPSF and by £5.4m in OWPSF. This includes a margin for prudence.

- (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 = 1.06%

% increase in realistic liabilities for OWPSF = 1.28%

- (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 83% to 88% for ex CGNU and from 90% to 95% for ex CULAC as a result of the fall in fixed interest yields. The take-up rate then increases by 1% every year from 2013 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	(3.9)	(0.4)
Total	(3.9)	(0.4)

- (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	389.1	100.0%
Total	389.1	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 2011**

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	71.6	100.0%
Other fixed interest securities	0.0	0.0%
All other assets	0.0	0.0%
Total	71.6	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.

	2011 %
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 2011 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	25%
Income Tax	20%
Capital Gains Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

The corporation tax rate has been updated from 27% to 25% in respect of payments from 2012 onwards, following the rate that will apply from April 2012. 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 2011**

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 31/12/2011	OWPSF exposure (£m) at 31/12/2011
Futures on Bonds - short term trading derivatives	81	13
Futures on Equities - short term trading derivatives	453	71
Currency Futures	1,986	314
Property swaps	(205)	(31)
Inflation Rate Swaps	694	108
Credit Default Swaps	2,131	299
Equity Options	415	65

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 2012.

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.

The Equity Options are used to manage equity exposure within the fund.

13. Analysis of working capital

	NWPSF £m	OWPSF £m
Working capital at 31/12/2010	0	223
Investment return on opening working capital and profits on assets backing liabilities	(114)	(28)
Economic assumption changes	49	6
Non-economic assumption changes	(13)	(3)
Policyholder action assumption changes	69	18
Other experience variances	55	6
Impact of new business	(26)	(3)
Changes in reinsurance and regulation	0	0
Modelling changes and opening adjustments	106	13
Miscellaneous liabilities	36	5
Special distribution	0	(0)
Transfer to RIEESA	(164)	0
Working capital at 31/12/2011	(0)	237

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

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 2011**

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 an increase in equity volatility over the period, increasing bond spreads and a change in credit spread assumptions.
3. The non-economic assumption impact is mainly due to an alignment of mortality assumptions between endowment and term assurance policies.
4. The policyholder action assumption changes reflect an increase in lapse rates on UWP bonds and IPG 5 year guarantees.
5. Experience variance includes the impact of premiums, claims, and expenses. Also included is the impact of the release of some past provisions and manual reserves.
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 LMM+ model
 - Introduction of credit modelling
 - Explicit modelling of overseas equity
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 2011**

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 £58,714.

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 2011**

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 2011**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, N M Rowley was requested to furnish and has provided the following information:

- (a) (1) The actuary holds an interest in 94,501 ordinary shares in Aviva Plc at 31 December 2011 (2010: 92,838). The actuary is a member of the Money Purchase Section of the Aviva Staff Pension Scheme and has preserved benefits in the Final Salary Section.
- (2) The actuary held 2,034 ordinary shares in the Aviva Long Term Incentive Plan at 31 December 2010 that lapsed in February 2011 and 14,422 ordinary shares in Executive Share Plans and 380 ordinary shares in the Aviva Share Awards Plan that were released in March 2011.
- (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 2011 (2010: £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 2011 was £275,498 (2010: £216,522). Under the contract he was the With-profits actuary of Aviva Life & Pensions UK 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 2011**

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.

..... **D B BARRAL**
Chief Executive

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

..... **P WILLCOCK**
Director

March 2012

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

Aviva Life & Pensions UK Limited

Global business

Financial year ended 31 December 2011

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, 56, 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 55, 57, 59A and 59B (including the supplementary notes);
- the statements required by IPRU(INS) rules 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 auditor

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 by us; 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 28 March 2012. 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.

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

28 March 2012