

Principles and Practices of Financial Management (PPFM) for Aviva Life International Limited



Aviva Life International Limited has chosen to reinsure its international with-profit funds into two of Aviva's UK with-profits sub funds. The returns on this business are determined entirely by the reinsurance agreement arranged with Aviva Life & Pensions UK Limited.

On 1 October 2009, the insurance business of CGNU Life and CULAC was transferred into Aviva Life & Pensions UK Limited.

Aviva Life International Limited bonds are now reinsured to Aviva Life & Pensions UK Limited under a new Scheme of Transfer. However, the bonds remain administered by Aviva Life International Limited.

As a result of the 2009 election:

- eligible bonds, whose holders voted “yes”, are reinsured to the Aviva Life & Pensions New With-Profits Sub Fund
- eligible bonds, whose holders voted “no”, are reinsured to the Aviva Life & Pensions Old With-Profits Sub Fund
- ineligible bonds, including bonds written from the 1 October 2009, are reinsured to both the Old and New With-Profits Sub Funds in accordance with the proportions defined in the PPFM for the Aviva Life & Pensions UK Limited Old & New With-Profits Sub Funds.

The PPFM for the international with-profit funds therefore follows that of Aviva Life & Pensions UK Limited Old & New With-Profits Sub Funds, with the exceptions to the practices as outlined in the notes below. You can find these PPFMs on our website aviva.co.uk/ppfm.

Section 1: Introduction

1.3 Purpose of PPFM

As Aviva Life International Limited is regulated in Ireland, there are no similar requirements for its Board of Directors. All references to the Board in the PPFM of the Aviva Life & Pensions UK Limited Old & New With-Profit Sub Funds refer to the Aviva Life & Pensions UK Limited Board of Directors. Aviva Life International Limited will also inform its policyholders of any changes within the same timescales, but its Board is not required to approve any change.

1.4 What business is covered by this PPFM

The PPFM of Aviva Life & Pensions UK Limited Old & New With-Profits Sub Funds does apply to business reinsured from Aviva Life International Limited, except as indicated here.

1.5 Governance arrangements surrounding the PPFM

The governance arrangements in this section apply to Aviva Life & Pensions UK Limited and do not directly apply to Aviva Life International Limited. In addition to these governance arrangements, Aviva Life International Limited's Appointed Actuary reviews Aviva Life International Limited's PPFM and informs Aviva Life International Limited's Board of Directors of any developments.

Section 2: The amount payable under a with-profits policy

Asset share methodology

2.4 Practices

Aviva Life International Limited's business is not subject to the policyholder tax adjustments described.

The additional annual management charge for the Inflation Protected Guarantee funds is 0.5% of the value of the units each year for the first 10 years.

Section 3: Investment strategy

3.2 Practices

The investment distribution for assets backing the reinsured Aviva Life International Limited business is determined by Aviva Life & Pensions UK Limited Old & New With-Profits Sub Funds.

Section 5: Charges and expenses

5.2 Practices

The fees payable to Aviva Life International Limited to cover commission and administration expenses are charged to Aviva's with-profit funds. These fees are determined by the reinsurance agreement.

Aviva Life International from 26 February 2010, is now closed to new business.

Any Aviva Life International Limited new business volumes (i.e. existing customers switching into the WP fund) are incorporated with the plans of Aviva Life & Pensions UK Limited.

Glossary

If the product is written on a capital redemption basis, a market value reduction may also be applied on maturity. This means that once added, regular bonus is not guaranteed to be paid at the end of the term.