



Tom Godlasky, Chief Executive, North America

Preliminary Results 2007

Q: Let me begin by asking you how did your businesses in North America perform last year?

A: Well, we had just an outstanding year in North America. First, with regard to the US operations, our sales hit record levels. We were up 39% proforma year over year on top line growth and our new business contribution increased approximately 71% so we were able to demonstrate that we not only grew the top line, we also grew the bottom line driving shareholder value. That was really achieved by a number of factors. One was our increased distribution, better financial strength because of the acquisition by Aviva and increases in ratings in Canada. We also had a solid year, particularly in a pretty difficult market in the Canadian GI business. We showed growth in the personal lines and the commercial lines which was really great, and we were able to maintain our combined operating ratio at steady levels again in a very difficult market. So overall, it really demonstrated that our composite model works - and within North America, we have a mini composite model - and it really is working for us and led to just an outstanding year in North America overall.

Q: What for you were the highlights?

A: We achieved a number of key initiatives during 2007 which really drove the successful business results that we just spoke about. First and foremost was the successful integration of the US businesses. We were able to achieve our cost saves, stay within our one-time cost expenses and just a total success across the board on the integration piece. In addition to that, we were successful in increasing our ratings within the US operation as a result of the acquisition by Aviva plc. We had ratings increases from three of the four major rating agencies including A.M.Best, S&P and Fitch and these higher ratings will continue to set a good foundation for us to drive future business results into 2008 and beyond. In addition to that, we were able to establish a brand within the US as well. We rebranded all the US operation 'Aviva USA', and then began on our awareness campaign nationally to put the brand out to our consumers across the country. Then finally, we were successful in establishing a strategic relationship with the Mayo Clinic. Now, many people may not know the Mayo Clinic outside the US but it is the

foremost healthcare research provider across the globe. We were able to develop a strategic relationship with them in order to develop a wellness programme about life insurance. And I'm very comfortable that as we move forward we're going to begin to revolutionise the way people think about their life insurance within the US and, possibly, globally.

Q: So what were the key things driving business growth?

A: It was really a combination of the financial strength and the brand, along with the fundamentals of the business. Within the fundamentals of the business that would include an innovative product set and expanded distribution. We're expanding our platform within the US, as well as the ratings that increase our attractiveness to customers within the US and set us up for a good momentum going into 2008. Within Canada, it's just a very strong operating platform and executing on a change agenda very successfully.

Q: So looking ahead, what's your strategy for further growth in North America?

A: Well, our ambition is to double the size of the business within three years and we're going to achieve that through a couple of means. First of all, we need to make sure that we're optimising on the regional model, that's the first thing and the second thing is taking advantage of the demographics that are in our favour, particularly within the US market place. We all know about the 'Baby Boomers' and we stand ready to meet their needs through better consumer products that have guarantees, that really meet those needs within this particularly volatile time within the market place.

Q: Why is the regional model so important?

A: Well, I think it really demonstrates a mini composite model basis with regard to a strong GI business in Canada and a strong life and pension business in the US. The combination of those helps diversify our risk as well as helps us continue to grow in the two very mature but very strong and growing market places.

Q: What makes Aviva stand out from its competitors?

A: It's really the compelling story that we bring to the consumer. The ratings, the strong brand recognition that we hope to develop within the US, the growing distribution platform that will reach and touch more customers in a period of time when they're seeking the products with our guarantees that are going to benefit them in a very volatile market place. Finally, I think what makes the difference for us is the employees. The employee base in Canada and the US, these are the folks that are driving the business day to day, interacting with the consumer and telling our story - and once that story goes out to the consumer, it's a very compelling proposition for them.

Q: Why do you think that you'll be successful given that there's a recession threatening?

A: Well, we think we have the right products for the right consumer population at the right time. The consumers are looking for guarantees to protect them during these very volatile times and in light of that, our guarantees that we have within our index products serve their needs very well. As an example, back in 2000-2001 when we had the internet bubble within the stock market and there was a big contraction in equities, we actually saw a lift in our business. So to the extent to which the recession continues, people are concerned about their holdings in equities, we believe that actually people will shift to our index products because of the guarantees thus propelling our growth even above and beyond what we had hoped.

Q: So what has "One Aviva, twice the value" meant for Aviva's North American businesses?

A: Well, there's a couple of items that we are really very excited about. First and foremost, we're engaging with some of the other regions right now in various elements of product development. We're working with Asia Pacific right now on some new products, so there's a collaboration there. We also believe that these guaranteed products that we have, the index products are applicable, not just for the US population but also other 'Baby Boomers' across the globe. In addition to that, we're working with the Europeans to understand the bank assurance model better, as we begin to expand our distribution into financial services and particularly banks within the US, so there's a cross-sharing there of expertise and knowledge as well. Then finally, within the North America region, we think that there are excellent cross-border opportunities that we have not yet taken advantage of which can incrementally increase the business over and above what Canada or the US might do individually.

Q: So how have staff taken to "One Aviva, twice the value"? Do you think they understand it?

A: Very much so, yes. I think that the thrust to say that we're going to work and operate as one company globally is really a rallying point that everybody can get behind and has got behind and really will drive the business in a very positive fashion going forward.

Q: What's your outlook for Aviva North America in 2008?

A: Well, these are exciting times for everybody in Aviva North America. We're well on our way to achieving our ambition of doubling the size of the business within three years. We have an excellent regional management team in place that is looking at opportunities over and above the business growth that would occur individually in Canada or the US and I think that's exciting for the region, as well as exciting for shareholders. We have Aviva Investors which has just been announced

and we have great opportunities on the asset management side, not only to begin to add value to the individual businesses within Canada and the US, but also looking for those third party money management opportunities, again that will increase the size of Aviva Investors globally. So across the board, these are exciting times and I'm very optimistic about the growth and the benefits and the shareholder value that we'll be able to bring to bear for Aviva shareholders across the globe.