Direct Line Insurance plc

Annual FSA Insurance Returns for the year ended

31 December 2009

IPRU(INS) Appendices 9.1, 9.2, 9.5, 9.6

Contents

Appendix 9.1

Form 1

Statement of solvency - general insurance business

Name of insurer	**Direct Line Insurance plc**
Global business	
Financial year ended	**31 December 2009**
Solo solvency calculation	

	Company registration number	GL/ UK/ CM	day	month	year	Units
R1	1810801	GL	31	12	2009	£000

		As at end of this financial year 1	As at end of the previous year 2
Capital resources			
Capital resources arising outside the long-term insurance fund	11	747299	654905
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		
Capital resources available to cover general insurance business capital resources requirement (11-12)	13	747299	654905
Guarantee fund			
Guarantee fund requirement	21	101430	86390
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	645869	568515
Minimum capital requirement (MCR)			
General insurance capital requirement	31	304291	259170
Base capital resources requirement	33	3128	2518
Individual minimum capital requirement	34	304291	259170
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	304291	259170
Excess (deficiency) of available capital resources to cover 50% of MCR	37	595154	525320
Excess (deficiency) of available capital resources to cover 75% of MCR	38	519081	460527
Capital resources requirement (CRR)			
Capital resources requirement	41	304291	259170
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	443008	395735
Contingent liabilities			
Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		

Covering Sheet to Form 1 **Form 1**

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Director

Director

Director

18 **March 2010**

Form 3
(Sheet 1)

Components of capital resources

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	1810801	GL	31	12	2009	£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
Core tier one capital					
Permanent share capital	11	155000		155000	155000
Profit and loss account and other reserves	12	641488		641488	521054
Share premium account	13				
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	796488		796488	676054
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	796488		796488	676054
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35	30002		30002	20717
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37	30002		30002	20717
Total tier one capital after deductions (31-37)	39	766486		766486	655337

Form 3
(Sheet 2)

Components of capital resources

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/UK/CM	day	month	year	Units
R3	1810801	GL	31	12	2009	£000

Tier two capital

		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
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				
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49				
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				
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69				

Form 3
(Sheet 3)

Components of capital resources

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/UK/CM	day	month	year	Units
R3	1810801	GL	31	12	2009	£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	766486		766486	655337
Inadmissible assets other than intangibles and own shares	73	1379		1379	354
Assets in excess of market risk and counterparty limits	74	17808		17808	78
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	747299		747299	654905
Available capital resources for GENPRU/INSPRU tests					
Available capital resources for guarantee fund requirement	81	747299		747299	654905
Available capital resources for 50% MCR requirement	82	747299		747299	654905
Available capital resources for 75% MCR requirement	83	747299		747299	654905
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				

Form 11

Calculation of general insurance capital requirement - premiums amount and brought forward amount

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

General insurance business

	Company registration number	GL/UK/CM	day	month	year	Units
R11	1810801	GL	31	12	2009	£000

			This financial year 1	Previous year 2
Gross premiums written		11	1780993	1714021
Premiums taxes and levies (included in line 11)		12		
Premiums written net of taxes and levies (11-12)		13	1780993	1714021
Premiums for classes 11, 12 or 13 (included in line 13)		14	4724	2669
Premiums for "actuarial health insurance" (included in line 13)		15		
Sub-total A (13 + 1/2 14 - 2/3 15)		16	1783355	1715355
Gross premiums earned		21	1760018	1714297
Premium taxes and levies (included in line 21)		22		
Premiums earned net of taxes and levies (21-22)		23	1760018	1714297
Premiums for classes 11, 12 or 13 (included in line 23)		24	3832	1441
Premiums for "actuarial health insurance" (included in line 23)		25		
Sub-total H (23 + 1/2 24 - 2/3 25)		26	1761934	1715017
Sub-total I (higher of sub-total A and sub-total H)		30	1783355	1715355
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure		31		
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18	32	321004	308764
	Excess (if any) over 57.5M EURO x 0.02	33	34639	33471
Sub-total J (32-33)		34	286365	275292
Claims paid in period of 3 financial years		41	3684042	3542448
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42		
	For insurance business accounted for on an accident year basis	43	1891865	1564308
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44		
	For insurance business accounted for on an accident year basis	45	1339161	1244930
Sub-total C (41+42+43-44-45)		46	4236747	3861826
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47	283195	491833
Sub-total D (46-47)		48	3953551	3369993
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)		49	0.93	0.87
Premiums amount (Sub-total J x reinsurance ratio)		50	267223	240232
Provision for claims outstanding (before discounting and net of reinsurance		51	1677877	1396808
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero		52		
Brought forward amount (See instruction 4)		53	259170	234747
Greater of lines 50 and 53		54	267223	240232

Form 12

Calculation of general insurance capital requirement - claims amount and result

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

General insurance business

	Company registration number	GL/ UK/ CM	day	month	year	Units
R12	1810801	GL	31	12	2009	£000

			This financial year 1	Previous year 2
Reference period (No. of months) See INSPRU 1.1.63R		11	36	36
Claims paid in reference period		21	3684042	3542448
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22		
	For insurance business accounted for on an accident year basis	23	1891865	1564308
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24		
	For insurance business accounted for on an accident year basis	25	1339161	1244930
Claims incurred in reference period (21+22+23-24-25)		26	4236747	3861826
Claims incurred for classes 11, 12 or 13 (included in 26)		27	4945	1137
Claims incurred for "actuarial health insurance" (included in 26)		28		
Sub-total E (26 +1/2 27 - 2/3 28)		29	4239219	3862395
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)		31	1413073	1287465
Division of sub-total F (gross adjusted claims amount)	x 0.26	32	367399	334741
	Excess (if any) over 40.3M EURO x 0.03	33	41312	37746
Sub-total G (32-33)		39	326087	296995
Claims amount Sub-total G x reinsurance ratio (11.49)		41	304291	259170
Higher of premiums amount and brought forward amount (11.54)		42	267223	240232
General insurance capital requirement (higher of lines 41 and 42)		43	304291	259170

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1810801	GL	31	12	2009	£000	1

			As at end of this financial year 1	As at end of the previous year 2
Land and buildings		11	78044	91083
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	70463	41978
Participating interests	Shares	29		
	Debts and loans	30		
Other financial investments				
Equity shares		41	480	369737
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	129128	238919
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	657444	110450
	Other	46	899567	358117
Variable interest securities	Approved	47		
	Other	48	543435	401230
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	100006	219769
	More than one month withdrawal	55	310900	542668
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1810801	GL	31	12	2009	£000	1

			As at end of this financial year 1	As at end of the previous year 2
Reinsurers' share of technical provisions				
Provision for unearned premiums		60	20908	18159
Claims outstanding		61	134502	167500
Provision for unexpired risks		62		
Other		63		
Debtors and salvage				
Direct insurance business	Policyholders	71	541002	541013
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	10847	6781
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78		
	due in more than 12 months	79		
Other assets				
Tangible assets		80		
Deposits not subject to time restriction on withdrawal with approved institutions		81	5671	16877
Cash in hand		82		
Other assets (particulars to be specified by way of supplementary note)		83	29153	
Accrued interest and rent		84	2264	7736
Deferred acquisition costs (general business only)		85	62258	72767
Other prepayments and accrued income		86	26483	18861
Deductions from the aggregate value of assets		87		
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)		89	3622555	3223645

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	1810801	GL	31	12	2009	£000	1

	As at end of this financial year 1	As at end of the previous year 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	3622555	3223645
Admissible assets in excess of market and counterparty limits	92	17808	78
Inadmissible assets directly held	93	1379	354
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		(39243)
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	3641742	3184834

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Liabilities (other than long term insurance business)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/UK/CM	day	month	year	Units
R15	1810801	GL	31	12	2009	£000

			As at end of this financial year 1	As at end of the previous year 2
Technical provisions (gross amount)				
Provisions for unearned premiums		11	841678	820703
Claims outstanding		12	1812379	1564308
Provision for unexpired risks		13		
Equalisation provisions	Credit business	14		
	Other than credit business	15	30002	20717
Other technical provisions		16		
Total gross technical provisions (11 to 16)		19	2684059	2405728
Provisions and creditors				
Provisions	Taxation	21	8266	7222
	Other risks and charges	22	33586	30836
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41	190	564
	Reinsurance accepted	42		
	Reinsurance ceded	43	22894	16698
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46	113	101
Creditors	Taxation	47		11861
	Foreseeable dividend	48		
	Other	49	124747	100253
Accruals and deferred income		51	1401	2098
Total (19 to 51)		59	2875256	2575361
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	2875256	2575361

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		

Amounts deducted from technical provisions for discounting	82		45864
Other adjustments (may be negative)	83	(30002)	(20717)
Capital and reserves	84	796488	676054
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	3641742	3184834

Form 16

Profit and loss account (non-technical account)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R16	1810801	GL	31	12	2009	£000

			This financial year 1	Previous year 2
Transfer (to)/from the general insurance business technical account	From Form 20	11	(128246)	139536
	Equalisation provisions	12	(9286)	(8949)
Transfer from the long term insurance business revenue account		13		
Investment income	Income	14	174207	203913
	Value re-adjustments on investments	15	62468	
	Gains on the realisation of investments	16	45332	
Investment charges	Investment management charges, including interest	17		256
	Value re-adjustments on investments	18	10775	152432
	Loss on the realisation of investments	19		39508
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	(741)	555
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	132959	142858
Tax on profit or loss on ordinary activities		31	21811	79755
Profit or loss on ordinary activities after tax (29-31)		39	111148	63103
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	111148	63103
Dividends (paid or foreseeable)		51		
Profit or loss retained for the financial year (49-51)		59	111148	63103

Form 20A
(Sheet 1)

General insurance business : Summary of business carried on

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	units
R20A	1810801	GL	31	12	2009	£000

Category number	FSA return general insurance business reporting category		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year
				Reported	Incurred but not reported	
			1	2	3	4
1	Total business	1	1780993	1377437	483425	841678
2	Total primary (direct) and facultative business	2	1780993	1377437	483425	841678
3	Total treaty reinsurance accepted business	3				
110	Total primary (direct) and facultative accident and health (category numbers 111 to 114)	4	13598	1680	829	4779
120	Total primary (direct) and facultative personal lines motor business (category numbers 121 to 123)	5	1197111	1266399	421754	580146
160	Primary (direct) and facultative household and domestic all risks	6	316031	75904	43943	164749
180	Total primary (direct) and facultative personal lines financial loss (category numbers 181 to 187)	7	237331	27518	12625	83543
220	Total primary (direct) and facultative commercial motor business (category numbers 221 to 223)	8				
260	Total primary (direct) and facultative commercial lines property (category numbers 261 to 263)	9	12219	3675	2225	6179
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10	4703	2261	2049	2282
280	Total primary (direct) and facultative commercial lines financial loss (category numbers 281 to 284)	11				
330	Total primary (direct) and facultative aviation (category numbers 331 to 333)	12				
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13				
350	Total primary (direct) and facultative goods in transit	14				
400	Miscellaneous primary (direct) and facultative business	15				
500	Total non-proportional treaty reinsurance business accepted (category numbers 510 to 590)	16				
600	Total proportional treaty reinsurance business accepted (category numbers 610 to 690)	17				
700	Miscellaneous treaty reinsurance accepted business	18				
	Total (lines 4 to 18)	20	1780993	1377437	483425	841678

Form 20A
(Sheet 2)

General insurance business : Summary of business carried on

Name of insurer Direct Line Insurance plc

Global business

Financial year ended 31 December 2009

	Company registration number	GL/UK/CM	day	month	year	units
R20A	1810801	GL	31	12	2009	£000

Category number	FSA return general insurance business reporting category		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year
				Reported	Incurred but not reported	
			1	2	3	4
Primary (direct) and facultative personal lines business						
111	Medical insurance	21				
112	HealthCare cash plans	22				
113	Travel	23	13576	1680	811	4768
114	Personal accident or sickness	24	22		18	11
121	Private motor - comprehensive	25	1137297	1093327	345877	552585
122	Private motor - non-comprehensive	26	59814	173072	75877	27561
123	Motor cycle	27				
160	Household and domestic all risks (equals line 6)	28	316031	75904	43943	164749
181	Assistance	29	88157	4786	1685	42708
182	Creditor	30	9410	1297	1707	
183	Extended warranty	31				
184	Legal expenses	32	80512	14348	10587	40835
185	Mortgage indemnity	33				
186	Pet insurance	34	59252	7087	(1354)	
187	Other personal financial loss	35				
Primary (direct) and facultative commercial lines business						
221	Fleets	41				
222	Commercial vehicles (non-fleet)	42				
223	Motor other	43				
261	Commercial property	44	11989	3283	2203	6066
262	Consequential loss	45	230	392	22	113
263	Contractors or engineering all risks	46				
271	Employers liability	47				
272	Professional indemnity	48				
273	Public and products liability	49	4703	2261	2049	2282
274	Mixed commercial package	50				
281	Fidelity and contract guarantee	51				
282	Credit	52				
283	Suretyship	53				
284	Commercial contingency	54				
Primary (direct) and facultative aviation						
331	Aviation liability	61				
332	Aviation hull	62				
333	Space and satellite	63				

Form 20A
(Sheet 3)

General insurance business : Summary of business carried on

Name of insurer Direct Line Insurance plc

Global business

Financial year ended 31 December 2009

	Company registration number	GL/ UK/ CM	day	month	year	units
R20A	1810801	GL	31	12	2009	£000

Category number	FSA return general insurance business reporting category		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year
				Reported	Incurred but not reported	
			1	2	3	4
Primary (direct) and facultative marine and transport						
341	Marine liability	64				
342	Marine hull	65				
343	Energy (on and off-shore)	66				
344	Protection and indemnity	67				
345	Freight demurrage and defence	68				
346	War risks	69				
347	Yacht	70				
350	Total primary (direct) and facultative goods in transit (equals line 14)	71				
Primary (direct) and facultative miscellaneous						
400	Miscellaneous primary (direct) and facultative business (equals line 15)	72				
Non-proportional treaty						
510	Non-proportional accident and health	81				
520	Non-proportional motor	82				
530	Non-proportional aviation	83				
540	Non-proportional marine	84				
550	Non-proportional transport	85				
560	Non-proportional property	86				
570	Non-proportional liability (non-motor)	87				
580	Non-proportional financial lines	88				
590	Non-proportional aggregate cover	89				
Proportional treaty						
610	Proportional accident and health	91				
620	Proportional motor	92				
630	Proportional aviation	93				
640	Proportional marine	94				
650	Proportional transport	95				
660	Proportional property	96				
670	Proportional liability (non-motor)	97				
680	Proportional financial lines	98				
690	Proportional aggregate cover	99				
Treaty Reinsurance Miscellaneous						
700	Miscellaneous treaty reinsurance accepted business (equals line 18)	101				
	Total (lines 21 to 101)	111	1780993	1377437	483425	841678

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R20	1810801	GL	31	12	2009	£000	001

Items to be shown net of reinsurance			This financial year 1	Previous year 2
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11	1727599	1680184
	Claims incurred (22.17.4)	12	1360964	1155115
	Claims management costs (22.18.4)	13	54622	51017
	Adjustment for discounting (22.52.4)	14		
	Increase in provision for unexpired risks (22.19.4)	15		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16		
	Net operating expenses (22.42.4)	17	330429	313822
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(18416)	160230
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	86115	(2821)
	Claims management costs (22.14.4)	23	27061	30136
	Adjustment for discounting (22.51.4)	24	3346	6621
	Other technical income or charges (particulars to be specified by way of supplementary note)	25		
	Net operating expenses (22.41.4)	26		
	Balance (21-22-23+24+25-26)	29	(109830)	(20695)
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31		
	Other technical income or charges (particulars to be specified by way of supplementary note)	32		
	Total	39		
Balance of all years' underwriting (19+29+39)		49	(128246)	139536
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	(128246)	139536

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative business

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R20	1810801	GL	31	12	2009	£000	002

Items to be shown net of reinsurance			This financial year 1	Previous year 2
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11	1727599	1680184
	Claims incurred (22.17.4)	12	1360964	1155115
	Claims management costs (22.18.4)	13	54622	51017
	Adjustment for discounting (22.52.4)	14		
	Increase in provision for unexpired risks (22.19.4)	15		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16		
	Net operating expenses (22.42.4)	17	330429	313822
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(18416)	160230
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	86115	(2821)
	Claims management costs (22.14.4)	23	27061	30136
	Adjustment for discounting (22.51.4)	24	3346	6621
	Other technical income or charges (particulars to be specified by way of supplementary note)	25		
	Net operating expenses (22.41.4)	26		
	Balance (21-22-23+24+25-26)	29	(109830)	(20695)
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31		
	Other technical income or charges (particulars to be specified by way of supplementary note)	32		
	Total	39		
Balance of all years' underwriting (19+29+39)		49	(128246)	139536
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	(128246)	139536

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative personal lines motor business

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R20	1810801	GL	31	12	2009	£000	120

Items to be shown net of reinsurance			This financial year 1	Previous year 2
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11	1171632	1147972
	Claims incurred (22.17.4)	12	1085121	905686
	Claims management costs (22.18.4)	13	42322	39362
	Adjustment for discounting (22.52.4)	14		
	Increase in provision for unexpired risks (22.19.4)	15		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16		
	Net operating expenses (22.42.4)	17	177701	179099
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(133512)	23824
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	92772	7148
	Claims management costs (22.14.4)	23	21283	22694
	Adjustment for discounting (22.51.4)	24	3346	6621
	Other technical income or charges (particulars to be specified by way of supplementary note)	25		
	Net operating expenses (22.41.4)	26		
	Balance (21-22-23+24+25-26)	29	(110709)	(23221)
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31		
	Other technical income or charges (particulars to be specified by way of supplementary note)	32		
	Total	39		
Balance of all years' underwriting (19+29+39)		49	(244221)	604
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	(244221)	604

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer Direct Line Insurance plc

Global business

Financial year ended 31 December 2009

Primary (direct) and facultative household and domestic all risks

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R20	1810801	GL	31	12	2009	£000	160

Items to be shown net of reinsurance			This financial year 1	Previous year 2
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11	294892	287540
	Claims incurred (22.17.4)	12	183623	165472
	Claims management costs (22.18.4)	13	7760	7346
	Adjustment for discounting (22.52.4)	14		
	Increase in provision for unexpired risks (22.19.4)	15		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16		
	Net operating expenses (22.42.4)	17	63780	58201
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	39729	56521
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	(7168)	(23107)
	Claims management costs (22.14.4)	23	3965	5885
	Adjustment for discounting (22.51.4)	24		
	Other technical income or charges (particulars to be specified by way of supplementary note)	25		
	Net operating expenses (22.41.4)	26		
	Balance (21-22-23+24+25-26)	29	3203	17222
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31		
	Other technical income or charges (particulars to be specified by way of supplementary note)	32		
	Total	39		
Balance of all years' underwriting (19+29+39)		49	42932	73743
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	42932	73743

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer: **Direct Line Insurance plc**

Global business

Financial year ended: **31 December 2009**

Total primary (direct) and facultative personal lines financial loss business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R20	1810801	GL	31	12	2009	£000	180

Items to be shown net of reinsurance			This financial year 1	Previous year 2
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11	234779	225533
	Claims incurred (22.17.4)	12	73873	72192
	Claims management costs (22.18.4)	13	3748	3763
	Adjustment for discounting (22.52.4)	14		
	Increase in provision for unexpired risks (22.19.4)	15		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16		
	Net operating expenses (22.42.4)	17	65459	60318
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	91699	89260
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	538	13708
	Claims management costs (22.14.4)	23	1637	1455
	Adjustment for discounting (22.51.4)	24		
	Other technical income or charges (particulars to be specified by way of supplementary note)	25		
	Net operating expenses (22.41.4)	26		
	Balance (21-22-23+24+25-26)	29	(2175)	(15163)
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31		
	Other technical income or charges (particulars to be specified by way of supplementary note)	32		
	Total	39		
Balance of all years' underwriting (19+29+39)		49	89524	74097
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	89524	74097

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Balance of all primary (direct) and facultative business

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R20	1810801	GL	31	12	2009	£000	409

Items to be shown net of reinsurance			This financial year 1	Previous year 2
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11	26296	19140
	Claims incurred (22.17.4)	12	18347	11765
	Claims management costs (22.18.4)	13	792	546
	Adjustment for discounting (22.52.4)	14		
	Increase in provision for unexpired risks (22.19.4)	15		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16		
	Net operating expenses (22.42.4)	17	23489	16204
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(16332)	(9375)
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	(27)	(570)
	Claims management costs (22.14.4)	23	176	103
	Adjustment for discounting (22.51.4)	24		
	Other technical income or charges (particulars to be specified by way of supplementary note)	25		
	Net operating expenses (22.41.4)	26		
	Balance (21-22-23+24+25-26)	29	(149)	467
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31		
	Other technical income or charges (particulars to be specified by way of supplementary note)	32		
	Total	39		
Balance of all years' underwriting (19+29+39)		49	(16481)	(8908)
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	(16481)	(8908)

Form 21

General insurance business (accident year accounting) : Analysis of premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R21	1810801	GL	31	12	2009	£000	001

			Gross premiums written		Reinsurers' share		Net of reinsurance	
Premiums receivable during the financial year			Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5	
In respect of risks incepted in previous financial years		11						
			Earned In this financial year 1	Unearned at end of this financial year 2	Earned In this financial year 3	Unearned at end of this financial year 4	Earned In this financial year 5	Unearned at end of this financial year 6
In respect of risks incepted in previous financial years		12	(8812)		(276)		(8536)	
In respect of risks incepted in this financial year	For periods of less than 12 months	13	6310	1419	15		6295	1419
	For periods of 12 months	14	932138	840259	14521	20908	917617	819351
	For periods of more than 12 months	15	9679				9679	
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16	820703		18159		802544	
Total (12 to 16)		19	1760018	841678	32419	20908	1727599	820770

Form 21

General insurance business (accident year accounting) : Analysis of premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R21	1810801	GL	31	12	2009	£000	002

Premiums receivable during the financial year		Gross premiums written		Reinsurers' share		Net of reinsurance	
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5	
In respect of risks incepted in previous financial years	11						
		Earned In this financial year 1	Unearned at end of this financial year 2	Earned In this financial year 3	Unearned at end of this financial year 4	Earned In this financial year 5	Unearned at end of this financial year 6
In respect of risks incepted in previous financial years	12	(8812)		(276)		(8536)	
In respect of risks incepted in this financial year — For periods of less than 12 months	13	6310	1419	15		6295	1419
In respect of risks incepted in this financial year — For periods of 12 months	14	932138	840259	14521	20908	917617	819351
In respect of risks incepted in this financial year — For periods of more than 12 months	15	9679				9679	
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year	16	820703		18159		802544	
Total (12 to 16)	19	1760018	841678	32419	20908	1727599	820770

Form 21

General insurance business (accident year accounting) : Analysis of premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative personal lines motor business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R21	1810801	GL	31	12	2009	£000	120

		Gross premiums written		Reinsurers' share		Net of reinsurance	
Premiums receivable during the financial year		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5	
In respect of risks incepted in previous financial years	11						
		Earned In this financial year 1	Unearned at end of this financial year 2	Earned In this financial year 3	Unearned at end of this financial year 4	Earned In this financial year 5	Unearned at end of this financial year 6
In respect of risks incepted in previous financial years	12	(4823)		(59)		(4765)	
In respect of risks incepted in this financial year — For periods of less than 12 months	13						
In respect of risks incepted in this financial year — For periods of 12 months	14	621788	580146	8616	8217	613172	571929
In respect of risks incepted in this financial year — For periods of more than 12 months	15						
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year	16	569064		5840		563225	
Total (12 to 16)	19	1186029	580146	14397	8217	1171632	571929

General insurance business (accident year accounting) : Analysis of premiums

Name of insurer	**Direct Line Insurance plc**
Global business	
Financial year ended	**31 December 2009**

Primary (direct) and facultative household and domestic all risks

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R21	1810801	GL	31	12	2009	£000	160

Premiums receivable during the financial year			Gross premiums written		Reinsurers' share		Net of reinsurance	
			Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5	
In respect of risks incepted in previous financial years		11						
			Earned In this financial year 1	Unearned at end of this financial year 2	Earned In this financial year 3	Unearned at end of this financial year 4	Earned In this financial year 5	Unearned at end of this financial year 6
In respect of risks incepted in previous financial years		12	(3989)		(217)		(3772)	
In respect of risks incepted in this financial year	For periods of less than 12 months	13						
	For periods of 12 months	14	155270	164750	4856	12156	150414	152594
	For periods of more than 12 months	15						
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16	160569		12319		148250	
Total (12 to 16)		19	311850	164750	16958	12156	294892	152594

Form 21

General insurance business (accident year accounting) : Analysis of premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative personal lines financial loss business

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R21	1810801	GL	31	12	2009	£000	180

			Gross premiums written		Reinsurers' share		Net of reinsurance	
Premiums receivable during the financial year			Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5	
In respect of risks incepted in previous financial years		11						
			Earned In this financial year 1	Unearned at end of this financial year 2	Earned In this financial year 3	Unearned at end of this financial year 4	Earned In this financial year 5	Unearned at end of this financial year 6
In respect of risks incepted in previous financial years		12						
In respect of risks incepted in this financial year	For periods of less than 12 months	13	3040	1143			3040	1143
	For periods of 12 months	14	141068	82400	39		141029	82400
	For periods of more than 12 months	15	9679				9679	
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16	81031				81031	
Total (12 to 16)		19	234818	83543	39		234779	83543

Form 21

General insurance business (accident year accounting) : Analysis of premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Balance of all primary (direct) and facultative business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R21	1810801	GL	31	12	2009	£000	409

Premiums receivable during the financial year			Gross premiums written		Reinsurers' share		Net of reinsurance	
			Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5	
In respect of risks incepted in previous financial years		11						
			Earned In this financial year 1	Unearned at end of this financial year 2	Earned In this financial year 3	Unearned at end of this financial year 4	Earned In this financial year 5	Unearned at end of this financial year 6
In respect of risks incepted in previous financial years		12						
In respect of risks incepted in this financial year	For periods of less than 12 months	13	3269	276	15		3254	276
	For periods of 12 months	14	14012	12964	1010	535	13002	12429
	For periods of more than 12 months	15						
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16	10040				10040	
Total (12 to 16)		19	27321	13240	1025	535	26296	12705

Form 22

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R22	1810801	GL	31	12	2009	£000	001

			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2	Amount carried forward to next financial year 3	Amount attributable to this financial year 4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	1533454	528168	1139443	134157
	Reinsurers' share	12	167501	17466	198077	48042
	Net (11-12)	13	1365953	510702	941366	86115
	Claims management costs	14	30854	36692	21223	27061
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		645486	721419	1366905
	Reinsurers' share	16			5941	5941
	Net (15-16)	17		645486	715478	1360964
	Claims management costs	18		44842	9780	54622
Provision for unexpired risks		19				
Net operating expenses	Commissions	21	1789	10714	1951	10552
	Other acquisition expenses	22	70979	124374	60309	135044
	Administrative expenses	23		184833		184833
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	72768	319921	62260	330429
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	45864		79486	33622
	Reinsurers' share	32	39243		69519	30276
	Claims management costs	33				
	Total (31-32+33)	39	6621		9967	3346
Split of line 29	Prior financial years	41				
	This financial year	42	72768	319921	62260	330429
Split of line 39	Incidents occurring prior to this financial year	51	6621		9967	3346
	Incidents occurring in this financial year	52				

Form 22

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative business

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R22	1810801	GL	31	12	2009	£000	002

			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2	Amount carried forward to next financial year 3	Amount attributable to this financial year 4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	1533454	528168	1139443	134157
	Reinsurers' share	12	167501	17466	198077	48042
	Net (11-12)	13	1365953	510702	941366	86115
	Claims management costs	14	30854	36692	21223	27061
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		645486	721419	1366905
	Reinsurers' share	16			5941	5941
	Net (15-16)	17		645486	715478	1360964
	Claims management costs	18		44842	9780	54622
Provision for unexpired risks		19				
Net operating expenses	Commissions	21	1789	10714	1951	10552
	Other acquisition expenses	22	70979	124374	60309	135044
	Administrative expenses	23		184833		184833
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	72768	319921	62260	330429
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	45864		79486	33622
	Reinsurers' share	32	39243		69519	30276
	Claims management costs	33				
	Total (31-32+33)	39	6621		9967	3346
Split of line 29	Prior financial years	41				
	This financial year	42	72768	319921	62260	330429
Split of line 39	Incidents occurring prior to this financial year	51	6621		9967	3346
	Incidents occurring in this financial year	52				

Form 22

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative personal lines motor business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R22	1810801	GL	31	12	2009	£000	120

			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2	Amount carried forward to next financial year 3	Amount attributable to this financial year 4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	1375616	439269	1078497	142150
	Reinsurers' share	12	164872	17672	196578	49378
	Net (11-12)	13	1210744	421597	881919	92772
	Claims management costs	14	29678	30540	20421	21283
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		480834	609656	1090490
	Reinsurers' share	16			5369	5369
	Net (15-16)	17		480834	604287	1085121
	Claims management costs	18		33430	8892	42322
Provision for unexpired risks		19				
Net operating expenses	Commissions	21	1494	6144	1252	6386
	Other acquisition expenses	22	36283	61452	29643	68092
	Administrative expenses	23		103223		103223
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	37777	170819	30895	177701
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	45864		79486	33622
	Reinsurers' share	32	39243		69519	30276
	Claims management costs	33				
	Total (31-32+33)	39	6621		9967	3346
Split of line 29	Prior financial years	41				
	This financial year	42	37777	170819	30895	177701
Split of line 39	Incidents occurring prior to this financial year	51	6621		9967	3346
	Incidents occurring in this financial year	52				

Form 22

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Primary (direct) and facultative household and domestic all risks

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R22	1810801	GL	31	12	2009	£000	160

			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2	Amount carried forward to next financial year 3	Amount attributable to this financial year 4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	109475	61432	39538	(8505)
	Reinsurers' share	12	2629	(207)	1499	(1337)
	Net (11-12)	13	106846	61639	38039	(7168)
	Claims management costs	14	780	4271	474	3965
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		103886	80309	184195
	Reinsurers' share	16			572	572
	Net (15-16)	17		103886	79737	183623
	Claims management costs	18		7223	537	7760
Provision for unexpired risks		19				
Net operating expenses	Commissions	21	287	2132	699	1720
	Other acquisition expenses	22	19030	32241	15869	35402
	Administrative expenses	23		26658		26658
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	19317	61031	16568	63780
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31				
	Reinsurers' share	32				
	Claims management costs	33				
	Total (31-32+33)	39				
Split of line 29	Prior financial years	41				
	This financial year	42	19317	61031	16568	63780
Split of line 39	Incidents occurring prior to this financial year	51				
	Incidents occurring in this financial year	52				

Form 22

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative personal lines financial loss business

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R22	1810801	GL	31	12	2009	£000	180

			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2	Amount carried forward to next financial year 3	Amount attributable to this financial year 4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	42856	24587	18807	538
	Reinsurers' share	12				
	Net (11-12)	13	42856	24587	18807	538
	Claims management costs	14	316	1681	272	1637
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		52538	21335	73873
	Reinsurers' share	16				
	Net (15-16)	17		52538	21335	73873
	Claims management costs	18		3617	131	3748
Provision for unexpired risks		19				
Net operating expenses	Commissions	21	8	2342		2350
	Other acquisition expenses	22	6681	15237	7695	14223
	Administrative expenses	23		48886		48886
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	6689	66465	7695	65459
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31				
	Reinsurers' share	32				
	Claims management costs	33				
	Total (31-32+33)	39				
Split of line 29	Prior financial years	41				
	This financial year	42	6689	66465	7695	65459
Split of line 39	Incidents occurring prior to this financial year	51				
	Incidents occurring in this financial year	52				

Form 22

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Balance of all primary (direct) and facultative business

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R22	1810801	GL	31	12	2009	£000	409

			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2	Amount carried forward to next financial year 3	Amount attributable to this financial year 4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	5507	2880	2601	(26)
	Reinsurers' share	12		1		1
	Net (11-12)	13	5507	2879	2601	(27)
	Claims management costs	14	81	200	57	176
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		8228	10119	18347
	Reinsurers' share	16				
	Net (15-16)	17		8228	10119	18347
	Claims management costs	18		572	220	792
Provision for unexpired risks		19				
Net operating expenses	Commissions	21		96		96
	Other acquisition expenses	22	8985	15444	7102	17327
	Administrative expenses	23		6066		6066
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	8985	21606	7102	23489
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31				
	Reinsurers' share	32				
	Claims management costs	33				
	Total (31-32+33)	39				
Split of line 29	Prior financial years	41				
	This financial year	42	8985	21606	7102	23489
Split of line 39	Incidents occurring prior to this financial year	51				
	Incidents occurring in this financial year	52				

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R23	1810801	GL	31	12	2009	£000	001

Accident year ended Month	Year		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward: Reported (net)	Claims outstanding carried forward: Incurred but not reported (net)	Claims outstanding brought forward: Reported (net)	Claims outstanding brought forward: Incurred but not reported (net)	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2009	11				645486	445191	270287			1360964		1727599		78.8
12	2008	12	602470	552647		277860	242087	80024	388077	164570	47324		1680183	8.6	71.6
12	2007	13	475518	619687	309901	85173	200225	51390	257256	44852	34680		1434189	4.4	78.2
12	2006	14	482882	436039	224176	52916	126435	25403	149175	43838	11741	3992	1325157	(1.6)	68.8
12	2005	15	492608	437076	247291	39458	80732	13858	116346	21624	(3922)		1350925	(12.8)	64.7
12	2004	16	382004	373709	271442	30466	37565	4354	67150	11358	(6123)	2769	1168020	(8.0)	62.1
12	2003	17	356036	294026	208433	13501	29759	6933	41063	8074	1056	3171	972182	(12.0)	63.2
12	2002	18	310528	252290	182487	4941	11547	2753	16563	2112	566		802328	(20.0)	63.8
12	2001	19	259670	255054	172518	1873	9549	1407	8743	2365	1721	36	704521	(27.3)	63.2
12	2000	20	292930	244053	189175	2405	3663	218	5983	607	(304)		679972	(19.9)	71.8
Prior accident years		21				2109	12282	1182	13664	2533	(624)				
Reconciliation		22													
Total (11 to 22)		29				1156188	1199035	457809	1064020	301933	1447079	9968			

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative business

	Company registration number	GL/UK/CM	day month year			Units	Category number
R23	1810801	GL	31	12	2009	£000	002

Accident year ended Month	Year		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward Reported (net)	Claims outstanding carried forward Incurred but not reported (net)	Claims outstanding brought forward Reported (net)	Claims outstanding brought forward Incurred but not reported (net)	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2009	11				645486	445191	270287			1360964		1727599		78.8
12	2008	12	602470	552647		277860	242087	80024	388077	164570	47324		1680183	8.6	71.6
12	2007	13	475518	619687	309901	85173	200225	51390	257256	44852	34680		1434189	4.4	78.2
12	2006	14	482882	436039	224176	52916	126435	25403	149175	43838	11741	3992	1325157	(1.6)	68.8
12	2005	15	492608	437076	247291	39458	80732	13858	116346	21624	(3922)		1350925	(12.8)	64.7
12	2004	16	382004	373709	271442	30466	37565	4354	67150	11358	(6123)	2769	1168020	(8.0)	62.1
12	2003	17	356036	294026	208433	13501	29759	6933	41063	8074	1056	3171	972182	(12.0)	63.2
12	2002	18	310528	252290	182487	4941	11547	2753	16563	2112	566		802328	(20.0)	63.8
12	2001	19	259670	255054	172518	1873	9549	1407	8743	2365	1721	36	704521	(27.3)	63.2
12	2000	20	292930	244053	189175	2405	3663	218	5983	607	(304)		679972	(19.9)	71.8
Prior accident years		21				2109	12282	1182	13664	2533	(624)				
Reconciliation		22													
Total (11 to 22)		29				1156188	1199035	457809	1064020	301933	1447079	9968			

Form 23

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative personal lines motor business

	Company registration number	GL/ UK/ CM	day month year			Units	Category number
R23	1810801	GL	31	12	2009	£000	120

Accident year ended Month	Year		Claims paid (net) during the accident year 1	Claims outstanding (net) as at end of the accident year 2	Total claims paid (net) since the end of the accident year, but prior to this financial year 3	Claims paid (net) during this financial year 4	Claims outstanding carried forward: Reported (net) 5	Claims outstanding carried forward: Incurred but not reported (net) 6	Claims outstanding brought forward: Reported (net) 7	Claims outstanding brought forward: Incurred but not reported (net) 8	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8) 9	Deduction for discounting from claims outstanding carried forward (net) 10	Earned premiums (net) 11	Deterioration/ (surplus) of original claims reserve % 12	Claims ratio % 13
12	2009	11				480834	372763	231524			1085121		1171632		92.6
12	2008	12	448021	457666		213672	227014	72244	324194	133472	55264		1147972	12.1	83.7
12	2007	13	336329	485687	212943	70921	191259	45886	238139	39149	30778		981667	7.3	87.3
12	2006	14	367946	359669	164686	47047	119707	21549	138761	38489	11053	3992	902952	(1.9)	79.8
12	2005	15	362733	367912	188405	36884	77348	12150	110168	19637	(3423)		927595	(14.4)	73.0
12	2004	16	289941	321150	217408	29160	36153	3337	65092	9616	(6058)	2769	799491	(10.9)	72.0
12	2003	17	271811	244264	163228	13153	28795	5428	39331	5993	2052	3171	685475	(13.8)	70.4
12	2002	18	229358	201464	151392	4724	11011	2592	15801	1757	769		566247	(15.8)	70.5
12	2001	19	192455	205002	142496	1779	9434	1314	8509	1861	2157	36	473490	(24.4)	73.4
12	2000	20	214979	189523	145810	2411	3555	228	5659	388	147		426895	(19.8)	86.0
Prior accident years		21				1846	11829	1085	12946	1781	33				
Reconciliation		22													
Total (11 to 22)		29				902431	1088868	397337	958600	252143	1177893	9968			

Form 23

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Primary (direct) and facultative household and domestic all risks

	Company registration number	GL/UK/CM	day month year			Units	Category number
R23	1810801	GL	31	12	2009	£000	160

Accident year ended Month	Year		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward: Reported (net)	Claims outstanding carried forward: Incurred but not reported (net)	Claims outstanding brought forward: Reported (net)	Claims outstanding brought forward: Incurred but not reported (net)	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2009	11				103886	53757	25980			183623		294892		62.3
12	2008	12	98044	67429		45408	8705	4276	48442	18987	(9040)		287540	(13.4)	54.4
12	2007	13	93126	115525	77496	10254	5086	4917	12649	3949	3659		236350	(15.4)	80.8
12	2006	14	73658	56242	39456	3372	3736	3324	6165	4429	(162)		221234	(11.3)	55.8
12	2005	15	88902	53955	42601	1505	1822	1612	3306	1622	11		219213	(11.9)	62.2
12	2004	16	59923	41471	39808	493	628	952	766	1004	303		191982	1.0	53.0
12	2003	17	55594	34929	33032	193	517	1488	1059	1683	(544)		149539	0.9	60.7
12	2002	18	46572	29141	20247	169	293	104	437	303	(174)		105821	(28.6)	63.7
12	2001	19	36094	22908	16884	71	42	36	50	438	(339)		98497	(25.6)	53.9
12	2000	20	53425	31860	29631	(38)	43	(28)	64	181	(268)		123074	(7.1)	67.5
Prior accident years		21				212	405	82	589	724	(614)				
Reconciliation		22													
Total (11 to 22)		29				165525	75034	42743	73527	33320	176455				

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Total primary (direct) and facultative personal lines financial loss business

	Company registration number	GL/UK/CM	day month year			Units	Category number
R23	1810801	GL	31	12	2009	£000	180

Accident year ended Month	Accident year ended Year		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward: Reported (net)	Claims outstanding carried forward: Incurred but not reported (net)	Claims outstanding brought forward: Reported (net)	Claims outstanding brought forward: Incurred but not reported (net)	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2009	**11**				52538	12307	9028			73873		234779		31.5
12	2008	**12**	49905	22288		15996	5440	2313	12141	10147	1461		225532	6.6	32.7
12	2007	**13**	41020	16319	17805	3934	3862	578	6398	1754	222		201979	60.4	33.3
12	2006	**14**	36773	18320	18587	2470	2769	423	4189	920	553		187038	32.4	32.6
12	2005	**15**	35844	13184	15356	1060	1532	81	2832	365	(524)		190378	36.8	28.3
12	2004	**16**	28037	9873	13123	809	756	52	1236	738	(357)		165378	49.3	25.9
12	2003	**17**	24685	13684	11261	156	438	13	664	398	(455)		129003	(13.3)	28.3
12	2002	**18**	30854	19344	9805	92	242	56	374	52	(36)		121471	(47.3)	33.8
12	2001	**19**	27490	25290	12341	16	63	52	174	66	(109)		122954	(50.7)	32.5
12	2000	**20**	19588	20455	12303	32	65	18	245	38	(168)		116870	(39.3)	27.4
Prior accident years		**21**				22	42	12	97	28	(49)				
Reconciliation		**22**													
Total (11 to 22)		**29**				77125	27516	12626	28350	14506	74411				

Form 23

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Balance of all primary (direct) and facultative business

	Company registration number	GL/UK/CM	day month year			Units	Category number
R23	1810801	GL	31	12	2009	£000	409

Accident year ended Month	Year		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward Reported (net)	Claims outstanding carried forward Incurred but not reported (net)	Claims outstanding brought forward Reported (net)	Claims outstanding brought forward Incurred but not reported (net)	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2009	11				8228	6364	3755			18347		26296		69.8
12	2008	12	6500	5264		2784	928	1191	3300	1964	(361)		19140	(6.9)	59.6
12	2007	13	5043	2156	1657	64	18	9	70		21		14193	(18.9)	47.9
12	2006	14	4505	1809	1447	27	223	107	60		297		13933	(0.3)	45.3
12	2005	15	5129	2025	928	9	30	15	40		14		13739	(51.5)	44.5
12	2004	16	4103	1215	1102	4	28	13	56		(11)		11169	(5.6)	47.0
12	2003	17	3946	1149	911	(1)	9	4	9		3		8165	(19.7)	59.6
12	2002	18	3744	2341	1042	(44)	1	1	(49)		7		8789	(57.3)	54.0
12	2001	19	3631	1854	797	7	10	5	10		12		9580	(55.8)	46.5
12	2000	20	4938	2215	1431				15		(15)		13133	(35.4)	48.5
Prior accident years		21				29	6	3	32		6				
Reconciliation		22													
Total (11 to 22)		29				11107	7617	5103	3543	1964	18320				

Form 31

General insurance business (accident year accounting) : Analysis of gross claims and premiums by risk category for direct insurance and facultative reinsurance

Name of insurer **Direct Line Insurance plc**

Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**

Financial year ended **31 December 2009**

Primary (direct) and facultative household and domestic all risks

	Company registration number	GL/UK/CM	day	month	year	Monetary units	Category number	Currency code	Reporting territory code
R31	1810801	GL	31	12	2009	000	160	GBP	AA

Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			1	2	3	4	5	6	7	8	9	10	11
12	2009	11	77599	44447		103886	53757	26552			184195	311850	59.1
12	2008	12	108553	15650	98044	45408	8705	4592	48442	19482	(9219)	303894	51.6
12	2007	13	133292	14295	211936	10254	5086	5163	12649	4483	3371	293613	79.2
12	2006	14	135194	13525	145402	3333	3736	3360	6165	4694	(430)	293045	53.2
12	2005	15	153533	13563	167101	1505	1822	1641	3306	1863	(201)	289055	59.5
12	2004	16	146112	13846	142577	430	643	953	796	1062	168	283405	51.0
12	2003	17	144673	13175	147145	208	704	1488	1197	1739	(536)	257926	58.0
12	2002	18	172013	12010	149338	(27)	369	104	560	317	(431)	234180	64.0
12	2001	19	141892	13712	121635	80	52	36	111	430	(373)	216854	56.2
12	2000	20	190888	1643	160113	(64)	54	(28)	85	172	(295)	242916	65.9
Prior accident years		21		259		304	976	82	1238	685	(561)		
Total (11 to 21)		29		156125		165317	75904	43943	74549	34927	175688		
Line 29 expressed in sterling		30				165317	75904	43943	74549	34927	175688		

Form 31

General insurance business (accident year accounting) : Analysis of gross claims and premiums by risk category for direct insurance and facultative reinsurance

Name of insurer **Direct Line Insurance plc**

Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**

Financial year ended **31 December 2009**

Assistance

	Company registration number	GL/ UK/ CM	day	month	year	Monetary units	Category number	Currency code	Reporting territory code
R31	1810801	GL	31	12	2009	000	181	GBP	AA

Accident year ended Month	Accident year ended Year		Number of claims: Closed at some cost during this or previous financial years	Number of claims: Reported claims outstanding	Gross claims paid: In previous financial years	Gross claims paid: In this financial year	Gross claims outstanding carried forward: Reported	Gross claims outstanding carried forward: Incurred but not reported	Gross claims outstanding brought forward: Reported	Gross claims outstanding brought forward: Incurred but not reported	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11
12	2009	11	316156	42167		23016	2296	1449			26761	89112	30.0
12	2008	12	47480	21336	21889	1775	543	206	2653	175	(304)	90399	27.0
12	2007	13	38149	18854	26250	371	623	20	1294		(280)	91036	29.9
12	2006	14	41302	17930	27072	7	572	3	589		(7)	89950	30.7
12	2005	15	33991	14116	26759		366	2	366		2	86210	31.5
12	2004	16	21756	6323	25831		236	1	236		1	81574	32.0
12	2003	17	2113	655	25483		135	1	135		1	74930	34.2
12	2002	18			27415		13		13			67028	40.9
12	2001	19	2	31	20258		3	2	3		2	47889	42.3
12	2000	20			13282							30004	44.3
Prior accident years		21											
Total (11 to 21)		29		121412		25169	4787	1684	5289	175	26176		
Line 29 expressed in sterling		30				25169	4787	1684	5289	175	26176		

General insurance business (accident year accounting) : Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance

Name of insurer **Direct Line Insurance plc**

Currency **British Pound**

Global business

Reporting Territory **United Kingdom other than home foreign**

Financial year ended **31 December 2009**

Private motor - comprehensive

	Company registration number	GL/UK/CM	day	month	year	Monetary units	Category number	Currency code	Reporting territory code
R32	1810801	GL	31	12	2009	000	121	GBP	AA

Accident year ended			Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year	Gross earned premiums	Claims ratio %	Vehicle years (000's)	Claims frequency %
Month	Year		Closed at some cost during this or previous years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported	(4+5+6-7-8)				
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2009	11	354022	148741		463245	345197	207431			1015873	1113609	91.2	3142	16.0
12	2008	12	456589	22554	427460	189163	206252	61780	294462	123662	39071	1071314	82.6	2922	16.4
12	2007	13	501569	9340	636223	60254	169958	40737	207788	36802	26359	1037688	87.4	2970	17.2
12	2006	14	519525	4004	650748	39838	143691	13581	118178	35857	43075	1036309	81.8	3023	17.3
12	2005	15	510989	1490	661357	31048	74892	10218	101794	17084	(2720)	1059620	73.4	3034	16.9
12	2004	16	527576	671	679847	27570	46318	3325	77682	7484	(7953)	1041746	72.7	3013	17.5
12	2003	17	545561	507	686875	8419	43775	4593	30294	5223	21270	1029826	72.2	3016	18.1
12	2002	18	547729	313	739289	6369	8427	2295	16750	1260	(919)	1019072	74.2	3039	18.0
12	2001	19	480480	169	609354	4161	31648	1184	19043	1690	16260	850730	76.0	2683	17.9
12	2000	20	476665	98	631873	775	4049	136	6696	97	(1833)	730350	87.2	2645	18.0
Prior accident years		21		72		2009	19120	597	21692	783	(749)				
Total (11 to 21)		29		187959		832851	1093327	345877	894379	229942	1147734				
Line 29 expressed in sterling		30				832851	1093327	345877	894379	229942	1147734				

Form 32

General insurance business (accident year accounting) : Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Private motor - non-comprehensive

Currency **British Pound**

Reporting Territory **United Kingdom other than home foreign**

	Company registration number	GL/UK/CM	day	month	year	Monetary units	Category number	Currency code	Reporting territory code
R32	1810801	GL	31	12	2009	000	122	GBP	AA

Accident year ended Month	Accident year ended Year		Number of claims: Closed at some cost during this or previous years 1	Number of claims: Reported claims outstanding 2	Gross claims paid: In previous financial years 3	Gross claims paid: In this financial year 4	Gross claims outstanding carried forward: Reported 5	Gross claims outstanding carried forward: Incurred but not reported 6	Gross claims outstanding brought forward: Reported 7	Gross claims outstanding brought forward: Incurred but not reported 8	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8) 9	Gross earned premiums 10	Claims ratio % 11	Vehicle years (000's) 12	Claims frequency % 13
12	2009	11	4884	5970		17589	27604	29424			74617	72420	103.0	162	6.7
12	2008	12	12372	2156	20561	24509	27208	15501	35550	17243	14425	93596	93.8	254	5.7
12	2007	13	17781	1156	51538	10667	32651	12094	38349	10363	6700	141312	75.7	330	5.7
12	2006	14	20590	486	60976	11703	30770	11265	61672	6600	(14534)	119085	96.3	374	5.6
12	2005	15	22806	192	60764	5835	8160	4062	13743	6167	(1853)	125482	62.8	357	6.4
12	2004	16	26256	85	69612	7251	9422	1152	15191	3005	(371)	124592	70.2	378	7.0
12	2003	17	27927	79	69578	5799	17714	1014	18400	1624	4503	129706	72.6	383	7.3
12	2002	18	31724	42	90374	594	6334	424	7278	712	(638)	128351	76.1	388	8.2
12	2001	19	29253	33	83713	474	685	138	1109	62	126	107149	79.3	364	8.0
12	2000	20	28428	12	67929	1914	1512	91	3869	156	(508)	91987	77.7	341	8.3
Prior accident years		21		32		918	11012	713	9775	427	2441				
Total (11 to 21)		29		10243		87253	173072	75878	204936	46359	84908				
Line 29 expressed in sterling		30				87253	173072	75878	204936	46359	84908				

Form 37

Equalisation provisions

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R37	1810801	GL	31	12	2009	£000

Calculation of the maximum provision		Business grouping A (property) 1	Business grouping B (business interruption) 2	Business grouping C (marine and aviation) 3	Business grouping D (nuclear) 4	Business grouping E (non-proportional treaty) 5	All business groupings 6	Credit insurance business 7
Total net premiums written in the previous 4 years	11	1002510	148					
Net premiums written in the current year	12	309799	207					
Maximum provision	13	52492	14				52507	

Calculation of the transfer to/from the provision

		1	2	3	4	5	6	7
Equalisation provision brought forward	21						20717	
Transfers in	22	9294	6				9300	
Total abnormal loss	23		391					
Provisional transfers out	24		14				14	
Excess of provisional transfer out over fund available	25							
Provisional amount carried forward (21+22-24+25)	26						30002	
Excess, if any, of 26 over 13	27							
Equalisation provision carried forward (26-27)	28						30002	
Transfer in/(out) for financial year (28-21)	29						9286	

Form 38

Equalisation provisions technical account : Accident year accounting

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/UK/CM	day month year	Units
R38	1810801	GL	31 12 2009	£000

Other than credit business		Business grouping A (property) 1	Business grouping B (business interruption) 2	Business grouping C (marine and aviation) 3	Business grouping D (nuclear) 4	Business grouping E (non-proportional treaty) 5
Net premiums earned	11	303529	184			
Claims incurred net of reinsurance	12	183430	524			
Trigger claims value	13	220059	133			
Abnormal loss	19		391			
Trigger claims ratio		72.5%	72.5%	95%	25%	100%

Credit business

Net premiums earned	21	
Claims incurred net of reinsurance	22	
Claims management costs	23	
Net operating expenditure	24	
Technical surplus/ (deficit) (21-22-23-24)	29	

Supplementary notes to the Return

Name of Company	**Direct Line Insurance plc**
Global Business	
Financial year ended	**31 December 2009**

0101 Modification to the Return

This return has been prepared in accordance with the Accounts and Statements Rules as modified by the following written concession:

Rule INSPRU 2.1.22R is amended by the addition of the following new subparagraph (7): "(7) For the purpose of this rule, a group of persons is not closely related by reason of the relationship described in INSPRU 2.1.40R(1) if control is exercised by, or on behalf of, HM Treasury."

This direction is given by the FSA under section 148 of the Financial Services and Markets Act 2000 ("the Act"). The direction takes effect from 16 June 2009 and ends on 31 March 2012.

0301 Reconciliation of Net Admissible Assets to Available Capital Resources

	2009 £000s	2008 £000s
Form 13 line 89	3,622,555	3,223,645
Form 15 line 69	(2,875,256)	(2,575,361)
Net admissible assets	747,299	648,284
Class 1 adjustment for discounting (form 22 line 39)	-	6,621
Form 3 line 79	747,299	654,905

0310 Net Valuation Differences

The following net valuation differences have been included in form 3 to the return:

	2009 £000s	2008 £000s
Line 35 - other negative valuation differences	30,002	20,717

The other negative valuation differences represent a claims equalisation reserve of £30,002,000 which has been included in the Company's financial statements as Other Reserves.

0313 Reconciliation of Movement in Net Profit to Retained Profit for the Year

	2009 £000s
Form 3 col 3 Line12 (Reserves c/f)	641,488
Form 3 col 4 Line 12 (Reserves b/f)	(521,054)
Movement on Reserves	120,434
Movement On Claims equalisation reserve.	(9,286)
Form 16 Line 59 Profit and Loss retained.	111,148

1104 Discounting.

Provisions for claims outstanding at Form 11 line 51 are shown net of discounting for Class 1 business.

1301 Aggregate Value of Unlisted Investments and Other Securities

As at 31 December 2009 the Company held the following investments:

	2009 £000s
Unlisted equity holding (Form 13 line 41)	480
Holdings in collective investment schemes (Form 13 line 43)	129,128
	129,608

1305 Maximum Counterparty Limits

The Company's investment guideline regarding counterparty exposures is that the maximum exposure to any one approved counterparty, is continually reviewed and set as appropriate.

Supplementary notes to the Return

Name of Company — **Direct Line Insurance plc**
Global Business
Financial year ended — **31 December 2009**

1306 Exposure To Large Counterparties

The Company had the following exposure to large counterparties at the year end:

	2009 £000s
Banco Santander SA	106,972
Lloyds Banking Group (Long term deposits and bonds)	107,037
RBS Group (Bonds, long term and short term deposits)	277,511

1315 Other Assets

	2009 £000s
Current Tax Asset	29,153
Form 13 line 83	29,153

1501 Provision For Reasonably Foreseeable Adverse Variations

No provision is required in respect of foreseeable adverse variations. The Company has no derivatives contracts and all obligations to deliver an asset or make a payment were felt to be prudently provided in the accounts.

1502 Other Than Long Term Business Assets/Liabilities

a) No charge has been made on the assets of the Company to secure the liabilities of any other person
b) There is no potential capital gains tax liability
c) There are no guarantees, indemnities or other contractual commitments, effected other than in the ordinary course of insurance business, in respect of related companies
d) There are no other contingent liabilities
e) There are no fundamental uncertainties

1507 Other Adjustments to Liabilities

An amount of £30,002,000 has been included in Form 15 line 83 in respect of claims equalisation reserves. The claims equalisation reserve is regarded as part of Capital and Reserves in Form 15 line 84. If the adjustment had not been made in Form 15 Line 83 then the equalisation reserves would be double-counted as they are also shown in Form 15 Lines 14/15.

1601 Basis Of Conversion

Assets and liabilities denominated in foreign currencies are included within the return at exchange rates ruling at the end of the accounting period. Items of income and expenditure denominated in foreign currencies are included within the return at exchange rates ruling at the end of the month in which the income or expenditure arose.

1603 Other Income And Charges

	2009 £000s	2008 £000s
Loss on sale of property	(741)	-
Interest received on settled court cases.	-	350
Foreign exchange gains/(losses)	-	205
	(741)	555

1700 Derivative Contracts

No Form 17 has been presented as the Company did not enter into any derivative contracts during the year, and no such contract was outstanding at year end.

Supplementary notes to the Return

Name of Company **Direct Line Insurance plc**
Global Business
Financial year ended **31 December 2009**

20Ab Risk categories

The following risk categories include contracts of insurance against risk of death of or injury to passengers:

121 - Private motor comprehensive
122 - Private motor non comprehensive
113 - Travel

20Ae Facultative Business.

There is no facultative reinsurance business included.

20Af Balances Reported Under Category 113

All the balances reported under Category 113 relate to category 1 Accident and Health under IPRU(INS) Annex 11.2 Part ii.

20Ag Gross Premiums Written Attributable to Overseas Countries

All gross premiums written are attributable to the UK.

2007 Particulars Of Material Connected Party Transactions

The Company has entered into banking arrangements with The Royal Bank of Scotland Group plc. The exposure to the Royal Bank of Scotland plc is detailed in Note 1306. Additionally the Company has purchased UK treasury bonds also detailed in Note 1306.

A fellow subsidiary, RBS Insurance Services Limited (RBSIS), provides staff/administration services to the Company. During the course of 2009, an amount of £352,300,000 was recharged to the Company by RBSIS. At 31 December 2009, the Company owed an amount of £34,300,000 to RBSIS in respect of these services.

2102 Provision For Unearned Premium

The provision for unearned premiums accounted on an accident year basis is calculated on a daily or 24ths basis, depending on the type of business written. This method is employed as being the most accurate possible given the Company's data and existing systems.

2202 Claims Management Expenses

The costs of administering claims are specifically identified within the Company's costing system and these, together with the appropriate share of support costs, make up the claims handling costs stated in the Return. Claims handling expenses are carried forward based on an estimate of the likely costs to be incurred in settling all outstanding claims.

2204 Acquisition Costs

The costs of acquiring business are specifically identified within the Company's costing system and these, together with the appropriate share of support costs, make up the non commission acquisition costs stated in the Return. Such acquisition costs are carried forward as a percentage of unearned premiums, derived as the ratio of non commission acquisition costs incurred to gross premiums written.

2205 Unexpired Risk Reserve

In setting an unexpired risk reserve the Company offsets surpluses in one class of business against deficits in other classes within the same business segment on the grounds that all business classes within each business segment are managed together. In setting the reserve investment income is taken into consideration. No provision is required at 31 December 2009.

Supplementary notes to the Return

Name of Company **Direct Line Insurance plc**
Global Business
Financial year ended **31 December 2009**

3000 Expected Income and Yield from Admissible Assets Covering Discounted Provisions

Form 30 has been omitted as in the case of Sheet 2, the provision for claims outstanding being discounted (before deduction for discounting) does not exceed 25% of the total provision for claims outstanding (before deduction for discounting). Additionally for Sheet 1, there is no requirement, as those currencies for which the provisions for claims outstanding being discounted, (before deduction for discounting) do not exceed 25% of the total provision for that currency for claims outstanding (before deduction for discounting).

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers
Statement in accordance with Rule 9.25 – Additional information on general business: Major Treaty Reinsurers

Name of Company **Direct Line Insurance plc**
Global Business
Financial year ended **31 December 2009**

Reinsurer details As required by Rule 9.25:	Connection	Proportional Reinsurance Treaties £000	Non Proportional Reinsurance Treaties £000	Debts outstanding included at F13L75 £000	Deposits received included at F15L31 £000	Anticipated recoveries £000
Caisse Centrale de Reassurance 31 Rue de Courcelles 75008 Paris France	none	-	571	75	-	4,818
General Reinsurance UK Limited The Corn Exchange 55 Mark Lane London, England	none	-	2,154	232	-	-
Headrow Reinsurance Ltd Post Office Box 33 Maison Trinity Trinity Square St Peter Port Guernsey GY1 4AT	Wholly owned subsidiary of RBS Group, the Company's ultimate parent. Proportional Treaty commuted as at 30/09/07	-	10,600	2,765	-	13,390
Lloyd's of London One Lime Street London EC3M 7HA	none	-	2,816	636	-	70
Munich Reinsurance Company Koniginstrasse 107 80802 Munchen Germany	none	-	4,290	3,251	-	35,175
Swiss Re Germany 30 St Mary Ave London EC3A 8EP	none	-	2,255	803	-	35,500
XL Re Limited XL House One Bermudiana Road PO Box HM 1066 Hamilton, HM 11 Bermuda	none	-	367	41	-	5,717

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers
Statement in accordance with Rule 9.26 – Additional information on general business: Major Facultative Reinsurers

Name of Company **Direct Line Insurance plc**
Global Business
Financial year ended **31 December 2009**

Reinsurer details	Connection	Reinsurance premiums payable	Debts outstanding included at F13L75	Deposits received included at F15L31	Anticipated recoveries	Comments
		£000	£000	£000	£000	
The company has no major facultative reinsurers.						

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers
Statement in accordance with Rule 9.27 – Information on Major General Business Reinsurance Cedants

Name of Company **Direct Line Insurance plc**
Global Business
Financial year ended **31 December 2009**

Cedant details **As required by Rule 9.27:**	Connection	Reinsurance premiums payable	Debts outstanding included at F13L75	Deposits received included at F15L31	Anticipated recoveries	Comments
		£000	£000	£000	£000	
The company has no major cedants						

Statement in accordance with Rule 9.32 – Additional information on Non-Facultative Reinsurance Arrangements

Name of Company **Direct Line Insurance plc**
Global Business
Financial year ended **31 December 2009**

Description of Cover	Period Covered	Limits	Reinstatements	Remarks	Risk Group
Motor Programme Excess of Loss					
1st Layer	Risks attaching in 12 months at 1 January 2009	£5,000,000 xs £5,000,000	Unlimited Free	Full indexation clause applies to bodily injury claims	Motor Liability class
2nd Layer	Risks attaching in 12 months at 1 January 2009	£15,000,000 xs £10,000,000	Unlimited Free	Full indexation clause applies to bodily injury claims	Motor Liability class
3rd Layer	Risks attaching in 12 months at 1 January 2009	Unlimited xs £25,000,000	Unlimited Free	Full indexation clause applies to bodily injury claims	Motor Liability class
4th Layer	Risks attaching in 12 months at 1 January 2009	£75,000,000 xs £25,000,000	Unlimited Free	Full indexation clause applies to bodily injury claims	Motor Liability class
5th Layer	Risks attaching in 12 months at 1 January 2009	Unlimited xs £100,000,000	Unlimited Free	Full indexation clause applies to bodily injury claims	Motor Liability class

Description of Cover	Period Covered	Limits	Reinstatements	Remarks	Risk Group
Liability Programme Excess of Loss	RBS Group Cover				
1st Layer	Losses occurring during 12 months at 1 January 2009	£4,000,000 xs £1,000,000	2 Free, except EL which are unlimited	Group cover protecting DL / UKI / CIC / NIG	EL/ PL/ Pet Liability/ Travel Liability
2nd Layer	Losses occurring during 12 months at 1 January 2009	£5,000,000 xs £5,000,000	2 Free, except EL which are unlimited	Group cover protecting DL / UKI / CIC / NIG	EL/PL/ Pet Liability/ Travel Liability
3rd Layer	Losses occurring during 12 months at 1 January 2009	£15,000,000 xs £10,000,000	One Free	Group cover protecting DL / UKI / CIC / NIG	EL/PL/ Pet Liability/ Travel Liability

Description of Cover	Period Covered	Limits	Reinstatements	Remarks	Risk Group
Travel Programme Excess of Loss	RBS Group Cover				
1st Layer	Losses occurring during 12 months at 1st January 2009	£8,000,000 xs £2,000,000	1 at 100% AP	Group cover protecting DL / UKI / CIC / NIG	Accident / Travel
2nd Layer	Losses occurring during 12 months at 1st January 2009	£10,000,000 xs £10,000,000	1 at 100% AP	Group cover protecting DL / UKI / CIC / NIG	Accident / Travel

Statement in accordance with Rule 9.32 – Additional information on Non-Facultative Reinsurance Arrangements

Name of Company	**Direct Line Insurance plc**
Global Business	
Financial year ended	**31 December 2009**

Property Catastrophe Programme Excess of Loss	From 1/10/2008	**Limits**	**Reinstatements**	**Remarks**	**Risk Groups**
1st Layer	12 months at 1 October 2008	£200,000,000 xs £220,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
2nd Layer	12 months at 1 October 2008	£265,000,000 xs £420,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
3rd Layer	12 months at 1 October 2008	£265,000,000 xs £685,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
4th Layer - Umbrella	12 months at 1 October 2008	£150,000,000 xs £950,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
5th Layer - Umbrella	12 months at 1 October 2008	£25,000,000 xs £1,100,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
6th Layer - Umbrella	12 months at 1 October 2008	£200,000,000 xs £1,125,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses

Property Catastrophe Programme Excess of Loss	From 01/10/2009				
1st Layer	Losses occurring 12 months at 1 October 2009	£180,000,000 xs £220,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
2nd Layer	Losses occurring 12 months at 1 October 2009	£250,000,000 xs £400,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
3rd Layer	Losses occurring 12 months at 1 October 2009	£250,000,000 xs £650,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
4th Layer	Losses occurring 12 months at 1 October 2009	£100,000,000 xs £900,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
5th Layer	Losses occurring 12 months at 1 October 2009	£250,000,000 xs £1,000,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
6th Layer	Losses occurring 12 months at 1 October 2009	£50,000,000 xs £1,250,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
7th Layer	Losses occurring 12 months at 1 October 2009	£25,000,000 xs £1,300,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
8th Layer	Losses occurring 12 months at 1 October 2009	£200,000,000 xs £220,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
9th Layer	Losses occurring 12 months at 1 October 2009	£265,000,000 xs £420,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
10th Layer	Losses occurring 12 months at 1 October 2009	£265,000,000 xs £685,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers
Statement in accordance with rule 9.32 - Additional information on Non-Facultative Reinsurance Arrangements

Name of Company **Direct Line Insurance plc**
Global Business
Financial year end **31 December 2009**

Summary of reinsurers' share of gross premiums

Accounting Class	Facultative reinsurance ceded	Non facultative reinsurance ceded	Total ceded
	£000	£000	£000
120	-	16,775	16,775
160	-	16,795	16,795
180	-	39	39
409	-	1,561	1,561
Total	0	35,170	35,170

Summary of maximum probable losses per risk group, net of reinsurance, for any one incident or series of incidents arising from the same originating cause from:

	Any one contract of insurance	All such contracts taken together
	£000	£000
Motor	5,000	5,000
Home / householders (RMS1 in 175 year return period for Windstorm and Coastal Inundation combined. RBSI excluding TPF combined policy - includes Reinstatement premium)	293,400	293,400
Pet Liability	1,000	1,000
Travel incl Liability	2,000	2,000
Home Liability	1,000	1,000

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers
Statement in accordance with rule 9.32A - Additional information on Financial Reinsurance and Financing arrangements: general insurers.

Name of Company	**Direct Line Insurance plc**
Global Business	
Financial year end	**31 December 2009**

Direct Line Insurance plc has no financial reinsurance agreements or similar financing arrangements in respect of ceded business.

All major reinsurance arrangements are controlled centrally within RBS Insurance in accordance with the Reinsurance Policy approved by the Board. The Policy specifies the forms of reinsurance that can be used and this list does not include financial reinsurances. Any reinsurance arrangements that fall outside the policy must be specifically approved by the Board and reinsurance expenditure approval resides with a small number of senior managers who are conversant with the policy. The operation of the reinsurance purchase process and the compliance with the reinsurance policy are subject to regular internal and external audits.

Any reinsurance contract that is accounted for as reinsurance must be processed within the reinsurance accounting processes and have followed the purchase and approval procedures defined within the Reinsurance Policy. To be an acceptable form of reinsurance within the Reinsurance Policy there must be an adequate degree of risk transfer.

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers
Statement in accordance with Rule 9.29 – Additional information on Derivative and Quaisi-Derivative Contracts

Name of Company	**Direct Line Insurance plc**
Global Business	
Financial year ended	**31 December 2009**

a) The following guidelines govern the use by the Company of derivative contracts:

Agreement is required from the Investment Committee for any direct exposure to derivatives.

The use of derivatives is permitted as and when required (e.g. to help protect the Company's solvency position) and the need for this is determined from time to time by the Investment Manager in liaison with the Funds Management Committee and other appropriate individuals.

The responsibility for the administration of investments lies with the Finance Department so as, amongst other things, to ensure that the use of derivatives is monitored independently and any unauthorised use is immediately recognised.

All margin payments are required to be authorised by the Finance Department;

At all times the distribution of assets must be within the ranges specified in the investment policy when derivatives are taken into account. For forward contracts the test is on the basis that the contracts are settled. For option contracts the test must be satisfied both assuming that the option is exercised and that the option is not exercised.

The liabilities associated with certain derivative based products are backed by deposits the values of which are based on the movements in the FTSE 100 Share Index. The value of these deposits is guaranteed not to fall below a given level either at maturity or at certain dates during their terms. The Company has counterparty risk only. Counterparties are required to be rated at least AA for long-term deposits in accordance with the requirements of our ultimate holding company.

b) The Company's investment guidelines, as noted above, allow, amongst other things, for the use of derivatives in order to protect the Company's solvency position. Such contracts may involve rights or obligations to acquire or dispose of assets which were not, at the time the contract was entered into, reasonably likely to be exercised. All derivative contracts were entered into for hedging purposes. The expectation was, at the point of being taken out, that they were not likely to be exercised, namely that the markets would not fall below levels specified in the contracts;

c) There were no derivative contracts outstanding at 31 December 2009.

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers
Statement in accordance with Rule 9.30 – Additional information on Controllers

Name of Company	**Direct Line Insurance plc**
Global Business	
Financial year ended	**31 December 2009**

The following persons have been shareholder controllers of the Company during the year ended ended 31st December 2009:

1) RBS Insurance Group Limited (RBSIG)*	
Percentage of shares in the Company held:	100%
Percentage of votes in the Company held:	100%
2) The Royal Bank of Scotland Group Plc	
Percentage of shares in RBSIG held:	100%
Percentage of votes in RBSIG held:	100%
3) Solicitor for the Affairs of Her Majesty's Treasury as Nominee for Her Majesty's Treasury (UK Financial Investments Ltd manages the shareholding)	
Percentage of shares in The Royal Bank of Scotland Group Plc:	70%
Percentage of votes in The Royal Bank of Scotland Group Plc:	70%

DIRECTORS' CERTIFICATE

Name of Insurer: **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Certificate required by rule 9.34 (Chapter 9 'Financial Reporting – Accounts and Statements') of the Interim Prudential Rulebook for Insurers

We certify that:

1. the return, comprising Forms 1, 3, 11 to 13, 15 to 16, 20A, 20 to 23, 31, 32, 37 and 38 (including the supplementary notes) and the statements required by rules 9.25, 9.26, 9.27, 9.29, 9.30, 9.32 and 9.32A, has been properly prepared in accordance with the Accounts and Statements Rules set out in part I and part IV of chapter 9 of IPRU(INS), the Interim Prudential Sourcebook for Insurers, GENPRU, the General Prudential Sourcebook and INSPRU, the Prudential Sourcebook for Insurers; and

2. the directors are satisfied that:

   (i) throughout the financial year, the company has complied in all material respects with the requirements in SYSC, Senior Management Arrangements, Systems and Controls, and PRIN, Principles for Business, sections of the FSA Handbook as well as the provisions of IPRU(INS), GENPRU and INSPRU; and

   (ii) it is reasonable to believe that the company has continued so to comply subsequently, and will continue so to comply in future.

Director | Director | Director

18 March 2010

AUDITORS' REPORT

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

Report of the auditors to the directors pursuant to Rule 9.35 of the Interim Prudential Sourcebook for Insurers

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 of 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 138 of the Financial Services and Markets Act 2000:

- Forms 1, 3, 11 to 13, 15 to 16, 20A, 20 to 23, 31, 32, 37 and 38, (including the supplementary notes) on pages 3 to 51 ("the Forms"); and
- the statements required by rules 9.25, 9.26, 9.27 on pages 52 to 54 and rule 9.29 on page 59 ("the Statements").

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

- the statements required by IPRU(INS) rule 9.30 on page 60 and rules 9.32 and 9.32A on pages 55 to 58; and
- the directors' certificate required by IPRU(INS) rule 9.34 on page 61 ("the directors' certificate").

Our report is provided to the directors of Direct Line Insurance in accordance with rule 9.35 of the Interim Prudential Sourcebook for Insurers. We acknowledge that our report will be provided to the FSA for the use of the FSA solely for the purposes set down by statute and the FSA's rules. Our work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditors' report on an annual FSA return for an insurer and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the FSA, and the company, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, the Statements, the statements not examined by us and the directors' certificate) under the provisions of the Rules. The requirements of the Rules have been modified by a waiver issued under section 148 of the Financial Services and Markets Act 2000 on 16 June 2009. Under IPRU(INS) rule 9.11 the Forms, the Statements, the statements not examined by us and the directors' certificate 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.

It is our responsibility to form an independent opinion as to whether the Forms and the Statements meet these requirements, and to report our opinions to you. We also report to you if, in our opinion, the company has not kept proper accounting records or we have not received all the information we require for our examination.

AUDITORS' REPORT

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2009**

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 and the Statements. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and the Statements.

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 and the Statements are free from material misstatement, whether caused by fraud or other irregularity or error and comply with IPRU(INS) rule 9.11.

Opinion

In our opinion the Forms and the Statements fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom

Date 18 March 2010