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NORWICH UNION INSURANCE ANNOUNCES UPDATE ON MAJOR OPERATIONAL TRANSFORMATION

Norwich Union Insurance (NUI) today announces more detail on the next phase of its move to a new operating model, designed to maintain the company's position as the UK's leading insurer by improving service and driving growth.

This next phase will continue the transformation announced last October and will involve the redesign of the operations function, simplification of processes, improvements in customer services and the consolidation of expertise into seven modern insurance centres of excellence managing customer services, sales, claims and back office administration.

After a number of mergers and acquisitions, NUI's Operations function has become complex, with too many products, processes, systems and locations. This makes it difficult to give true service excellence to customers and business partners and to optimise economies of scale.

In addition, the way customers, brokers and business partners want to do business with Norwich Union Insurance continues to change with a significant increase in insurance purchased online. NUI has to adapt to this and provide customers and partners with a choice of how they interact with the business including phone, web and text.

Over the next two years as the transformation programme is implemented, there will be significant changes for some of the sites in which NUI has offices as work currently carried out across widespread locations will be brought together in the seven new centres of excellence based in Norwich, Perth, Bishopbriggs, Stretford, Manchester, Leicester and Southend.

We have selected these sites because they are best equipped to meet our future business needs in terms of skills base and availability, accommodation, access, IT and infrastructure.

The NUI Operations function will be withdrawing from Dundee, Glasgow City Centre, Leeds, Belfast, Sheffield, Liverpool, Cheadle, Birmingham, Bristol, Southampton, Basildon, Ipswich, Exeter and Worthing. This will happen carefully over the next two years as NUI aims to minimise customer disruption and be as supportive as possible for its employees as they go through the transformation.

In addition, many of the sites affected by these changes are also bases for people working for other parts of Norwich Union who are not affected by today's announcement, so the company will still have a presence in many of these places. In some areas specific buildings will close but some staff currently working in those buildings will be relocated in alternative premises.

The announcements today do not affect RAC Rescue Operations, and NUI will also continue to maintain its broker trading presence in 40 UK sites, keeping underwriters close to their brokers.

Overall, the number of roles within Operations will be reduced, and over the next two years, NUI will be putting plans in place to support its employees impacted by the changes. No sites are closing today.

To minimise the impact on people, NUI will take advantage of opportunities to transfer roles from one site to another nearby, to transfer employees to other nearby locations where there are vacancies, to redeploy employees to other roles within the broader business, and to manage reduction in roles by natural turnover and voluntary redundancies. Some employees will also be asked to relocate to the sites which will become our centres of excellence.

It is estimated that this approach, combined with the two-year implementation period, will mean that there will be around 1500-1800 redundancies by the end of 2010.

Igal Mayer, Chief Executive of Norwich Union Insurance, said: “We are a very strong business that has grown over the years into a complex organisation. We want to deliver excellent, consistent and reliable customer service with market leading efficiency. To achieve this we will need to fundamentally simplify our business, consolidating our expertise into seven insurance centres of the future in the UK.

“This transformation will take place over the next two years and will provide our employees with the products, processes and technology to give our customers and business partners excellent service, right the first time, every time.”

Mr Mayer added: “What we are announcing today represents significant operational change but I am convinced we are on the right course and that we have the best people working on delivering the right products and processes to service our customers and partners well.”

Norwich Union Insurance currently has offices in 52 towns and cities in the UK, 22 of which will be affected by these changes. In some cases specific buildings will close, with staff moving into smaller accommodation in the same towns and cities.

This announcement is consistent with Aviva’s global “One Aviva, twice the value” vision. Further updates on group-wide progress on “One Aviva, twice the value” will be provided in due course as part of the group’s regular reporting to shareholders.

Ends

Notes to Editors

Norwich Union is the UK's largest general insurer with a market share of around 15%, with a focus on insurance for individuals and small businesses.

It is a leading provider of life, pensions and investment products and one of the largest Financial Adviser (FA) providers. FAs provide over 70% of the company's long-term savings business in the UK.

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

Plans to transform the UK general insurance business were announced in October 2007. The phased transformation programme – aimed at decreasing the expense ratio to 12.4% in 2008 – has already resulted in a reduction in marketing spend and IT costs and this announcement forms the next phase of the programme.

Aviva Group Chief Executive, Andrew Moss, outlined his "One Aviva, twice the value" vision in 2007, signalling a period of transformation for the group aimed at bringing together relatively autonomous business units to create 'One Aviva' with a clear growth agenda in an increasingly global and competitive marketplace. Financially, "One Aviva, twice the value" means doubling IFRS earnings per share by 2012, at the latest. Organisationally, it means building Aviva as a unified global group able to compete on a global stage. Operationally, it means acting as one global team with common goals and standards of best practice across all our businesses.