



Aviva Annuity UK Limited

Registered office: Wellington Row, York, YO90 1WR

**Annual PRA Insurance Returns for the year ended
31 December 2015**

Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)Name of insurer **Aviva Annuity UK Limited**

Global Business

Financial year ended **31st December 2015****Contents**

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Statement of solvency - long-term insurance business

Form 2

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

Solo solvency calculation

R2	Company registration number 3253948	GL/UK/CM GL	Period ended			units £000
			day	month	year	
			31	12	2015	
			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	1583543	933800
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	1252101	1239789
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	2835644	2173589

Guarantee fund

Guarantee fund requirement	21	385024	398968
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	2450620	1774621

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	1155073	1196904
Resilience capital requirement	32	7439	121036
Base capital resources requirement	33	2657	2902
Individual minimum capital requirement	34	1162512	1317940
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	1162512	1317940
Excess (deficiency) of available capital resources to cover 50% of MCR	37	2071074	1395395
Excess (deficiency) of available capital resources to cover 75% of MCR	38	1963760	1185134

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	1162512	1317940

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	1162512	1317940
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	1673132	855649

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 Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

Three handwritten signatures are written over three horizontal dotted lines. The top signature is for A D Briggs, the middle for J R Lister, and the bottom for H R Patel.

A D BRIGGS
Chief Executive

J R LISTER
Director

H R PATEL
Non-Executive Director

24 March 2016

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

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

	R3	Company registration number 3253948	GL/UK/CM GL	Period ended			units £000
				day	month	year	
				31	12	2015	
		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		908000	908000	908000
Profit and loss account and other reserves	12		1917721	1917721	1486727
Share premium account	13		750	750	750
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		2826471	2826471	2395477

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		2826471	2826471	2395477
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35		174141	174141	341112
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		174141	174141	341112
Total tier one capital after deductions (31-37)	39		2652330	2652330	2054365

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

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

	Company registration number	GL/UK/CM	Period ended			units	
			day	month	year		
	R3	3253948	GL	31	12	2015	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year		
	1	2	3		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	200000	200000	200000	
Upper tier two capital in related undertakings	47				
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 Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

	R3	Company registration number 3253948	GL/UK/CM GL	Period ended			units
				day	month	year	
				31	12	2015	£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		2852330	2852330	2254365
Inadmissible assets other than intangibles and own shares	73		16686	16686	80776
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		2835644	2835644	2173589

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		2835644	2835644	2173589
Available capital resources for 50% MCR requirement	82		2652330	2652330	2054365
Available capital resources for 75% MCR requirement	83		2835644	2835644	2173589

Financial engineering adjustments

Implicit items	91				
Financial reinsurance – ceded	92				
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				

Analysis of admissible assets
**Form 13
(Sheet 1)**

 Name of insurer **Aviva Annuity UK Limited**

Global business

 Financial year ended **31st December 2015**

 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	3253948	GL	31	12	2015	£000	1
				As at end of this financial year			As at end of the previous year	
				1			2	
Land and buildings			11	29670			56830	

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	324958	227571
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	108875	105692
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	351573	129031
	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	428291	736272
Other financial investments		56		

Analysis of admissible assets
Form 13
(Sheet 2)

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

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	3253948	GL	31	12	2015	£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		
	due in more than 12 months	77		
Other	due in 12 months or less	78	3280	189
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1802	198
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	2866	1588
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	1251315	1257371
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Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

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	3253948	GL	31	12	2015	£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	1251315	1257371
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	1251315	1257371
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 Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

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	3253948	GL	31	12	2015	£000	10
				As at end of this financial year			As at end of the previous year	
				1			2	
Land and buildings			11	106690			4366	

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	106748	247036
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	135257	144399
Rights under derivative contracts		44	26899	82671
Fixed interest securities	Approved	45	3245500	2434284
	Other	46	9024136	10297879
Variable interest securities	Approved	47	61528	10001
	Other	48	281923	240196
Participation in investment pools		49		
Loans secured by mortgages		50	13760922	16515507
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	1629421	550234
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	1729608	169100
Other financial investments		56		

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

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

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	3253948	GL	31	12	2015	£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	5806229			5422894	
	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	7260	1331
	Intermediaries	72	13	18
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	178	1147
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	372879	410553
	due in more than 12 months	79		525

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	65478	134958
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	311187	188361
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	57739	50582

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	36729595	36906042
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Analysis of admissible assets
**Form 13
(Sheet 3)**

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

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	3253948	GL	31	12	2015	£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	36729595	36906042
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	16686	80776
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	11150472	11507163
Other asset adjustments (may be negative)	101	763931	721253
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	48660684	49215234
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 Annuity UK Limited**
 Global business
 Financial year ended **31st December 2015**
 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	22706671	23497515
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	1583543	933800
Long term insurance business fund carried forward (11 to 13)	14	24290214	24431315
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	31579
	Other risks and charges	22	
Deposits received from reinsurers	23	11700523	11769260
Creditors	Direct insurance business	31	57080
	Reinsurance accepted	32	
	Reinsurance ceded	33	2579
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		1700
Creditors	Taxation	37	58419
	Other	38	535392
Accruals and deferred income	39	53809	31921
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	12439381	12474727
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	36729595	36906042

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	35146052	35972242
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	11150472	11507163
Other adjustments to liabilities (may be negative)	74	589790	380141
Capital and reserves and fund for future appropriations	75	1774370	1355688
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	48660684	49215234

Liabilities (other than long-term insurance business)
Form 15

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

R15	Company registration number	GL/UK/CM	Period ended			units
			day	month	year	
	3253948	GL	31	12	2015	£000
			As at the end of this financial year			As at the end of the previous year
			1			2

Technical provisions (gross amount)

Provision for unearned premiums		11		
Claims outstanding		12		
Provision for unexpired risks		13		
Equalisation provisions	Credit business	14		
	Other than credit business	15		
Other technical provisions		16		
Total gross technical provisions (11 to 16)		19		

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47	3126	(3915)
	Foreseeable dividend	48		
	Other	49	(3912)	21497
Accruals and deferred income		51		
Total (19 to 51)		59	(786)	17582
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63	200000	200000
Total (59 to 63)		69	199214	217582

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		
Capital and reserves	84	1052101	1039789
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	1251315	1257371

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

 Name of insurer **Aviva Annuity UK Limited**

Global business

 Financial year ended **31st December 2015**

		Company registration number	GL/UK/CM	Period ended			units	
		R16	3253948	GL	31 day	12 month	2015 year	£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						
Investment income	Income	14			19112			14041
	Value re-adjustments on investments	15			1783			3543
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17			5265			35608
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19			192			185
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			15438			(18209)
Tax on profit or loss on ordinary activities		31			3126			(3680)
Profit or loss on ordinary activities after tax (29-31)		39			12312			(14529)
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			12312			(14529)
Dividends (paid or foreseeable)		51						
Profit or loss retained for the financial year (49-51)		59			12312			(14529)

Analysis of derivative contracts

Form 17

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**Category of assets **Total Long-term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			units	Category of assets	
			R17	3253948	GL	31	12	2015	£000	10
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	468355	369603	6669293		4174118			
	Inflation	13	47	138947	75000		101156			
	Credit index / basket	14		26896			5409748			
	Credit single name	15	4401	5351	462000		612000			
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19	33859	69031			686062			
	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	506662	609828	7206293		10983084		
Adjustment for variation margin			52	(479763)	(537698)					
Total (51 + 52)			53	26899	72130					

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

Long-term insurance business: Revenue account
Form 40

 Name of insurer **Aviva Annuity UK Limited**

 Name and number of fund/Summary **Total Long-term insurance business**

 Financial year ended **31st December 2015**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	1095286	(5196346)
Investment income receivable before deduction of tax	12	1694993	1703114
Increase (decrease) in the value of non-linked assets brought into account	13	(1349567)	3598361
Increase (decrease) in the value of linked assets	14		
Other income	15	87398	77532
Total income	19	1528110	182661

Expenditure

Claims incurred	21	1391846	1355404
Expenses payable	22	92908	75718
Interest payable before deduction of tax	23	94458	1769821
Taxation	24	89999	3680
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	1669211	3204623

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(141101)	(3021962)
Fund brought forward	49	24431315	27453277
Fund carried forward (39+49)	59	24290214	24431315

Long-term insurance business: Analysis of premiums
Form 41

Name of insurer **Aviva Annuity UK Limited**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2015**
 Units **£000**

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

Gross

Regular premiums	11					
Single premiums	12	97360	1581915	19507	1698782	1878469

Reinsurance - external

Regular premiums	13					
Single premiums	14		131433		131433	135096

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16	27054	439588	5421	472063	6939719

Net of reinsurance

Regular premiums	17					
Single premiums	18	70306	1010894	14086	1095286	(5196346)

Total

Gross	19	97360	1581915	19507	1698782	1878469
Reinsurance	20	27054	571021	5421	603496	7074815
Net	21	70306	1010894	14086	1095286	(5196346)

Long-term insurance business: Analysis of claims
Form 42

Name of insurer **Aviva Annuity UK Limited**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2015**
 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	14	1040	1054	806
Disability periodic payments	12				
Surrender or partial surrender	13	3521	39942	43463	23264
Annuity payments	14	31977	2089470	2156895	2125728
Lump sums on maturity	15				3676
Total	16	35512	2130452	2201412	2153474

Reinsurance - external

Death or disability lump sums	21				
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24	498	125740	126238	131998
Lump sums on maturity	25				
Total	26	498	125740	126238	131998

Reinsurance - intra-group

Death or disability lump sums	31	4	338	342	
Disability periodic payments	32				
Surrender or partial surrender	33	1144	12981	14125	
Annuity payments	34	10231	647109	11521	666072
Lump sums on maturity	35				
Total	36	11379	660428	11521	666072

Net of reinsurance

Death or disability lump sums	41	10	702	712	806
Disability periodic payments	42				
Surrender or partial surrender	43	2377	26961	29338	23264
Annuity payments	44	21248	1316621	23927	1327658
Lump sums on maturity	45				3676
Total	46	23635	1344284	23927	1355404

Long-term insurance business: Analysis of expenses
Form 43

Name of insurer **Aviva Annuity UK Limited**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2015**
 Units **£000**

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

Gross

Commission - acquisition	11	1095	5841	6936	9498
Commission - other	12				
Management - acquisition	13	74	13611	13685	27672
Management - maintenance	14	396	62426	62822	26146
Management - other	15	952	8513	9465	12402
Total	16	2517	90391	92908	75718

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	1095	5841	6936	9498
Commission - other	42				
Management - acquisition	43	74	13611	13685	27672
Management - maintenance	44	396	62426	62822	26146
Management - other	45	952	8513	9465	12402
Total	46	2517	90391	92908	75718

Long-term insurance business: Summary of new business
Form 46

 Name of insurer **Aviva Annuity UK Limited**

Total business

 Financial year ended **31st December 2015**

 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					
Single premium business	12	102	17661	273	18036	27237
Total	13	102	17661	273	18036	27237

Amount of new regular premiums

Direct insurance business	21					
External reinsurance	22					
Intra-group reinsurance	23					
Total	24					

Amount of new single premiums

Direct insurance business	25	5258	1581916	13671	1600845	1860673
External reinsurance	26					
Intra-group reinsurance	27	92102		5836	97938	17796
Total	28	97360	1581916	19507	1698783	1878469

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

Total business

Financial year ended **31st December 2015**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
395	Annuity non-profit (PLA)			102	5258

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

Total business

Financial year ended **31st December 2015**Units **£000**

UK Life / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)				92102

Long-term insurance business: Analysis of new business
**Form 47
(Sheet 3)**

 Name of insurer **Aviva Annuity UK Limited**

Total business

 Financial year ended **31st December 2015**

 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
390	Deferred annuity non-profit			407	37951
400	Annuity non-profit (CPA)			5998	509151
401	Annuity non-profit (bulk transfer)			948	82341
405	Annuity non-profit (CPA impaired life)			1491	62746
905	Index linked annuity (CPA)			305	24056
906	Index linked annuity (bulk transfer)			6053	614130
907	Index linked deferred annuity			2459	251541

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

Total business

Financial year ended **31st December 2015**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
395	Annuity non-profit (PLA)			263	13508
905	Index linked annuity (CPA)			10	163

Long-term insurance business: Analysis of new business**Form 47
(Sheet 5)**Name of insurer **Aviva Annuity UK Limited**

Total business

Financial year ended **31st December 2015**Units **£000**

Overseas / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)				5836

Long-term insurance business: Assets not held to match linked liabilities
Form 48

Name of insurer **Aviva Annuity UK Limited**
 Financial year ended **31st December 2015**
 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	106690	106690	10663	9.99	
Approved fixed interest securities	12	3281163	3281163	71038	2.79	
Other fixed interest securities	13	9167002	9199511	620514	4.50	
Variable interest securities	14	346636	318151	16928	5.01	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	18021875	18017851	1008417	4.28	
Total	19	30923366	30923366	1727560	4.21	

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: Fixed and variable interest assets
Form 49

Name of insurer **Aviva Annuity UK Limited**
 Financial year ended **31st December 2015**
 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	1601258	20.52	2.48	2.48
Other approved fixed interest securities	21	1679905	12.52	3.08	2.77
Other fixed interest securities					
AAA/Aaa	31	607489	10.41	2.95	2.76
AA/Aa	32	1858588	11.98	3.32	2.90
A/A	33	3935676	9.81	3.61	2.97
BBB/Baa	34	2630349	6.42	3.52	2.43
BB/Ba	35	54732	7.51	7.38	4.61
B/B	36				
CCC/Caa	37	13359	1.97	26.01	
Other (including unrated)	38	99318	4.48	92.71	0.23
Total other fixed interest securities	39	9199511	9.24	4.50	2.76
Approved variable interest securities	41	61720	16.38	2.48	2.47
Other variable interest securities	51	256431	12.97	5.62	5.03
Total (11+21+39+41+51)	61	12798825	11.19	4.07	2.77

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

Name of insurer **Aviva Annuity UK Limited**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2015**
 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	523964	27039986	574891	28138841
Form 52	13				
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17	46525	5775629	11786	5833940
Total	18	570489	32815615	586677	33972781

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	967	114170	4672	119809
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27	999	26685	27	27711
Total	28	1966	140855	4699	147520

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	169974	8876270	185321	9231565
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37	14796	1868407	3822	1887025
Total	38	184770	10744677	189143	11118590

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	353023	18049546	384898	18787467
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47	30730	3880537	7937	3919204
Total	48	383753	21930083	392835	22706671

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 1)Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
395	Annuity non-profit (PLA)	6012	32221		n/a	n/a	n/a	516818
400	Annuity non-profit (CPA)	1901	825		n/a	n/a	n/a	6363
440	Additional reserves non-profit OB				n/a	n/a	n/a	783

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 2)Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
395	Annuity non-profit (PLA)		266		n/a	n/a	n/a	967

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 3)Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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)		10385		n/a	n/a	n/a	167652
400	Annuity non-profit (CPA)		268		n/a	n/a	n/a	2068
440	Additional reserves non-profit OB				n/a	n/a	n/a	254

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 4)Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
390	Deferred annuity non-profit	1971	7271		n/a	n/a	n/a	181042
400	Annuity non-profit (CPA)	753030	1793506		n/a	n/a	n/a	24569880
405	Annuity non-profit (CPA impaired life)	40590	132416		n/a	n/a	n/a	2054774
440	Additional reserves non-profit OB				n/a	n/a	n/a	234290

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 5)Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
400	Annuity non-profit (CPA)		62116		n/a	n/a	n/a	17679
405	Annuity non-profit (CPA impaired life)		70970		n/a	n/a	n/a	96491

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 6)Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**Units **£000****UK Pension / 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
390	Deferred annuity non-profit		2363		n/a	n/a	n/a	58839
400	Annuity non-profit (CPA)		574122		n/a	n/a	n/a	8123851
405	Annuity non-profit (CPA impaired life)		19970		n/a	n/a	n/a	636442
440	Additional reserves non-profit OB				n/a	n/a	n/a	57138

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 7)Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
390	Deferred annuity non-profit	4	16		n/a	n/a	n/a	264
395	Annuity non-profit (PLA)	3226	13659		n/a	n/a	n/a	208935
400	Annuity non-profit (CPA)	7812	23495		n/a	n/a	n/a	358177
405	Annuity non-profit (CPA impaired life)	184	385		n/a	n/a	n/a	6661
440	Additional reserves non-profit OB				n/a	n/a	n/a	854

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 8)Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
395	Annuity non-profit (PLA)		101		n/a	n/a	n/a	1503
400	Annuity non-profit (CPA)				n/a	n/a	n/a	1
405	Annuity non-profit (CPA impaired life)		184		n/a	n/a	n/a	3168

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 9)Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
390	Deferred annuity non-profit		5		n/a	n/a	n/a	86
395	Annuity non-profit (PLA)		4406		n/a	n/a	n/a	67415
400	Annuity non-profit (CPA)		7636		n/a	n/a	n/a	116407
405	Annuity non-profit (CPA impaired life)		65		n/a	n/a	n/a	1135
440	Additional reserves non-profit OB				n/a	n/a	n/a	278

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

**Form 54
(Sheet 1)**

Name of insurer **Aviva Annuity UK Limited**

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

Financial year ended **31st December 2015**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (CPA)	17	1357				46457	46457
915	Additional reserves index linked						68	68

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 2)**Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
905	Index linked annuity (CPA)		128				999	999

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 3)**Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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 (CPA)		399				14774	14774
915	Additional reserves index linked						22	22

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

**Form 54
(Sheet 4)**

Name of insurer **Aviva Annuity UK Limited**

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

Financial year ended **31st December 2015**

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 (CPA)	39658	232249				5198371	5198371
907	Index linked deferred annuity	4909	18263				568553	568553
915	Additional reserves index linked						8705	8705

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 5)**Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
905	Index linked annuity (CPA)		3220				26685	26685

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

**Form 54
(Sheet 6)**

Name of insurer **Aviva Annuity UK Limited**

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

Financial year ended **31st December 2015**

Units **£000**

UK Pension / 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 (CPA)		74434				1680798	1680798
907	Index linked deferred annuity		5935				184780	184780
915	Additional reserves index linked						2829	2829

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

**Form 54
(Sheet 7)**

Name of insurer **Aviva Annuity UK Limited**

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

Financial year ended **31st December 2015**

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 (CPA)	73	472				11768	11768
915	Additional reserves index linked						18	18

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 8)**Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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
905	Index linked annuity (CPA)		1				27	27

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 9)**Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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 (CPA)		153				3816	3816
915	Additional reserves index linked						6	6

Name of insurer **Aviva Annuity UK Limited**

Total business

Financial year ended **31st December 2015**Units **£000**

		Value of assets	Mean term
		1	2
Analysis of assets			
Approved variable interest securities	11	1197912	16.38
Other variable interest securities	12	1110898	13.56
Approved fixed interest securities	13	128880	12.31
Other fixed interest securities	14	3356905	11.67
Cash and deposits	15		
Equity index derivatives	16		
Inflation swaps	17	(198885)	
Other assets	18	22838	
Variation margin	19	187681	
Total (11 to 19)	20	5806229	
Credit rating of other fixed interest and other variable interest securities			
AAA/Aaa	31	387784	11.77
AA/Aa	32	583288	12.08
A/A	33	2396387	13.02
BBB/Baa	34	1004378	10.48
BB/Ba	35	89243	9.22
B/B	36		
CCC/Caa	37		
Other (including unrated)	38	6723	12.61
Total other fixed interest and other variable interest securities	39	4467803	12.14

Long-term insurance business - analysis of valuation interest rate**Form 57
(Sheet 1)**Name of insurer **Aviva Annuity UK Limited**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2015**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 51	352494	3.60	3.60	3.71
UK Pens NP Form 51	17872395		3.60	3.71
OS L&GA NP Form 51	384322	3.60	3.60	3.71
UK L&GA NP Form 54	30684	3.19	3.19	3.30
UK Pens NP Form 54	3874661		3.19	3.30
OS L&GA NP Form 54	7925	3.19	3.19	3.30
Miscellaneous	184190			
TOTAL	22706671	n/a	n/a	n/a

Long-term insurance business: distribution of surplus
Form 58

Name of insurer **Aviva Annuity UK Limited**

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

Financial year ended **31st December 2015**

Units **£000**

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	24290214	24431315
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	24290214	24431315
Mathematical reserves	21	22706671	23497515
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1583543	933800

Composition of surplus

Balance brought forward	31	933800	902342
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	649743	31458
Total	39	1583543	933800

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	1583543	933800
Total (48+49)	59	1583543	933800

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 capital requirement
Form 60

 Name of insurer **Aviva Annuity UK Limited**

Global business

 Financial year ended **31st December 2015**

 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%					
Classes I (other), II and IX	12	0.1%					
Classes I (other), II and IX	13	0.15%					
Classes I (other), II and IX	14	0.3%					
Classes III, VII and VIII	15	0.3%					
Total	16						

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21						
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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%	28138841	18787467	0.85	239180	252533
Classes III, VII and VIII (investment risk)	33	1%	5833940	3919204	0.85	49588	46693
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%					
Classes III, VII and VIII (other)	35	25%					
Class IV (other)	36	1%					
Class V	37	1%					
Class VI	38	1%					
Total	39					288768	299226

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	28138841	18787467	0.85	717540	757599
Classes III, VII and VIII (investment risk)	43	3%	5833940	3919204	0.85	148765	140079
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%					
Classes III, VII and VIII (other)	45	0%					
Class IV (other)	46	3%					
Class V	47	0%					
Class VI	48	3%					
Total	49		33972781	22706671		866305	897678

Long term insurance capital requirement	51					1155073	1196904
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Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015****Code****0201 Section 148 Waivers****Rate of interest 1829142**

The Prudential Regulation Authority, on the application of the firm, made a direction under section 138A of the Financial Services and Markets Act 2000 in September 2014. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination.

Counterparty Exposures 2187644

The Prudential Regulation Authority, on the application of the firm, made a direction under section 138A of the Financial Services and Markets Act 2000 in October 2015. The effect of the direction is to modify the provisions of INSPRU 2.1.22R so that the exposure limits to unsecured debt and unsecured loans is (i) 5% if the exposures do not include public private finance contracts; and (ii) 8% if the exposures include public private finance contracts and no more than 5% of the exposures are non-public private finance contracts.

0203 Quota share reinsurance

On 31 December 2013, the Company entered into a Quota Share reinsurance arrangement with its immediate parent undertaking Aviva Life & Pensions UK Limited (UKLAP). Under the terms of the Quota Share, 12.5% of the Long Term Fund of the Company was reinsured to its immediate parent undertaking. On the 1 January 2014, the Company increased the percentage of the quota share to 22.5%.

On 1 January 2014, the Company entered into a Quota Share reinsurance with Aviva International Insurance Limited (All). Under the terms of this Quota Share, 10% of the Long Term Fund of the Company was reinsured to All.

During the year, a proportionate share of new business premiums, claims, investment returns and expenses of the Company have been ceded to UKLAP (22.5%) and All (10%).

Included within the Quota Share reinsurances are index linked liabilities of £1,887m, which have been reflected in Form 54 net of the Quota Share Reinsurance. As the assets backing the reinsurance have been deposited back with the company, the assets backing the index linked liabilities have been presented gross of the Quota Share Reinsurance in Form 13 at Line 58 and in Form 56.

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

	2015	2014
	£'000	£'000
i) Net admissible assets		
Form 13 Line 89 (Long term business)	36,729,595	36,906,042
Form 13 Line 89 (Other than long term business)	1,251,315	1,257,371
Form 14 Lines 11, 12 and 49	(35,146,052)	(35,972,242)
Form 15 Line 69	(199,214)	(217,582)
	2,635,644	1,973,589
ii) Components of Capital resources that are treated as a liability	200,000	200,000
Total i) to ii) above	2,835,644	2,173,589
Form 3, line 79	2,835,644	2,173,589

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015****Code****0310 Calculation of valuation differences as required by instruction 9 to Form 3**

	2015 £'000	2014 £'000
Positive valuation differences in respect of assets where valuation in		
a) GENPRU and INSPRU exceeds the valuation that the firm uses for external financial reporting purposes		
- Other Group undertakings	19,748	27,206
Positive valuation differences in respect of liabilities where valuation		
b) in GENPRU and INSPRU is lower than the valuation that the firm uses for external financial reporting purposes		
- Deferred tax provision	36,686	89,804
- Deposits received from reinsurers	4,078	52,292
Negative valuation differences in respect of assets where valuation		
c) in GENPRU and INSPRU is lower than the valuation that the firm uses for external financial reporting purposes		
- Fair value to prudent value adjustment in respect of public private finance initiative assets	-	(170,000)
- Fair value to prudent value adjustment in respect of rights under derivative contracts	(2,415)	-
Negative valuation differences in respect of liabilities where valuation		
d) in GENPRU and INSPRU exceeds the valuation that the firm uses for external financial reporting purposes		
- Mathematical reserves	(219,041)	(340,414)
- Fair value to prudent value adjustment in respect of rights under derivative contracts	(13,197)	-
Net negative valuation difference included in line 35	(174,141)	(341,112)

0313 Reconciliation of profit and loss account and other reserves

	2015 £'000	2014 £'000
Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	1,486,727	1,440,122
Profit retained for the financial year	430,994	46,605
Loss arising in the long-term insurance fund that has not been transferred to the shareholder fund	-	-
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	1,917,721	1,486,727

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015****Code****1301 Aggregate values of assets****1308**

The aggregate values of assets in Form 13 as specified below are:-

	Category 1 £'000	Category 10 £'000
Unlisted investments on line 46 and 48	-	1,778,881
Listed investments on lines 41, 46 and 48 which are not readily realisable	-	-
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	108,875	135,257
Reversionary interests or remainders in property other than land or buildings	-	-

1304 Amounts set off**1310**

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

1305 Counterparty limits**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

The total UK Life Group credit risk exposure to any single institution limit for a particular counterparty holding at the end of the financial year was £400m for Tier 1, £300m for Tier 2 and £150m for Tier 3.

Each product 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.

Fixed income securities

Exposure to non-government bonds is limited to holdings which are deemed to be of a suitable quality determined by financial management. The maximum holding across all funds of a single issue is limited to 25% of the issue. Private placements are limited to 5% of the non-government bond portfolio. The maximum net exposure (measured by market value and including derivatives) to a single non-Government issuer should not exceed (only AAA-rated or UK government guaranteed debt is excluded from these limits) £540m for covered Bonds, £450m for AAA-rated, £300m for AA-rated, £220m for A-rated and £110m for BBB-rated.

Commercial mortgages

Gross capital exposure to any one commercial mortgage borrower should not exceed 5% for companies or 0.8% for individuals of the Long Term Business amount without Fund authority to explicitly approve alternative limit.

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.

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015****Code****Counterparty credit framework**

Whilst asset and counterparty specific limits exist within investment mandates the counterparty credit framework takes a more holistic approach in aggregating shareholder exposures across all relevant funds and asset classes. The maximum permitted exposure to individual counterparties within the company is determined through a counterparty credit framework which is applied in a consistent manner throughout the Aviva Group. The nature and structure of this framework, along with the approach to calibrating limits is determined centrally within the Aviva Group, with specific limits set for each legal entity. A limit for maximum shareholder exposure (SHE) has been set at £653m.

Breaches

There were no limit breaches during 2015.

1306 Counterparty exposure**1312**

Exposure to any single 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.

1309 Hybrid securities

The aggregate value of hybrid securities is £110m.

1318 Other asset adjustments

Amounts included in Form 13 line 101 are analysed as follows:

2015

	Category 1 £'000	Category 10 £'000
Net down of derivatives	-	781,264
Revaluation of Aviva loan from amortised cost to FV	-	(19,748)
Fair value to prudent value adjustment in respect of rights under derivative contracts	-	2,415
Total	-	763,931

2014

	Category 1 £'000	Category 10 £'000
Net down of derivatives	-	641,129
Revaluation of Aviva loan from amortised cost to FV	-	(27,206)
Fair value to prudent value adjustment in respect of public private finance initiative assets	-	170,000
Revaluation of tax from IFRS to PRA basis	-	(62,670)
Total	-	721,253

1321 Asset valuation adjustments

A review by senior management of asset positions that are valued at marked to market and marked to model has determined a valuation adjustment should be made to a portfolio of OTC derivatives pursuant to GENPRU 1.3.30R to GENPRU 1.3.33R. The adjustment takes into account close-out costs which were not reflected in the valuations based on mid-market inputs.

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015****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 provision for reasonably foreseeable adverse variations. It has been determined that no provision for reasonably foreseeable adverse variations is required.

A review by senior management of asset positions that are valued at marked to market and marked to model has determined a valuation adjustment should be made to a portfolio of OTC derivatives pursuant to GENPRU 1.3.30R to GENPRU 1.3.33R. The adjustment takes into account close-out costs which were not reflected in the valuations based on mid-market inputs.

1402 Contingent liabilities**1502**

The Company has granted a floating charge to its parent Company, Aviva Life & Pensions UK Limited, in respect of the exposure to the funds withheld by the Company under the terms of a 12.5% quota share reinsurance agreement entered into on 31st December 2013 and a further 10% quota share reinsurance agreement entered into on 1 January 2014 (combined 22.5%). The Company has also granted a floating charge to a fellow subsidiary Company, Aviva International Insurance Limited, in respect of the exposure to the funds withheld by the Company under the terms of a 10% quota share reinsurance agreement entered into on 1st January 2014.

The charges noted above are subordinate to policyholders, and are issued over the long term business assets of the Company, excluding the financial investments of the bulk purchase annuity schemes and those providing cover for derivative transactions as required by regulatory reporting regulations.

The Company has also indemnified the overdrafts of certain other group companies.

Other than those noted above there are no additional charges over any assets of the Company or guarantees, indemnities or any other contractual commitments in respect of related companies.

There are no provisions for deferred tax liabilities and no potential liabilities for corporation tax on unrealised gains.

There are no contingent liabilities applicable to long term insurance business.

There are no other fundamental uncertainties.

1404 Implicit provision required by INSPRU 3.2.17R(3)

The amount of implicit provision required by INSPRU 3.2.17R(3) included in line 38 is £609,828k.

1405 Other adjustments to liabilities

Amounts included in Form 14 line 74 are analysed as follows:

	2015	2014
	£'000	£'000
Adjustment to mathematical reserves	(219,041)	(340,414)
Revaluation of tax from IFRS to PRA basis	36,686	27,134
Net down of derivatives	781,264	641,129
Revaluation of derivative liabilities	(13,197)	-
Revaluation of deposit received from reinsurers	4,078	52,292
Total	589,790	380,141

Supplementary notes

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

Code

1601 Rates of exchange

4005

The Company conducts all its business in the UK, the Channel Islands and the Isle of Man. Currency swaps are in place in respect of all investments denominated in currencies other than Sterling.

1700 Form omitted

No Category 1 Form 17 has been prepared on the basis that there are no derivative contracts for this category of assets.

1701 Variation margin

The aggregate amount of variation margin which has been received by the Company is £479,763k and has been allocated to Form 13 line 44.

No amounts included on Forms 13 reflect the liability to repay any excess.

4002 Other income

Included in other income on Form 40 line 15 is the proportionate share of ceding commission payable to the Company under the terms of the quota share arrangements with UKLAP (22.5%) and All (10%).

4008 Management services

Management services have been provided throughout the financial year to the Company by Aviva Life Services UK Limited.

Investment management services have been provided by Aviva Investors Global Services Limited.

4009 Related party transactions

Other than the quota share reinsurance arrangements referred to in note 0203 above, there were no other related party transactions during the year which exceeded 5% of the long-term insurance liabilities net of reinsurance ceded.

4012 Interest payable

Included in Interest payable on Form 40 line 23 is the proportionate share of investment returns ceded by the Company under the terms of the quota share arrangements with UKLAP (22.5%) and All (10%).

4702 UK and overseas annuities

UK Life and Overseas new immediate annuities are all assumed to be 395 Annuity non-profit (PLA) contracts and not to arise as a result of any funds held within a pension arrangement.

4703 Apportionment between product codes

Where a policyholder holds a plan with both non-linked and index-linked benefits the policyholder count is assigned to column 5 for the index-linked product code. Where a policyholder holds more than one plan, the policyholder count is assigned to column 5 for each plan.

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015****Code****4802 Expected income**

Expected income from four debentures currently in default is not included in column 3 of Form 48. The total expected income is £2.4m. The yield on these assets is not required to support the valuation basis rates of interest in Forms 51 and 57.

Expected income from commercial and healthcare mortgages currently in default with market value of £24.8m (approximately 0.2% of the UKCF mortgage portfolio by market value) is not included in column 3 of Form 48. The yield on these assets is not required to support the valuation basis rates of interest in Forms 51 and 57.

4803 Redemption of securities

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. The value of the assets that contain this option is £297.7m.

4804 Yield for assets line 18

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(2) before any allowance for tax required by INSPRU 3.1.29R.

	Yield
Deposits not subject to time restriction (Form 13 Line 81)	0.59% pa
Shares in non-insurance dependants (Form 13 Line 25)	Nil
Other debtors (Form 13 line 78)	Nil

4901 Credit rating**5601**

The credit rating analysis on Forms 49 and 56 have been prepared using the second highest published rating of those provided by Standard & Poor's, Fitch, and Moody's. Where only two ratings are available, the lowest rating is used and where only one rating is available, the only available rating is used.

Internally assigned ratings have been used for securities that are not rated by external agencies.

5102 Number of policyholders**5402**

Where a policyholder holds a plan with both non-linked and index-linked benefits the policyholder count is assigned to column 3 for the index-linked product code. Where a policyholder holds more than one plan, the policyholder count is assigned to column 3 for each plan.

Supplementary notesName of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015****Code****5705 Yields to which risk adjustment is applied**

Form 57 Column 5 includes yields after risk adjustment, in accordance with INSPRU 3.1.35R.

The following table shows the yields to which the risk adjustment was applied (after the deduction of investment expense allowances):

	Risk adjusted yield on matching assets (Form 57 Column 5)	Yield before risk adjustment
UK L&GA NP Form 51	3.71	4.36
UK Pens NP Form 51	3.71	4.36
OS L&GA NP Form 51	3.71	4.36
UK L&GA NP Form 54	3.30	4.06
UK Pens NP Form 54	3.30	4.06
OS L&GA NP Form 54	3.30	4.06

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015****1. Introduction**

- (1) The **valuation date** is 31 December 2015.
- (2) The previous valuation was completed with an effective date of 31 December 2014.
- (3) No interim valuations have been carried out.

2. Product Range

New features were added to the individual pension annuity product in April 2015. We now offer guarantee periods for the policyholder to select up to 30 years (previously the maximum was 10 years). We also offer value protection as an additional feature to the product.

There were no other changes to the product range during 2015.

3. Discretionary charges and benefits

- (1) There is no accumulating with-profits business.
- (2) Not applicable.
- (3) There are no deposit administration benefits.
- (4) The guaranteed annuity benefit is calculated incorporating an allowance for service charges.
- (5) Not applicable.
- (6) There is no accumulating with profit business.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) Not applicable.

4. Valuation basis

- (1) The conventional immediate and deferred annuity business is valued by discounting future benefit payments and maintenance expenses.

The mathematical reserve for inflation linked annuities is determined using a market-consistent inflation curve as the allowance for future increases in annuity payments. This is a change from 31 December 2014 where a single flat inflation rate was used (3.31% pa at 31 December 2014). This is consistent with the treatment of the matching assets. Some inflation linked annuities are subject to maximum and minimum percentage annual increases which are valued accordingly.

- (2) The following table gives the valuation interest rates at 31 December 2015 compared with those at 31 December 2014. Non-linked and index-linked liabilities are backed by different assets and hence have different valuation interest rates. The 31 December 2015 Index-linked yields quoted below are nominal yields, with annuity inflation modelled explicitly using an inflation curve based on swap rates. The 31 December 2014 Index-linked yields are real yields.

Product Group	Valuation interest rates	
	31/12/2015 %	31/12/2014 %
Non-linked pensions annuities	3.60	3.49
Non-linked life and general annuities	3.60	3.49
Index-linked pensions annuities	3.19	-0.49
Index-linked life and general annuities	3.19	-0.49
Bulk Purchase Annuities – Non-linked	3.60	3.49
Bulk Purchase Annuities – Index-linked	3.19	-0.49

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015**

- (3) In accordance with INSPRU 3.1.41R, a prudent adjustment for that part of the yield estimated to represent compensation for credit risk, was made to the gross yield on assets.

This adjustment took account of:

- (a) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available
- (b) 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
- (c) The future outlook for credit risk experience
- (d) The historic experience of credit risk for each of the major asset classes
- (e) The need to take a prudent view of the above

The deductions for credit risk were:

Asset Category	31/12/2015	31/12/2014
Commercial mortgages	0.72%	0.72%
Healthcare mortgages (GPFC/PFI)	0.10%	0.10%
Non-linked equity release mortgages	0.97%	1.15%
RPI linked equity release mortgages	3.04%	3.42%
Index-linked property	1.16%	1.13%
Corporate Bonds – AAA	0.19%	0.19%
Corporate Bonds – AA	0.42%	0.37%
Corporate Bonds – A	0.64%	0.64%
Corporate Bonds – BBB	1.09%	1.07%
Corporate Bonds – BB	2.78%	2.67%
Corporate Bonds – B	6.91%	6.79%
Corporate Bonds – unrated	1.09%	1.07%
Private placements	<i>See Note</i>	<i>See Note</i>
Gilts and Swaps	0.00%	0.00%
Barclays liquidity swaps	0.01%	0.05%
Morgan Stanley Libor Generator	0.13%	0.30%
Infrastructure – Sodor	0.25%	n/a
Infrastructure – Ecotricity	0.23%	n/a

Note: Rating-specific deductions were applied to private placements in line with the corporate bond deductions in the above table.

In addition, supplementary reserves are held for credit risk in respect of healthcare / infrastructure mortgages. These are detailed in Section 8.

The valuation rate of interest used is net of a deduction of 0.022% pa which provides a prudent margin for cash flow reinvestment and disinvestment risk. This is an increase from the 0.02% used at 31 December 2014. In addition, a further deduction of 0.09% (Fixed Interest) and 0.08% (Index Linked) is made as required under INSPRU 3.1.28R.

- (4) Mortality is based on UK standard published tables with prudent allowance for current experience, and adjustments for improving longevity. The policyholders predominantly reside in the country of operation, except for business written in the Minor Sterling category.

In 2015 the base tables and the allowances for future mortality improvements were reviewed, resulting in revised assumptions for use at 31 December 2015. The base table assumptions include an adjustment for anti-selection that varies by individual year of entry.

Details are provided in the tables below.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015**

The following tables summarise the underlying Aviva Annuity UK Limited individual annuity mortality basis and improvement rates:

Individual annuity business					
	Base table	31/12/2015		31/12/2014	
		Male %	Female %	Male %	Female %
Pension Annuity Pre 1997	PCMA00 / PCFA00	99.5	94.5	99.5	94.5
Pension Annuity 1997 to 2013		The base table percentages for the intervening years are in the range between those for Pre 1997 and 2014.		The base table percentages for the intervening years are in the range between those for Pre 1997 and 2014.	
Pension Annuity 2014		80.5	76.5	79.5	75.5
Pension Annuity 2015		91.5	87.0	n/a	n/a
General Annuity	IML00 / IFL00	98	98	98	98
Structured Settlements	ONS National Life Tables UK 2006-2008 adjusted	n/a	n/a	95	95
	ONS National Life Tables UK 2010-2012 adjusted	95	95	n/a	n/a
Improvement rates applied to Pension and General Annuities	CMI_2013	CMI_2013 (applicable from 2001)		CMI_2013 (applicable from 2001), plus a 0.5% constant addition from 2014 onwards	
		_M[2.25]	_F[2.0]	_M[1.75]	_F[1.5]
Improvement rates applied to Structured Settlements	ONS 2012-based National Population Projections improvement table, Principal Projection	100% of ONS improvements from 2013 plus an additional 0.5% pa from 2015 onwards		100% of ONS improvements from 2013 plus an additional 0.5% pa from 2014 onwards	

The mortality basis for long term care immediate annuities is based on the same base tables as general annuities with individual loadings as advised by the underwriters at the point of sale and an additional margin for prudence.

The mortality basis for enhanced annuity policies includes a reserve of £(23.6)m in respect of adjusting the modelled standard annuity basis to apply to enhanced annuity policies.

A reserve of £(13.5)m is held in respect of particular longevity data, which suggests that heavier mortality rates could be assumed for lower-income annuitants than currently assumed using the Aviva Annuity longevity basis.

The 2014 and 2015 mortality bases and improvement rates for ex-Provident Mutual business are set out in the table below:

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4

Name of Insurer

Aviva Annuity UK Limited

Global business

Financial year ended

31 December 2015

Provident Mutual originated business					
	Base table	31/12/2015		31/12/2014	
		Male	Female	Male	Female
		%	%	%	%
Individual and Group business	PCMA00 / PCFA00	95	95.5	95	95.5
Improvement rates applied to both Individual and Group business	CMI_2013	CMI_2013 (applicable from 2001)		CMI_2013 (applicable from 2001), plus a 0.5% constant addition from 2014 onwards	
		_M[2.25]	_F[2.0]	_M[1.75]	_F[1.5]

The mortality basis for Bulk Purchase Annuity mortality in deferment is shown in the table below:

Bulk Purchase Annuity mortality in deferment					
	Base table	31/12/2015		31/12/2014	
		Male	Female	Male	Female
		%	%	%	%
Bulk Purchase Annuities	AMC00 (ultimate) / AFC00 (ultimate)	83.6	86	83.6	86
Improvement rates	CMI_2013	CMI_2013 (applicable from 2001)		CMI_2013 (applicable from 2001), plus a 0.5% constant addition from 2014 onwards	
		_M[2.25]	_F[2.0]	_M[1.75]	_F[1.5]

The mortality basis for Bulk Purchase Annuity mortality in payment is shown in the table below:

Bulk Purchase Annuity Mortality in Payment					
	Base table	31/12/2015		31/12/2014	
		Male	Female	Male	Female
		%	%	%	%
*Bulk Purchase Annuities	PCMA00 / PCFA00	87.8 to 114.1	83.3 to 106.4	87.8 to 114.1	83.3 to 106.4
Improvement rates	CMI_2013	CMI_2013 (applicable from 2001)		CMI_2013 (applicable from 2001), plus a 0.5% constant addition from 2014 onwards	
		_M[2.25]	_F[2.0]	_M[1.75]	_F[1.5]

* Note - The Bulk Purchase Annuity mortality rates are scheme-dependent.

No other allowance is made or reserve held in addition to the assumptions above, in respect of future anticipated changes in mortality due to possible changes in the incidence of disease or developments in medical science.

The resulting life expectancies from the valuation date for annuities in payment are shown in the table below at sample ages. Bulk Purchase Annuity life expectancies are shown for the average pensioner.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4

Name of Insurer

Aviva Annuity UK Limited

Global business

Financial year ended

31 December 2015

Expectations of life (years)	31/12/2015			
	Male		Female	
	65	75	65	75
Pension Annuity (Pre 1997)	24.8	15.2	27.0	17.1
Pension Annuity 1997 – 2014	The Expectations of Life for the intervening years are in the range between those for Pre 1997 and 2015.			
Pension Annuity 2015	25.6	15.8	27.7	17.7
General Annuity	25.0	15.2	27.3	17.0
Provident Mutual originated annuity	25.3	15.5	26.9	17.0
Bulk Purchase Annuities	24.9	15.3	27.1	17.2
Structured Settlements	22.8	14.1	25.5	16.2

Expectations of life (years)	31/12/2014			
	Male		Female	
	65	75	65	75
Pension Annuity (Pre 1997)	24.9	15.2	27.1	17.1
Pension Annuity 1997 – 2013	The Expectations of Life for the intervening years are in the range between those for Pre 1997 and 2014.			
Pension Annuity 2014	27.0	16.9	29.1	18.9
General Annuity	25.1	15.2	27.4	17.0
Provident Mutual originated annuity	25.4	15.5	27.0	17.0
Bulk Purchase Annuities	25.0	15.3	27.2	17.2
Structured Settlements	23.8	15.2	26.5	17.1

Life expectancies at age 65 for deferred annuities are shown in the table below at sample ages:

Expectations of life (years)	At Age 65			
	31/12/2015		31/12/2014	
	Male	Female	Male	Female
Bulk Purchase Annuities:				
Current Age 45	28.6	30.2	28.9	30.5
Current Age 55	26.8	28.7	26.9	28.9

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015**

(5) Not applicable.

(6) 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 are based on the terms of the Management Services Agreement between Aviva Life Services UK Limited and Aviva Annuity UK Limited and increased by 10% in respect of project costs. Expense assumptions are shown for pension annuities only. The per policy expenses are shown gross and no tax relief is assumed:

	Per policy expense £ per annum	
	2015	2014
Annuity non-profit CPA (400)	12.29	12.10
Annuity non-profit (bulk transfer) (401)	33.27	32.75

An additional reserve of £9.5m has been established in respect of project cost overruns.

A reserve of £(13.9)m is held to reflect expected reductions to the expenses charged by Aviva Life Services UK Limited.

The assumed future inflation rate applying to maintenance expenses is 1.46% pa.

(7) Not applicable.

(8) Not applicable.

(9) Not applicable.

(10) The valuation interest rates are adjusted to allow for investment expenses based on actual investment charges incurred. There are no other material basis assumptions.

(11) The Company holds the following derivatives to back policyholder liabilities:

One interest rate swap provides fixed interest cash flows in exchange for variable interest cash flows from certain mortgage assets used to back long-term fixed interest liabilities. Five interest rate swaps are held in respect of matching asset and liability cash flows for fixed interest business, and provide long-term fixed interest cash flows in exchange for short and medium term cash flows.

Two swaps provide fixed interest cash flows in exchange for RPI linked cash flows from two corporate bond assets used to back long-term fixed interest liabilities. One hundred and two swaps are held to provide fixed interest cash flows in exchange for LIBOR cash flows, and these are used to back long-term fixed interest liabilities.

Sixty five fixed interest credit default swaps have been bought to hedge the risk of default on certain assets backing the liabilities. A further forty five fixed interest credit default swaps have been sold to actively manage the risk associated with certain counterparties.

The Company holds forty four currency swaps to hedge the risk of currency movements on corporate bonds denominated in US dollars (forty one) and Euros (three) backing liabilities denominated in Sterling.

Sixty five inflation swaps are held to hedge the risk of inflation arising from RPI and LPI linked liabilities, backed by fixed interest corporate bonds.

The valuation interest rate used to determine the value of long-term index linked liabilities is derived from the rate of interest that equates the discounted value of aggregate cash flows, including cash flows arising from each of the swaps, with the total market value of the asset portfolio, including the market value of each of the swaps.

Supplementary note 0201 gives details of the valuation interest rate approach.

(12) There is no impact on mathematical reserves arising from changes in the INSPRU valuation rules effective from 31 December 2006.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4

Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015**

5. Options and Guarantees

- (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) There are no other guarantees or options with any value.

6. Expense Reserves

Note that the figures quoted in this section are gross of the 32.5% quota share reinsurance treaties between UKA and UKLAP/AII.

- (1) Based on the business in force at 31 December 2015, the reserving allowance for expenses during 2016 is £40.3m. All expenses have been treated as attributable.
- (2) The implicit reserving allowance for investment expenses of £26.1m (included in the above £40.3m) was estimated by applying the investment expense deductions by asset class assumed in the valuation interest rate calculation to the assets allocated to the valuation liabilities.
- (3) The 2015 maintenance expenses in line 14 of Form 43 are £62.8m. The reserving allowance for 2016 expenses in 6(1) above is £40.3m. The £22.5m difference mainly relates to the following:
 - a. Accounting one-off adjustments totalling £8.7m. These amounts represent corrections (write-offs and write-backs) to historic accounting postings made to balance sheet control accounts. Due to the one-off nature of such adjustments, they are not included in the reserving allowance.
 - b. Higher Solvency II project costs in 2015 of £4m, contributing £4m to the difference.
 - c. Other differences include the modelled investment fees for Commercial and PFI mortgages being reduced for fee income, which is not allowed for in Form 43, and the modelled investment fees only including fees on assets allocated to match liabilities.
- (4) The costs of acquiring new business assumed in the next twelve months would be charged to the new business written.
- (5) An assessment was made of the cost of closure of the Company to new business at the end of 2015 and a reserve of £11.2m, corresponding to the full cost, was included in Form 51.
- (6) There are no expenses which have been treated as non-attributable.

7. Mismatching Reserves

- (1) Mathematical reserves for overseas business as reported in Forms 51 and 54 are all in respect of sterling liabilities. These are matched by sterling assets, except for £784.9m of US dollar bonds and £49.0m of Euro bonds whose cashflows are converted into sterling using currency swaps.
- (2) There are no liabilities in non-sterling currencies.
- (3) No reserves are held for currency mismatching because there are no significant liabilities in currencies different from the matching assets.
- (4) Two tests were applied at December 2015, in line with INSPRU 3.1.16R:
 - (a) a rise in risk free interest yields for all outstanding terms of 20% of the long term gilt yield, accompanied by a fall in property values of 20% plus a fall in rental income of 10%
 - (b) a fall in risk free interest yields for all outstanding terms of 20% of the long term gilt yield, accompanied by a fall in property values of 20% plus a fall in rental income of 10%

For those fixed interest securities that are not risk free, we assume the yield differential to risk free does not reduce in a resilience test.

The most onerous scenario as at 31 December 2015 was test (b).

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015**

- (5) Two tests were applied at December 2015, in line with INSPRU 3.1.23R, for the assets invested outside of the UK. For Aviva Annuity UK Limited the only significant territory is the US, in which the holding of corporate bonds makes up approximately 3.5% of the overall portfolio of assets backing liabilities.

- (a) a rise in risk free interest yields for all outstanding terms of 20% of the long term US risk free yield
 (b) a fall in risk free interest yields for all outstanding terms of 20% of the long term US risk free yield

For those fixed interest securities that are not risk free, we assume the yield differential to risk free does not reduce in a resilience test.

The most onerous scenario as at 31 December 2015 was test (b).

- (6) The assets and liabilities have been revalued on this interest basis as set out in (4) and (5) above.
- (a) The calculations have led to a resilience capital requirement of £7.4m.
- (b) The aggregate value of liabilities increased by £1,254.3m.
- (c) The aggregate value of assets increased by £1,246.9m.
- (7) The valuation liabilities include an allowance of a 0.022% pa deduction from the valuation interest rate for duration mismatch as mentioned in section 4(3). No further reserve is required to satisfy INSPRU 1.1.34R.

8. Additional Special Reserves

A reserve to cover potential data quality issues is established at a level of 0.15% of the reserve for future annuity payments and expenses. The data quality reserve is £33.9m.

A reserve of £62.8m is held for additional credit risk in respect of healthcare / infrastructure mortgages.

A reserve of £69.3m 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. This includes £58.5m in respect of the internal quota-share arrangements between UKA and UKLAP/All (as described in Section 9(2) below) and £10.8m in respect of other treaties.

9. Reinsurance

- (1) The Company has no facultative reinsurance with a reinsurer who is not authorised to carry out business in the United Kingdom.
- (2) There were 11 reinsurance treaties with external reinsurers and 3 internal reinsurance treaties, where the Company was the ceding insurer and under which business was in force at the valuation date.

	Treaties 1 to 3
Reinsurer	Munich Re (Treaty 1 and 2) and Hannover Re (Treaty 3)
Nature of cover	50% (Treaty 1) or 90% (Treaties 2 and 3) Quota share on UK Long Term Care (Immediate Care) business
Premiums payable in 2015	£0m
Deposit back arrangements	Not applicable
Open/closed to new business	Treaty 1 was closed to new business in March 2001. New business is placed with either Munich Re under Treaty 2 or Hannover Re under Treaty 3.
Undischarged liabilities	None
Mathematical reserves ceded	Total reserves ceded under the 3 treaties are £2.0m
Retention limit for new policies	10% retained of each new annuity

Munich Re and Hannover Re are authorised to carry on insurance business in the UK and are not connected with the insurer. The treaties are not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under any of the treaties. None of the treaties is a financing arrangement.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015**

	Treaty 4
Reinsurer	Hannover Re
Nature of cover	75% longevity swap on UK Impaired Life Annuity business
Premiums payable in 2015	£1.6m
Deposit back arrangements	Not applicable
Open/closed to new business	Closed to new business
Undischarged liabilities	None
Mathematical reserves ceded	£7.6m
Retention limit for new policies	Not applicable

The treaty is not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

	Treaty 5	Treaty 6
Reinsurer	XL Re	Partner Re
Nature of cover	Longevity swap in respect of 7% of a defined block of in-force UK pension annuity business agreed at the treaty commencement date.	Longevity swap in respect of 3% of a defined block of in-force UK pension annuity business agreed at the treaty commencement date.
Premiums payable in 2015	£37.2m	£16.0m
Deposit back arrangements	Not applicable	Not applicable
Open/closed to new business	Closed to new business	Closed to new business
Undischarged liabilities	None	None
Mathematical reserves ceded	£11.1m	£4.8m
Retention limit for new policies	Not applicable	Not applicable

XL Re is authorised to carry on insurance business in the UK. Partner Re is authorised to carry on insurance business in the UK. Neither reinsurer is connected with the insurer. The treaties are not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under either treaty. Neither treaty is a financing arrangement.

	Treaty 7	
Reinsurer	RGA Reinsurance UK Limited	RGA Reinsurance US Limited
Nature of cover	Longevity swap in respect of varying proportions of new enhanced annuities written from the treaty commencement date. The UK entity takes 10% of the total business reinsured whilst the US entity takes 90% of the total business reinsured.	
Premiums payable in 2015	£2.9m	£25.6m
Deposit back arrangements	Not applicable	
Open/closed to new business	Closed to new business on 18 th May 2011	
Undischarged liabilities	None	
Mathematical reserves ceded	£3.6m	£32.5m
Retention limit for new policies	If the Purchase Price is not more than £20,000, 90% is retained if automatically underwritten and 80% is retained if manually underwritten. Otherwise, policies with a Purchase Price up to and including £1m have 60% retained if automatically underwritten and 40% retained if manually underwritten. Policies with a Purchase Price in excess of £1m but not more than £2m have 75% retained if automatically underwritten and 60% retained if manually underwritten. 100% is retained of any Purchase Price in excess of £2m.	

RGA Reinsurance UK Limited is authorised to carry on insurance business in the UK. RGA Reinsurance US Limited is not authorised to carry on insurance business in the UK. Neither reinsurer is connected with the insurer. The treaty is not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015**

	Treaty 8
Reinsurer	Maturin UK 2008-01 (M/F 80-100) IC Limited
Nature of cover	Longevity swap in respect of a defined block of in-force UK pension business agreed at the treaty commencement date. Payments are subject to a cap and floor.
Premiums payable in 2015	£42.4m
Deposit back arrangements	Not applicable
Open/closed to new business	Closed to new business
Undischarged liabilities	None
Mathematical reserves ceded	£(5.3)m
Retention limit for new policies	Not applicable

Maturin UK 2008-01 (M/F 80-100) IC Limited is authorised to carry on insurance business in Guernsey and is not connected. The treaty is not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

	Treaty 9	
Reinsurer	RGA Reinsurance International Company Limited	RGA Global Reinsurance Company Limited
Nature of cover	Longevity swap subject to a deductible. The longevity swap is in respect of varying proportions of new enhanced annuities written from the treaty commencement date. The International entity takes 5% of the total business reinsured whilst the Global entity takes 95% of the total business reinsured.	
Premiums payable in 2015	£0.3m	£5.4m
Deposit back arrangements	Not applicable	
Open/closed to new business	Open to new business from 18 th May 2011, then closed to new business from 18 th January 2014.	
Undischarged liabilities	None	
Mathematical reserves ceded	£3.1m	£58.3m
Retention limit for new policies	If the Purchase Price is not more than £20,000, 90% is retained if automatically underwritten and 80% is retained if manually underwritten. Otherwise, policies with a Purchase Price up to and including £1m have 60% retained if automatically underwritten and 40% retained if manually underwritten. Policies with a Purchase Price in excess of £1m but not more than £2m have 75% retained if automatically underwritten and 60% retained if manually underwritten. 100% is retained of any Purchase Price in excess of £2m.	

RGA Reinsurance International Company Limited is authorised to carry on insurance business in the UK. RGA Global Reinsurance Company Limited is not authorised to carry on insurance business in the UK. Neither reinsurer is connected with the insurer. The treaty is not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

	RGA Treaty	
Reinsurer	RGA Reinsurance International Company Limited	RGA Global Reinsurance Company Limited
Nature of cover	Longevity swap subject to a deductible. The longevity swap is in respect of varying proportions of new enhanced annuities written from the treaty commencement date. The International entity takes 5% of the total business reinsured whilst the Global entity takes 95% of the total business reinsured.	
Premiums payable in 2015	£0.1m	£0.5m
Deposit back arrangements	Not applicable	
Open/closed to new business	Open to new business from 19 th January 2014	
Undischarged liabilities	None	
Mathematical reserves ceded	£0.3m	£5.7m
Retention limit for new policies	Policies with a Purchase Price up to and including £2m have 50% retained, while policies with a Purchase Price in excess of £2m have 100% retained.	

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015**

RGA Reinsurance International Company Limited is authorised to carry on insurance business in the UK. RGA Global Reinsurance Company Limited is not authorised to carry on insurance business in the UK. Neither reinsurer is connected with the insurer. The treaty is not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

	Swiss Re Treaty
Reinsurer	SWISS RE EUROPE S.A. UK Branch
Nature of cover	Longevity swap in respect of varying proportions of new enhanced annuities (excluding bulk purchase annuities) written from the treaty commencement date of 10 th February 2014.
Premiums payable in 2015	£1.2m
Deposit back arrangements	Not applicable
Open/closed to new business	Open to new business since 10 th February 2014.
Undischarged liabilities	None
Mathematical reserves ceded	£2.7m
Retention limit for new policies	If the Notional Enhancement of the 1st or 2nd annuitant (if applicable) exceeds a certain threshold which has been agreed between Aviva and Swiss Re, and/or the 1st or 2nd annuitant have received an enhancement for a disclosed Cancer condition; 40% is retained. In all other circumstances; 65% is retained.

The treaty is not subject to any material contingencies. There are liabilities in respect of refunding any possible reinsurance claims paid in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

There were 3 reinsurance treaties with another Group company where the Company was the ceding insurer and under which business was in force at the valuation date:

	Internal Reinsurance Treaty 34
Reinsurer	Aviva Life & Pensions UK Limited (Non Profit Sub-Fund 2)
Nature of cover	100% reinsurance of non-profit immediate pension annuities which were originally written in Aviva Life & Pensions UK Limited and were transferred to Aviva Annuity UK Limited as at 1 January 2005. The effect of the treaty is to transfer all the liabilities to Aviva Life & Pensions UK Limited as if the business had not been transferred.
Premiums payable in 2015	£NIL
Deposit back arrangements	Not applicable
Open/closed to new business	Closed to new business
Undischarged liabilities	None
Mathematical reserves ceded	£213.9m
Retention limit for new policies	Not applicable

Aviva Life & Pensions UK Limited is authorised to carry on insurance business in the UK and is a connected company. The treaty is not subject to any material contingencies. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4Name of Insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31 December 2015**

	Internal Reinsurance Treaty
Reinsurer	Aviva Life & Pensions UK Limited (Non Profit Sub-Fund 2)
Nature of cover	Quota-Share reinsurance of 22.5% of the net Liabilities of the Aviva Annuity UK Limited long-term fund.
Premiums payable in 2015	£326.8m
Deposit back arrangements	Premiums equivalent to 22.5% of long-term fund assets will be withheld by Aviva Annuity UK Limited.
Open/closed to new business	Open to new business
Undischarged liabilities	None
Mathematical reserves ceded	£7,549.4m
Retention limit for new policies	New policies written will be reinsured under the same 77.5% retained / 22.5% ceded proportion.

Aviva Life & Pensions UK Limited is authorised to carry on insurance business in the UK and is a connected company. A reinsurance credit risk reserve of £38.6m is held by Aviva Annuity UK Limited. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

	Internal Reinsurance Treaty
Reinsurer	Aviva International Insurance Limited
Nature of cover	Quota-Share reinsurance of 10% of the net Liabilities of the Aviva Annuity UK Limited long-term fund.
Premiums payable in 2015	£145.3m
Deposit back arrangements	Premiums equivalent to 10% of long-term fund assets will be withheld by Aviva Annuity UK Limited
Open/closed to new business	Open to new business
Undischarged liabilities	None
Mathematical reserves ceded	£3,355.3m
Retention limit for new policies	New policies written will be reinsured under the same 90% retained / 10% ceded proportion.

Aviva International Insurance Limited is authorised to carry on insurance business in the UK and is a connected company. A reinsurance credit risk reserve of £19.9m is held by Aviva Annuity UK Limited. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract under the treaty. The treaty is not a financing arrangement.

10. Reversionary bonus

Not relevant. The Company has no with profits business.

Statement on derivatives required by IPRU (INS) 9.29

Name of Company **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

The following summarises investment policy for the use of derivatives: -

- Derivatives will only be used in accordance with PRA 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.

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.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

100% of the issued share capital of the Company is held by Aviva Life & Pensions UK Limited.

100% of the issued share capital of Aviva Life & Pensions UK Limited 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.

Certificate by the directors required by IPRU (INS) 9.34(1) and IPRU (INS) Appendix 9.6

Name of insurer **Aviva Annuity UK Limited**

Global business

Financial year ended **31st December 2015**

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 the Fundamental Rules as well as the provisions of IPRU(INS), GENPRU and INSPRU.

The certificate required by IPRU(INS) Appendix 9.6 paragraph 1(1)(b)(ii) in respect of compliance since the end of the financial year in question with the requirements of SYSC, Fundamental Rules and the provisions of IPRU(INS), GENPRU and INSPRU and ongoing compliance has not been provided. This is because these requirements have been replaced as from 1 January 2016, the commencement date of Solvency II, so the firm is subject to a new regulatory regime.

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; and

(c) the directors have, in preparing the return, taken and paid due regard to advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.



A D BRIGGS
Chief Executive

J R LISTER
Director

H R PATEL
Non-Executive Director

24 March 2016

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

Name of insurer **Aviva Annuity UK Limited**

Global Business

Financial year ended **31st December 2015**

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 137G of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 17, 40 to 43, 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) 9.31 ('the valuation reports');

We are not required to audit and do not express an opinion on:

- Forms 46, 47, 50, 51, 54 and 57 (including the supplementary notes);
- the statements required by IPRU(INS) rules 9.30; and
- the certificate required by IPRU(INS) rule 9.34(1).

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation reports under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation reports are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation report 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 report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

This report has been prepared for the directors of the insurer to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

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. It also included an assessment of the significant estimates and judgements 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.

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for

Insurers

Name of insurer **Aviva Annuity UK Limited**

Global Business

Financial year ended **31st December 2015**

Opinion

In our opinion:

(i) the Forms, the statement and the valuation report 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

(ii) 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.



PricewaterhouseCoopers LLP
Chartered Accountants
24 March 2016

The maintenance and integrity of the Aviva plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the insurance annual return since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of insurance annual returns may differ from legislation in other jurisdictions.