

Insurer reports huge £3bn loss

LONDON, UK: British insurer Aviva reported a net loss of £3.0bn last year and slashed its shareholder dividend, sparking a slump in the group's share price.



The loss after tax, mainly as a result of a massive write-down following the sale of its US business, contrasted with a net profit of £60m in 2011, Aviva said in a results statement. The company did report an underlying operating profit of £1.78bn - a clear indicator that its day-to-day business remains solid.

However, shares plunged in value after Aviva cut its full-year shareholder dividend by 27% to 19 pence a share, as it sought to cut debt and improve performance.

Chief executive Mark Wilson insisted, during the earnings release, that the group had achieved major progress in its turnaround programme, saying that 2012 was a year of transition for the company.

"There has been solid progress with the turnaround plan set out last year. Our capital strength has improved materially and we have completed the vast proportion of the disposal programme. We have reduced costs and now have a strong management team in place," he said.

"Operating profit levels were healthy across our major businesses, especially in the UK, France and Canada," Wilson said.

Aviva, Britain's second-biggest insurer after Prudential, said in July last year that it would withdraw from 16 non-core business areas following a major strategic review of the group.

The review was aimed at strengthening its capital base after the surprise resignation of chief executive Andrew Moss amid spreading shareholder revolts over pay for top managers who were accused of under-performing.

Source: *AFP* via I-Net Bridge