

US communications `Jargon Buster`

The following table is designed to help you better understand some of the terms and product definitions relevant to the Aviva and AmerUs businesses in the United States.

Term	Definition
Acronyms	
AMH	Trading symbol for AmerUs on the NYSE
COR	Combined operating ratio
EEV	European Embedded Value
NYSE IFRS	New York Stock Exchange International Financial Reporting Standards - A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board.
LSE	London Stock Exchange
NASDAQ	The term "NASDAQ" is an acronym for National Association of Securities Dealers Automated Quotation. Created in 1971, the Nasdaq was the world's first electronic stock market. The Nasdaq is a computerised system that facilitates trading and provides price quotations on some 5,000 of the more actively traded over-the-counter stocks.
PVNB	Present Value of New Business Premiums – the value of the single premiums and regular premiums of the products sold during the financial period, at today's value (ie. the value of the premiums received plus the future premiums that will be received for products sold, expressed at today's value).
SEC	Securities and Exchange Commission - The US federal agency empowered to regulate US financial markets in order to protect investors. All quoted American companies have to comply with SEC rules and regulations, including the filing of quarterly results statements.
US GAAP	The Generally Accepted Accounting Principles that apply in the USA. These are the accounting standards that all US domiciled businesses and businesses listed on US stock markets must comply with.
Market terminology	

Equity indexed annuities	<p>Indexed annuities are long term savings products. The product is structured so that policyholders receive a minimum guaranteed return and have potential for higher return, by providing a link to an index.</p> <p>Policyholders have a choice of indices to link to. It is common to link to a major equity index, such as the S&P 500, although other choices, including bond indices, are also available.</p> <p>The policyholder has the option to direct premiums into more than one investment strategy and to make changes to their investment choice.</p> <p>The index exposure is typically structured so that policyholders are protected from prolonged negative returns. It is also typical for a maximum crediting rate to apply.</p> <p>How does it work?</p> <p>The majority of the premiums are invested in bonds. These provide security of capital. Part of the premium is invested in call options. These provide the index link, as selected by the policyholder. By using call options the policyholder's risk is limited, so they are protected from prolonged market downturns. At the end of the investment the policyholder can choose to take benefits as a lump sum or to buy an immediate annuity (to provide a regular income for a fixed period or for the remainder of the policyholder's lifetime).</p>
Equity indexed universal life	<p>Indexed life insurance is designed to provide a protection and savings vehicle for the lifetime of a policyholder.</p> <p>Similar to indexed annuities, the investment provides security of capital and higher potential upside by allowing the policyholder to choose to link to an index. The policyholder gains higher potential returns than are available in traditional universal life products, whilst being protected from prolonged index falls.</p> <p>It is usual for the policyholder to choose a minimum amount of death benefit cover. This is a minimum amount that is paid out in the event of death. The cost of this cover is met by deductions from the savings fund.</p> <p>In the event of the policyholder wanting to</p>

	<p>cash in their policy, the value of the savings fund is available at any time. The value of the savings fund may be reduced if the policyholder chooses to cash in the policy early in its term.</p>
<p>Common investment choice – 1 year point-to-point strategy</p>	<p>This investment choice offers a link to the annual performance of an index. A typical structure would be a link to S&P 500 providing returns to the policyholder of the index return over 12 months. The policyholder return would typically be restricted to a minimum of 0% and a maximum crediting rate.</p>
<p>Common investment choice – multi year equity strategy</p>	<p>This investment choice offers a link to a longer term index performance. A typical structure would be a link to S&P 500 providing returns to the policyholder of the index return over 2 years. The policyholder return over 2 years would typically be restricted to a minimum of 0% and a maximum crediting rate set at around double the 1 year maximum crediting rate.</p>
<p>Interest-sensitive life insurance</p>	<p>A cash value life insurance policy whose crediting rate varies in line with inflation, or another economic index, enabling the policyholder to avoid the loss of purchasing power associated with inflation.</p>
<p>Term life insurance</p>	<p>A policy with a set duration limit on the coverage period. Once the policy is expired, it is up to the policy owner to decide whether to renew the term life insurance policy or to let the coverage terminate. This type of insurance policy contrasts with permanent life insurance, whose duration extends until the policy holder dies.</p>
<p>Traditional fixed annuities</p>	<p>In the US, the term 'fixed annuity' usually refers to a traditional deferred annuity (savings product). This product accumulates a pre-retirement fund which can then be used to fund a retirement income. Fixed annuities are invested in secure bonds and offer safe returns. The returns available on these products would be expected to be safer but lower than returns available on variable or index linked products.</p>
<p>universal life insurance</p>	<p>Universal life insurance is a flexible-premium, adjustable benefit life insurance policy that accumulates account value. The flexibility of</p>

	<p>this policy allows the policy holder to change the amount of insurance as their needs change.</p> <p>Owners of Universal Life policies can specify the premium amount they will pay within certain minimums and maximums. This flexibility allows policyowners to tailor the product to fit their specific retirement and insurance planning needs.</p> <p>Freedom ULC — Offers flexible premiums for family business, estate and retirement planning. This is a low-cost alternative to term insurance and has a built-in, 10-year no-lapse guarantee period.</p> <p>Freedom ULFlex — Offers flexible premiums and low minimum face amounts. Horizon ULFlex offers a built-in, 5-year basic no-lapse guarantee period and is ideal for individual insurance needs or cash accumulation.</p>
Equity indexed life insurance	See Equity Indexed Universal Life
Level premium term insurance	A type of term life insurance for which the premiums remain the same throughout the duration of the contract. Also known as "level-term insurance".
AmerUs products	
Indexed annuities	<p>The differentiating element of an Indexed Annuity is that it combines most of the features of a fixed annuity with the potential to earn interest based on the upward movements of an equity or bond index.</p> <p>Indexed annuities credit interest based on a specific index such as Standard & Poor's 500 Composite Stock Price Index or Lehman Brothers' Aggregate Bond Index.</p> <ul style="list-style-type: none"> • Returns are linked to an index and offer the potential to out-pace inflation. • Protection in the policy against downside market risk. • Interest accumulation is tax-deferred, allowing earnings to compound and accumulate faster than if they were currently taxed.
Excess interest whole life insurance	Designed to meet the very special needs of individuals, business owners, executives and professionals. Excess interest whole life products provide guaranteed premiums and guaranteed death benefits with current

	interest crediting.
AmerUs businesses	
Central Life	Former trading name for AmerUs.
American Investors Life	Headquartered in Topeka, Kansas, American Investors Life Insurance Company (AIL) is a wholly owned subsidiary of the AmerUs Group. AmerUs Group purchased AIL in 1997. AIL's primary focus is on fixed and equity-indexed annuities. With 3,800 active independent agents licensed in 49 states and the District of Columbia, AIL has over 175,000 policies currently in force. Annuity sales have risen on average 12% per year since 1995 when the company wrote \$348 million in premiums. In 2004 sales reached \$1 billion.
AmerUs capital management	AmerUs Capital Management offers specialised asset management services to institutional clients across major domestic fixed income markets. As an SEC registered investment adviser, AmerUs Capital Management manages over \$18 billion in assets and specialises in fixed income asset management for institutional clients.
AmerUs life insurance	Established in 1896, AmerUs Life Insurance provides high-quality insurance products for estate planning, wealth transfer, retirement income, and business continuation to policyholders throughout the United States. AmerUs Life Insurance is consistently positioned among the country's top insurers.
AmerUs Life of New York	AmerUs Life of New York is a wholly-owned subsidiary of the AmerUs Group, a publicly-owned holding company (NYSE: AMH) of life insurance and annuity companies. The AmerUs Group markets, underwrites and distributes a full range of insurance throughout the United States and is the market leader of indexed universal life products in the US. AmerUs Life of New York is the sole AmerUs Life company licensed to conduct business in New York state.
Indianapolis life insurance	Headquartered in Indianapolis, Indiana, Indianapolis Life's companies provide high-quality insurance products and financial instruments for estate planning, wealth transfer, retirement income, and business continuation to policyholders throughout the

	<p>United States. Indianapolis Life's combination of long-term stability, product innovation, and high-quality performance consistently earns the company a place among the country's top insurers.</p>
Transaction terms	
Vendor placing	<p>An arrangement by which a company issues new shares directly to targeted investors. This compares to, say, a rights issue where the company tenders offers for new shares from all its shareholders. A Vendor Placing removes some of the market risk and lengthy underwriting period associated with an issue to all shareholders.</p>