

19 October 2009

AVIVA REDUCES MVRs ON WITH-PROFIT FUNDS

Aviva, the UK's largest insurer, has reduced market value reductions on with-profits policies. The changes apply to all Aviva unitised with-profit funds – formerly known as CGNU, CULAC, and NULAP funds - and come into effect on 19 October 2009.

The average MVR rates applying to policies are:

Year units bought	Average MVR rate as at 1/7/09	Average MVR rate as at 19/10/09
1988	5%	2%
1989	14%	12%
1990	6%	4%
1991	0%	0%
1992	1%	1%
1993	1%	1%
1994	2%	1%
1995	1%	1%
1996	3%	2%
1997	8%	5%
1998	15%	12%
1999	16%	14%
2000	20%	18%
2001	11%	10%
2002	2%	1%
2003	1%	0%
2004	2%	1%
2005	9%	6%
2006	16%	13%
2007	18%	16%
2008	9%	8%

** These figures are averages across all unitised products, including life and pensions, for that particular year. They are not indicative of the MVR that might apply to an individual policy.*

Aviva follows a robust and comprehensive MVR review strategy and makes adjustments only when there is a sustained improvement in the overall value of the with-profit funds. The move to reduce MVRs follows improvements in the stock market experienced over the past six months. However, the stock market is still well below the last peak of October 2007*. (See notes to editors). This decision has been taken in line with Aviva's commitment to prudent fund management and treating customers fairly.

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Some 86% of Aviva with-profits bond policyholders benefit from valuable guarantees. This year 50% of bond policies are eligible for a guarantee and 33,000 will be able to take advantage of their 10 year anniversary No Market Value Reduction Guarantee.

David Barral, marketing director at Aviva, said:

“We have been monitoring MVR levels on a weekly basis and the sustained improvement in the overall value of the with-profit funds means we are pleased to reduce market value reduction (MVR) rates from 19 October 2009. Aviva’s with-profit funds continue to provide investors with attractive returns while protecting them from the extremes of volatile equity markets.”

Ends

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Notes to Editors

Market Value Reductions apply only where customers are withdrawing all or part of their investment. They do not apply on death, endowment maturity, the original selected retirement date or on MVR-free policy dates for bonds.

How an MVR works

Suppose there are three investors in a with-profits fund, who each pay in £10,000, so the total with-profits fund is worth £30,000. Stock markets fall by 10% so that the total with-profits fund drops to £27,000. If one investor then withdraws his original £10,000, without introducing an MVR, this would leave only £17,000 in the fund to be shared between the remaining two investors. The investor who encashed his policy early would take more than his fair share of the fund.

*Despite recent improvements, the stock market still remains below its peak in autumn 2007.

Date	FTSE100	Notes
12.10.07	6,731	Previous peak (FTSE100 peak 6,930 on 31/12/1999)
15.09.08	5,204	Lehman Brothers collapses
21.10.08	4,230	Aviva announces MVRs for unitised funds
03.03.09	3,512	FTSE 100 low point, 48% fall from 12 October 2007 peak
12.10.09	5,210	Improving market but 23% lower than 12 October 2007

Aviva's with-profit funds are invested in a wide range of asset types and so movements in the FTSE 100 are not necessarily representative of combined movements in the asset values within the fund.

About Aviva

Aviva, the international savings, investments and insurance group, is the world's fifth largest insurance group, serving 50 million customers across Europe, North America and Asia Pacific.

In the UK, Aviva is a leading provider of life, pensions, investment, general insurance and health products to more than 20 million customers. Aviva also provides roadside assistance through RAC. Products are distributed through a number of channels including IFAs, brokers, corporate partners and direct to customers via the internet.

Aviva's UK Insurance business has a market share of around 15%, making it the largest general insurer in the UK. The business is focused on insurance for individuals and small businesses.

Aviva's Life and Pensions business in the UK has a total market share of 12% and a top three position in its key markets of savings, protection, and annuities.

Aviva's news releases and a selection of images are available from the internet press centre at www.aviva.com/media.