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August 8, 2008

To our Distribution Partners and Producers:

As you may know, Aviva is currently preparing its formal comment letter to the U.S. Securities and Exchange Commission on its proposed rule 151A. Like many of you, we are opposed to this proposal, and believe that fixed indexed annuities are insurance products effectively governed by state insurance regulators – and should not be subject to SEC regulation. We are not alone in this view. Many state insurance regulators and other parties have already expressed their concerns over the SEC proposal.

As I mentioned in our last letter dated July 17, one of Aviva's greatest priorities throughout the SEC comment period and beyond is to ensure that our distribution partners and our producers are fully knowledgeable about the process and its timeline. And, as many of you have had specific questions about these issues, I wanted make sure that we make every effort to continue to address them. Toward this end, I wanted to let you know that we will be dedicating a special section of our website to providing you with the resources and data that you need to keep yourselves, your agents, and your clients informed on this important issue. The website will be updated regularly, and we welcome any recommendations to make it a more valuable tool for you.

That said, I wanted to directly address three specific and important questions that many of you have asked:

#1 What is the timeline of the SEC proposal process and if approved, when will the rule be enacted?

The SEC is currently soliciting public comments on this matter until September 10, 2008. At that time, they are expected to review the comments and sometime thereafter, the SEC could adopt a final rule. Having said that, it could also take a number of weeks or months subsequent to September 10th for the SEC to adopt a final rule and even then, it would not be expected to be effective until 12 months from the date of approval. A number of industry groups are also petitioning the SEC to extend the comment period beyond September. We will keep you posted in the event that occurs.

It is important to note that if and when a final rule is adopted, it could also take a different shape than that of the current proposal.

If you would like to view comments that have already been submitted to the SEC you can view them on the SEC's website by clicking [here](#).

#2 How I provide comments to the SEC on this matter?

Anyone is free to provide comments to the SEC on this matter, and we encourage you to express your view. On your agent website, you will find a series of talking points intended to assist you should you wish to send an individualized letter to the SEC. To make things even easier for you, we have also developed a completed form letter that you and your agents can download, sign and forward if you agree with the sentiments contained within it.

Which ever route you prefer, final letters can be forwarded to the SEC by clicking [here](#).

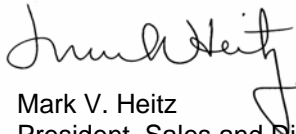
#3 How is Aviva preparing in the event the rule is adopted?

Aviva expects consumer demand for fixed indexed annuities to continue to grow as more Americans move into retirement. In step with this view, as well as our commitment to support our producer channel, we will work hard to ensure that both our company and each of you are in a position to effectively adapt to any new requirements that may arise from the SEC proposal. Toward this end, Aviva is currently updating our traditional fixed annuity products to make sure that our producers have access to a full suite of products to continue to meet their clients' needs.

Even if the rule is adopted as written, I want to assure you that we will be prepared, so that our producers have access to the products they need to meet their customer's financial needs.

I look forward to speaking with you in the weeks ahead and to providing you with continued support throughout this process and beyond. Thanks to all of you for your ongoing commitment to Aviva and to your customers—we look forward to continuing our work together and making a difference in the lives of our policyholders.

Sincerely,



Mark V. Heitz
President, Sales and Distribution
Aviva USA

August 8, 2008

Submitting Comments to the SEC

Below are some message and fact points to help shape any comments you wish to make to the SEC in relation to the proposed rule 151A. You should also feel free to incorporate your own words and anecdotes to help reiterate the points here.

You can submit comments to the SEC, by clicking [here](#).

- FIAs are valuable products filling an important financial need for many Americans. As defined benefit plans decrease and more consumers are forced to fund their retirement through other means, annuities can play an important role in guaranteeing an income stream for life. Similar to traditional fixed annuities, FIAs protect policyholders from risk of market loss to both principal and credited interest. These products provide a guaranteed return of principal and a minimum rate of return that accumulates over time—which may be higher depending on the performance of a specific index.
- Determination of securities status should be based on risk of loss. The proposed rule suggests that an annuity product is a security if it enjoys any interest credited based on a securities index. The proposed rule does not consider who is bearing the majority of the investment risk. With indexed products, the insurance company is assuming mortality risk, credit risk and interest rate risk.
- State regulators are effectively governing FIA products, ensuring clear disclosure of product features and oversight of sales practices. This regulatory authority was granted to states under the McCarran-Ferguson Act. The states have a long regulatory history with the industry, its products and distribution systems. Further, the NAIC has adopted a suitability model and disclosure regulations that are applicable to FIAs.
- FIAs are misunderstood. Scrutiny of FIAs has focused primarily on abuses in the marketing and sales of these products. Sadly, there have been abuses in the marketing and sales of several types of financial products. There is a demand for FIAs—especially given today's volatile markets—and the industry had made great strides, in adopting NAIC's suitability process model and disclosure regulations.
- The proposed rule 151A contradicts the findings and analysis of judicial precedent addressing the status of FIAs. In *Malone v. Addison Insurance Marketing* (2002), Western District of Kentucky. Under this precedence, the Court determined that the FIA at issue—was not a securities. With FIAs, investment risk is placed firmly on the issuer. The issuer is required to meet the obligations under the policy including the minimum guarantees in the contract. As such, the insurer bears the primary risk of managing the assets in its general account to support the amounts due and guaranteed the customer under the policy.

Dear Chairman Cox:

In reference to the Securities and Exchange Commission's (SEC) recently proposed rule 151A, it is important to understand that indexed annuities are insurance products effectively governed today by state regulators. As a result, indexed annuities should not be subject to SEC regulation.

Moreover, indexed annuities are insurance products designed for retirement savings for the risk averse, they are not high-risk investment products where a consumer can lose his or her principal. Indexed annuities offer consumers important protections, by guarantying the premiums paid and the interest credited. Moreover, they provide underlying interest guarantees required by state law.

As defined benefit plans decrease, more consumers are left to fund their retirements through other means. Annuities—both traditional and indexed—can play an important role in ensuring an income stream for life. Similar to traditional fixed annuities, indexed products protect policy holders from risk of market loss to both principal and credited interest, which may overtime be higher depending on the performance of a specific index. Due to these product guarantees, there is a high consumer demand for indexed annuities, which is reinforced by risks associated with today's volatile markets. In fact, the recent downturn in the stock market highlights the value of these products. While many consumers have incurred huge losses in their retirement dollars, indexed annuity policyholders have avoided these declines by virtue of the guarantees provided by their policies.

If rule 151A is adopted, indexed annuities would only be available to consumers through registered representatives associated with broker-dealers. I believe, as do many in the industry, that this would limit access to this product to those Americans, who have relationships with registered representatives. Limiting access to a product that protects consumers from the loss of their retirement savings would be yet another hurdle for many Americans to overcome as they look for ways to fund their retirement.

In the SEC's release of the proposed rule, there is a significant amount of discussion about sales practices and abuses. In fact, it has been suggested that the state regulators are focused on solvency and not suitability or sales practices. I believe that state regulators are effectively regulating the sales of indexed annuities, ensuring clear disclosure of product features and oversight of sales practices. State regulators have a long history with our industry, products and distribution channels. The NAIC has also worked hard during the last few years to implement a model regulation on suitability and disclosure for these products.

I hope that you will carefully consider the points made here, as well as those made by hundreds of others in the insurance industry. Thank you for your time.

Sincerely,