Direct Line Insurance plc

Annual FSA Insurance Returns for the year ended

31 December 2010

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

Contents

Form 1

Statement of solvency - general insurance business

Name of insurer	**Direct Line Insurance plc**
Global business	
Financial year ended	**31 December 2010**
Solo solvency calculation	

	Company registration number	GL/UK/CM	day	month	year	Units
R1	1810801	GL	31	12	2010	£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	849389	747299
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	849389	747299
Guarantee fund			
Guarantee fund requirement	21	133249	101430
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	716140	645869
Minimum capital requirement (MCR)			
General insurance capital requirement	31	399748	304291
Base capital resources requirement	33	3040	3128
Individual minimum capital requirement	34	399748	304291
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	399748	304291
Excess (deficiency) of available capital resources to cover 50% of MCR	37	649515	595154
Excess (deficiency) of available capital resources to cover 75% of MCR	38	549578	519081
Capital resources requirement (CRR)			
Capital resources requirement	41	399748	304291
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	449641	443008
Contingent liabilities			
Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		

Form 1

Covering Sheet to Form 1

Name of insurer	**Direct Line Insurance plc**
Global business	
Financial year ended	**31 December 2010**

Director

A J. Mint

Director

Director

Date 22 MARCH 2011

Form 3
(Sheet 1)

Components of capital resources

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day	month	year	Units
R3	1810801	GL	31	12	2010	£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	741929		741929	641488
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	896929		896929	796488
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	896929		896929	796488
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35	39537		39537	30002
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37	39537		39537	30002
Total tier one capital after deductions (31-37)	39	857392		857392	766486

Form 3
(Sheet 2)

Components of capital resources

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day	month	year	Units
R3	1810801	GL	31	12	2010	£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
Tier two capital					
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 2010**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R3	1810801	GL	31	12	2010	£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	857392		857392	766486
Inadmissible assets other than intangibles and own shares	73	8003		8003	1379
Assets in excess of market risk and counterparty limits	74				17808
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	849389		849389	747299
Available capital resources for GENPRU/INSPRU tests					
Available capital resources for guarantee fund requirement	81	849389		849389	747299
Available capital resources for 50% MCR requirement	82	849389		849389	747299
Available capital resources for 75% MCR requirement	83	849389		849389	747299
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 2010**

General insurance business

	Company registration number	GL/UK/CM	day	month	year	Units
R11	1810801	GL	31	12	2010	£000

			This financial year 1	Previous year 2
Gross premiums written		11	1726931	1780993
Premiums taxes and levies (included in line 11)		12		
Premiums written net of taxes and levies (11-12)		13	1726931	1780993
Premiums for classes 11, 12 or 13 (included in line 13)		14	6942	4724
Premiums for "actuarial health insurance" (included in line 13)		15		
Sub-total A (13 + 1/2 14 - 2/3 15)		16	1730402	1783355
Gross premiums earned		21	1748923	1760018
Premium taxes and levies (included in line 21)		22		
Premiums earned net of taxes and levies (21-22)		23	1748923	1760018
Premiums for classes 11, 12 or 13 (included in line 23)		24	5718	3832
Premiums for "actuarial health insurance" (included in line 23)		25		
Sub-total H (23 + 1/2 24 - 2/3 25)		26	1751782	1761934
Sub-total I (higher of sub-total A and sub-total H)		30	1751782	1783355
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	315321	321004
	Excess (if any) over 57.5M EURO x 0.02	33	34037	34639
Sub-total J (32-33)		34	281284	286365
Claims paid in period of 3 financial years		41	3785599	3684042
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	3649696	1891865
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	1495541	1339161
Sub-total C (41+42+43-44-45)		46	5939754	4236747
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47	742175	283195
Sub-total D (46-47)		48	5197579	3953551
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)		49	0.88	0.93
Premiums amount (Sub-total J x reinsurance ratio)		50	246137	267223
Provision for claims outstanding (before discounting and net of reinsurance		51	2145815	1677877
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	304291	259170
Greater of lines 50 and 53		54	304291	267223

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 2010**

General insurance business

	Company registration number	GL/ UK/ CM	day	month	year	Units
R12	1810801	GL	31	12	2010	£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	3785599	3684042
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	3649696	1891865
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	1495541	1339161
Claims incurred in reference period (21+22+23-24-25)		26	5939754	4236747
Claims incurred for classes 11, 12 or 13 (included in 26)		27	10382	4945
Claims incurred for "actuarial health insurance" (included in 26)		28		
Sub-total E (26 +1/2 27 - 2/3 28)		29	5944945	4239219
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	1981648	1413073
Division of sub-total F (gross adjusted claims amount)	x 0.26	32	515229	367399
	Excess (if any) over 40.3M EURO x 0.03	33	58399	41312
Sub-total G (32-33)		39	456829	326087
Claims amount Sub-total G x reinsurance ratio (11.49)		41	399748	304291
Higher of premiums amount and brought forward amount (11.54)		42	304291	267223
General insurance capital requirement (higher of lines 41 and 42)		43	399748	304291

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

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	2010	£000	1

			As at end of this financial year 1	As at end of the previous year 2
Land and buildings		11	83766	78044
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	15616	70463
Participating interests	Shares	29		
	Debts and loans	30		
Other financial investments				
Equity shares		41		480
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	273243	129128
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	1034916	657444
	Other	46	1212999	899567
Variable interest securities	Approved	47		
	Other	48	135352	543435
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	462493	100006
	More than one month withdrawal	55	147500	310900
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 2010**
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	2010	£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	17749	20908
Claims outstanding		61	210750	134502
Provision for unexpired risks		62		
Other		63		
Debtors and salvage				
Direct insurance business	Policyholders	71	527000	541002
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	8053	10847
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	35684	5671
Cash in hand		82		
Other assets (particulars to be specified by way of supplementary note)		83	21098	29153
Accrued interest and rent		84	2491	2264
Deferred acquisition costs (general business only)		85	59801	62258
Other prepayments and accrued income		86	26036	26483
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	4274547	3622555

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer	**Direct Line Insurance plc**
Global business	
Financial year ended	**31 December 2010**
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	2010	£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	4274547	3622555
Admissible assets in excess of market and counterparty limits	92		17808
Inadmissible assets directly held	93	8003	1379
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		
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	4282550	3641742
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Form 15

Liabilities (other than long term insurance business)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day	month	year	Units
R15	1810801	GL	31	12	2010	£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	819686	841678
Claims outstanding		12	2356565	1812379
Provision for unexpired risks		13		
Equalisation provisions	Credit business	14		
	Other than credit business	15	39537	30002
Other technical provisions		16		
Total gross technical provisions (11 to 16)		19	3215788	2684059
Provisions and creditors				
Provisions	Taxation	21	10535	8266
	Other risks and charges	22	29675	33586
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41	92	190
	Reinsurance accepted	42		
	Reinsurance ceded	43	15351	22894
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46	22254	113
Creditors	Taxation	47		
	Foreseeable dividend	48		
	Other	49	127798	124747
Accruals and deferred income		51	3665	1401
Total (19 to 51)		59	3425158	2875256
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	3425158	2875256

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		
Other adjustments (may be negative)	83	(39537)	(30002)
Capital and reserves	84	896929	796488
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	4282550	3641742

Form 16

Profit and loss account (non-technical account)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day	month	year	Units
R16	1810801	GL	31	12	2010	£000

			This financial year 1	Previous year 2
Transfer (to)/from the general insurance business technical account	From Form 20	11	(336985)	(128246)
	Equalisation provisions	12	(9535)	(9286)
Transfer from the long term insurance business revenue account		13		
Investment income	Income	14	184368	174207
	Value re-adjustments on investments	15	19994	62468
	Gains on the realisation of investments	16	20036	45332
Investment charges	Investment management charges, including interest	17		
	Value re-adjustments on investments	18	(5725)	10775
	Loss on the realisation of investments	19		
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	11286	(741)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(105111)	132959
Tax on profit or loss on ordinary activities		31	(36016)	21811
Profit or loss on ordinary activities after tax (29-31)		39	(69095)	111148
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	(69095)	111148
Dividends (paid or foreseeable)		51		
Profit or loss retained for the financial year (49-51)		59	(69095)	111148

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 2010**

	Company registration number	GL/UK/CM	day	month	year	units
R20A	1810801	GL	31	12	2010	£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	1726931	1568154	2050669	819686
2	Total primary (direct) and facultative business	2	1726931	1568154	2050669	819686
3	Total treaty reinsurance accepted business	3				
110	Total primary (direct) and facultative accident and health (category numbers 111 to 114)	4	12306	2178	236	4689
120	Total primary (direct) and facultative personal lines motor business (category numbers 121 to 123)	5	1135531	1434222	1975664	556644
160	Primary (direct) and facultative household and domestic all risks	6	315864	93412	44747	162538
180	Total primary (direct) and facultative personal lines financial loss (category numbers 181 to 187)	7	234924	25819	22405	80161
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	21392	8617	2846	12152
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10	6914	3906	4771	3502
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	1726931	1568154	2050669	819686

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 2010**

	Company registration number	GL/UK/CM	day	month	year	units
R20A	1810801	GL	31	12	2010	£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	12279	2169	213	4675
114	Personal accident or sickness	24	27	9	23	14
121	Private motor - comprehensive	25	1091486	1286400	1887561	535117
122	Private motor - non-comprehensive	26	44045	147822	88103	21527
123	Motor cycle	27				
160	Household and domestic all risks (equals line 6)	28	315864	93412	44747	162538
181	Assistance	29	86586	4041	1669	42284
182	Creditor	30	8999	1293	3077	
183	Extended warranty	31				
184	Legal expenses	32	76386	13091	12989	37877
185	Mortgage indemnity	33				
186	Pet insurance	34	62953	7394	4670	
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	21115	8034	2788	12012
262	Consequential loss	45	277	583	58	140
263	Contractors or engineering all risks	46				
271	Employers liability	47				
272	Professional indemnity	48				
273	Public and products liability	49	6914	3906	4771	3502
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				

General insurance business : Summary of business carried on

Form 20A (Sheet 3)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units
R20A	1810801	GL	31	12	2010	£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	1726931	1568154	2050669	819686

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

Total business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R20	1810801	GL	31	12	2010	£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	1720002	1727599
	Claims incurred (22.17.4)	12	1564533	1360964
	Claims management costs (22.18.4)	13	59750	54622
	Adjustment for discounting (22.52.4)	14	143335	
	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	305365	330429
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(66311)	(18416)
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	777297	86115
	Claims management costs (22.14.4)	23	33816	27061
	Adjustment for discounting (22.51.4)	24	540439	3346
	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	(270674)	(109830)
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	(336985)	(128246)
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	(336985)	(128246)

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

Total primary (direct) and facultative business

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R20	1810801	GL	31	12	2010	£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	1720002	1727599
	Claims incurred (22.17.4)	12	1564533	1360964
	Claims management costs (22.18.4)	13	59750	54622
	Adjustment for discounting (22.52.4)	14	143335	
	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	305365	330429
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(66311)	(18416)
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	777297	86115
	Claims management costs (22.14.4)	23	33816	27061
	Adjustment for discounting (22.51.4)	24	540439	3346
	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	(270674)	(109830)
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	(336985)	(128246)
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	(336985)	(128246)

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

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	2010	£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	1146824	1171632
	Claims incurred (22.17.4)	12	1257079	1085121
	Claims management costs (22.18.4)	13	46393	42322
	Adjustment for discounting (22.52.4)	14	143335	
	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	150842	177701
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(164155)	(133512)
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	795106	92772
	Claims management costs (22.14.4)	23	27360	21283
	Adjustment for discounting (22.51.4)	24	540439	3346
	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	(282027)	(110709)
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	(446182)	(244221)
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	(446182)	(244221)

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

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	2010	£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	302950	294892
	Claims incurred (22.17.4)	12	213291	183623
	Claims management costs (22.18.4)	13	8577	7760
	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	61854	63780
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	19228	39729
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	(29971)	(7168)
	Claims management costs (22.14.4)	23	4026	3965
	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	25945	3203
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	45172	42932
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	45172	42932

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

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	2010	£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	238285	234779
	Claims incurred (22.17.4)	12	71018	73873
	Claims management costs (22.18.4)	13	3612	3748
	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	68593	65459
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	95062	91699
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	11568	538
	Claims management costs (22.14.4)	23	2149	1637
	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	(13717)	(2175)
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	81345	89524
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	81345	89524

Form 20

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

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	2010	£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	31943	26296
	Claims incurred (22.17.4)	12	23145	18347
	Claims management costs (22.18.4)	13	1168	792
	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	24076	23489
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(16446)	(16332)
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21		
	Claims incurred (22.13.4)	22	594	(27)
	Claims management costs (22.14.4)	23	280	176
	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	(874)	(149)
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	(17320)	(16481)
Allocated investment income		51		
Transfer to non-technical account (49+51)		59	(17320)	(16481)

22

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 2010**

Total business

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category number
R21	1810801	GL	31	12	2010	£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	(6903)		(196)		(6707)	
In respect of risks incepted in this financial year	For periods of less than 12 months	13	6206	1278	39		6167	1278
	For periods of 12 months	14	907942	818408	8171	17749	899771	800659
	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	841679		20908		820771	
Total (12 to 16)		19	1748924	819686	28922	17749	1720002	801937

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

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

Total primary (direct) and facultative business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R21	1810801	GL	31	12	2010	£000	002

			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	(6903)		(196)		(6707)	
In respect of risks incepted in this financial year	For periods of less than 12 months	13	6206	1278	39		6167	1278
	For periods of 12 months	14	907942	818408	8171	17749	899771	800659
	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	841679		20908		820771	
Total (12 to 16)		19	1748924	819686	28922	17749	1720002	801937

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 2010**

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	2010	£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	(3574)		(38)		(3536)	
In respect of risks incepted in this financial year	For periods of less than 12 months	13						
	For periods of 12 months	14	582461	556644	4030	2880	578431	553764
	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	580146		8217		571929	
Total (12 to 16)		19	1159033	556644	12209	2880	1146824	553764

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

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

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	2010	£000	160

			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	(3329)		(158)		(3171)	
In respect of risks incepted in this financial year	For periods of less than 12 months	13						
	For periods of 12 months	14	156655	162538	3128	13767	153527	148771
	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	164750		12156		152594	
Total (12 to 16)		19	318076	162538	15126	13767	302950	148771

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 2010**

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	2010	£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	2937	1002			2937	1002
In respect of risks incepted in this financial year: For periods of 12 months	14	151825	79159	20		151805	79159
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	83543				83543	
Total (12 to 16)	19	238305	80161	20		238285	80161

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 2010**

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	2010	£000	409

			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	3269	276	39		3230	276
	For periods of 12 months	14	17001	20067	993	1102	16008	18965
	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	13240		535		12705	
Total (12 to 16)		19	33510	20343	1567	1102	31943	19241

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 2010**

Total business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R22	1810801	GL	31	12	2010	£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	1860862	573610	2653377	1366125
	Reinsurers' share	12	204018	12298	780548	588828
	Net (11-12)	13	1656844	561312	1872829	777297
	Claims management costs	14	31003	44669	20150	33816
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		629592	965448	1595040
	Reinsurers' share	16		914	29593	30507
	Net (15-16)	17		628678	935855	1564533
	Claims management costs	18		49029	10721	59750
Provision for unexpired risks		19				
Net operating expenses	Commissions	21	1951	7884	939	8896
	Other acquisition expenses	22	60309	120229	58861	121677
	Administrative expenses	23		174792		174792
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	62260	302905	59800	305365
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	79486		1293131	1213645
	Reinsurers' share	32	69519		599390	529871
	Claims management costs	33				
	Total (31-32+33)	39	9967		693741	683774
Split of line 29	Prior financial years	41				
	This financial year	42	62260	302905	59800	305365
Split of line 39	Incidents occurring prior to this financial year	51	9967		550406	540439
	Incidents occurring in this financial year	52			143335	143335

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 2010**

Total primary (direct) and facultative business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R22	1810801	GL	31	12	2010	£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	1860862	573610	2653377	1366125
	Reinsurers' share	12	204018	12298	780548	588828
	Net (11-12)	13	1656844	561312	1872829	777297
	Claims management costs	14	31003	44669	20150	33816
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		629592	965448	1595040
	Reinsurers' share	16		914	29593	30507
	Net (15-16)	17		628678	935855	1564533
	Claims management costs	18		49029	10721	59750
Provision for unexpired risks		19				
Net operating expenses	Commissions	21	1951	7884	939	8896
	Other acquisition expenses	22	60309	120229	58861	121677
	Administrative expenses	23		174792		174792
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	62260	302905	59800	305365
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	79486		1293131	1213645
	Reinsurers' share	32	69519		599390	529871
	Claims management costs	33				
	Total (31-32+33)	39	9967		693741	683774
Split of line 29	Prior financial years	41				
	This financial year	42	62260	302905	59800	305365
Split of line 39	Incidents occurring prior to this financial year	51	9967		550406	540439
	Incidents occurring in this financial year	52			143335	143335

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 2010**

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	2010	£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	1688153	480097	2592511	1384455
	Reinsurers' share	12	201947	13796	777500	589349
	Net (11-12)	13	1486206	466301	1815011	795106
	Claims management costs	14	29313	37416	19257	27360
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		468992	817375	1286367
	Reinsurers' share	16			29288	29288
	Net (15-16)	17		468992	788087	1257079
	Claims management costs	18		36551	9842	46393
Provision for unexpired risks		19				
Net operating expenses	Commissions	21	1252	4568	555	5265
	Other acquisition expenses	22	29643	52705	25706	56642
	Administrative expenses	23		88935		88935
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	30895	146208	26261	150842
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	79486		1293131	1213645
	Reinsurers' share	32	69519		599390	529871
	Claims management costs	33				
	Total (31-32+33)	39	9967		693741	683774
Split of line 29	Prior financial years	41				
	This financial year	42	30895	146208	26261	150842
Split of line 39	Incidents occurring prior to this financial year	51	9967		550406	540439
	Incidents occurring in this financial year	52			143335	143335

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 2010**

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	2010	£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	119847	59590	29939	(30318)
	Reinsurers' share	12	2071	(1498)	3222	(347)
	Net (11-12)	13	117776	61088	26717	(29971)
	Claims management costs	14	1011	4644	393	4026
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		105323	108220	213543
	Reinsurers' share	16			252	252
	Net (15-16)	17		105323	107968	213291
	Claims management costs	18		8208	369	8577
Provision for unexpired risks		19				
Net operating expenses	Commissions	21	699	1575	384	1890
	Other acquisition expenses	22	15869	37267	18193	34943
	Administrative expenses	23		25021		25021
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	16568	63863	18577	61854
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	16568	63863	18577	61854
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 2010**

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	2010	£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	40142	29770	21940	11568
	Reinsurers' share	12				
	Net (11-12)	13	40142	29770	21940	11568
	Claims management costs	14	403	2285	267	2149
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		44734	26284	71018
	Reinsurers' share	16				
	Net (15-16)	17		44734	26284	71018
	Claims management costs	18		3448	164	3612
Provision for unexpired risks		19				
Net operating expenses	Commissions	21		1606		1606
	Other acquisition expenses	22	7695	18053	8509	17239
	Administrative expenses	23		49748		49748
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	7695	69407	8509	68593
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	7695	69407	8509	68593
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 2010**

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	2010	£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	12720	4153	8987	420
	Reinsurers' share	12			(174)	(174)
	Net (11-12)	13	12720	4153	9161	594
	Claims management costs	14	277	324	233	280
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		10543	13569	24112
	Reinsurers' share	16		914	53	967
	Net (15-16)	17		9629	13516	23145
	Claims management costs	18		822	346	1168
Provision for unexpired risks		19				
Net operating expenses	Commissions	21		135		135
	Other acquisition expenses	22	7102	12204	6453	12853
	Administrative expenses	23		11088		11088
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29	7102	23427	6453	24076
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	7102	23427	6453	24076
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 2010**

Total business

	Company registration number	GL/UK/CM	day	month	year	Units	Category number
R23	1810801	GL	31	12	2010	£000	001

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	2010	11				628678	413797	522059			1564534	143335	1720002		91.0
12	2009	12	645486	715478		316225	296609	352167	445191	270287	249523	173992	1727599	34.9	93.2
12	2008	13	602470	552647	277860	85328	176987	251948	242087	80024	192152	144319	1680183	43.3	83.0
12	2007	14	475518	619687	395074	57155	169126	117588	200225	51390	92254	61419	1434189	19.2	84.7
12	2006	15	482882	436039	277092	44579	83961	84008	126435	25403	60710	47364	1325157	12.3	73.4
12	2005	16	492608	437076	286749	28649	56266	55831	80732	13858	46356	36208	1350925	(2.1)	68.1
12	2004	17	382004	373709	301908	12566	27437	32708	37565	4354	30792	18651	1168020	0.2	64.8
12	2003	18	356036	294026	221934	6167	29020	43705	29759	6933	42200	31609	972182	2.3	67.6
12	2002	19	310528	252290	187428	3129	10187	13927	11547	2753	12943	3314	802328	(14.9)	65.5
12	2001	20	259670	255054	174391	2058	8263	14604	9549	1407	13969	8967	704521	(21.9)	65.1
Prior accident years		21				5254	26456	22031	15945	1400	36398	24563			
Reconciliation		22													
Total (11 to 22)		29				1189988	1298109	1510576	1199035	457809	2341829	693741			

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 2010

Total primary (direct) and facultative business

	Company registration number	GL/UK/CM	day month year			Units	Category number
R23	1810801	GL	31	12	2010	£000	002

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	2010	11				628678	413797	522059			1564534	143335	1720002		91.0
12	2009	12	645486	715478		316225	298609	352167	445191	270287	249523	173992	1727599	34.9	93.2
12	2008	13	602470	552647	277860	85328	176987	251948	242087	80024	192152	144319	1680183	43.3	83.0
12	2007	14	475518	619687	395074	57155	169126	117588	200225	51390	92254	61419	1434189	19.2	84.7
12	2006	15	482882	436039	277092	44579	83961	84008	126435	25403	60710	47364	1325157	12.3	73.4
12	2005	16	492608	437076	286749	28849	56266	55831	80732	13858	46356	36208	1350925	(2.1)	68.1
12	2004	17	382004	373709	301908	12566	27437	32708	37565	4354	30792	18651	1168020	0.2	64.8
12	2003	18	356036	294026	221934	6167	29020	43705	29759	6933	42200	31609	972182	2.3	67.6
12	2002	19	310528	252290	187428	3129	10187	13927	11547	2753	12943	3314	802328	(14.9)	65.5
12	2001	20	259670	255054	174391	2058	8263	14604	9549	1407	13969	8967	704521	(21.9)	65.1
Prior accident years		21				5254	26456	22031	15945	1400	36396	24563			
Reconciliation		22													
Total (11 to 22)		29				1189988	1298109	1510576	1199035	457809	2341829	693741			

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 2010**

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	2010	£000	120

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	2010	11				468992	321412	466675			1257079	143335	1146824		109.6
12	2009	12	480834	604287		244423	277795	340262	372763	231524	258193	173992	1171632	42.7	114.7
12	2008	13	448021	457666	213672	75446	168357	249482	227014	72244	194027	144319	1147972	54.5	100.6
12	2007	14	336329	485687	283864	52661	164056	116365	191259	45886	95937	61419	981667	27.0	97.1
12	2006	15	367946	359669	211733	40716	80057	83341	119707	21549	62858	47364	902952	15.6	86.8
12	2005	16	362733	367912	225289	27323	54284	55348	77348	12150	47457	36208	927595	(1.5)	78.2
12	2004	17	289941	321150	246568	11775	26441	32721	36153	3337	31447	18651	799491	(1.1)	76.0
12	2003	18	271811	244264	176381	5650	28447	43437	28795	5428	43311	31609	685475	4.0	76.7
12	2002	19	229358	201464	156116	2872	9927	13945	11011	2592	13141	3314	566247	(9.2)	72.8
12	2001	20	192455	205002	144275	1972	8193	14649	9434	1314	14066	8967	473490	(17.5)	76.4
Prior accident years		21				3461	25912	21991	15384	1313	34668	24563			
Reconciliation		22													
Total (11 to 22)		29				935291	1164881	1438216	1088868	397337	2052184	693741			

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 2010**

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	2010	£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	2010	11				105323	70565	37403			213291		302950		70.4
12	2009	12	103866	79737		48892	11425	3288	53757	25980	(16132)		294892	(20.2)	56.8
12	2008	13	98044	67429	45408	5192	4735	540	8705	4276	(2514)		287540	(17.1)	53.5
12	2007	14	93126	115525	87750	1912	2126	116	5086	4917	(5849)		238350	(20.4)	78.3
12	2006	15	73658	56242	42828	2155	1865	297	3736	3324	(2743)		221234	(16.2)	54.6
12	2005	16	88902	53955	44106	421	1082	337	1822	1612	(1594)		219213	(14.8)	61.5
12	2004	17	59923	41471	40301	260	309	(68)	628	952	(1079)		191982	(1.6)	52.5
12	2003	18	55594	34929	33225	305	186	90	517	1488	(1424)		149539	(3.2)	59.8
12	2002	19	46572	29141	20416	126	68	(29)	283	104	(232)		105821	(29.4)	63.5
12	2001	20	36094	22908	16955	61	4	(71)	42	36	(84)		98497	(26.0)	53.9
Prior accident years		21				1763	410	7	448	54	1678				
Reconciliation		22													
Total (11 to 22)		29				166410	92775	41910	75034	42743	183318				

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 2010**

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	2010	£000	180

Accident year ended			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		Claims outstanding brought forward		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 %
Month	Year						Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)					
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2010	11				44734	10682	15603			71019		238285		29.8
12	2009	12	52538	21335		19117	4714	3240	12307	9028	5736		234779	26.9	33.9
12	2008	13	49905	22288	15996	4441	3374	1817	5440	2313	1879		225532	15.0	33.5
12	2007	14	41020	16319	21739	2575	2927	1031	3862	578	2093		201979	73.2	34.3
12	2006	15	36773	18320	21057	1676	1826	359	2769	423	669		187038	36.0	33.0
12	2005	16	35844	13184	16416	1028	872	133	1532	81	420		190378	39.9	28.5
12	2004	17	28037	9873	13932	537	660	17	756	52	406		165378	53.4	26.1
12	2003	18	24685	13684	11417	211	378	172	438	13	310		129003	(11.0)	28.6
12	2002	19	30854	19344	9897	131	191	1	242	56	25		121471	(47.2)	33.8
12	2001	20	27490	25290	12357	25	66	9	63	52	(15)		122954	(50.7)	32.5
Prior accident years		21				30	130	24	107	30	47				
Reconciliation		22													
Total (11 to 22)		29				74505	25820	22408	27516	12626	82589				

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 2010**

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	2010	£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	2010	11				9629	11138	2378			23145		31943		72.5
12	2009	12	8228	10119		3793	2675	5377	6384	3755	1726		26296	17.1	76.3
12	2008	13	6500	5264	2784	249	521	109	928	1191	(1240)		19140	(30.4)	53.1
12	2007	14	5043	2156	1721	7	17	76	18	9	73		14193	(15.5)	48.4
12	2006	15	4505	1809	1474	32	213	11	223	107	(74)		13933	(4.4)	44.7
12	2005	16	5129	2025	937	77	28	13	30	15	73		13739	(47.9)	45.0
12	2004	17	4103	1215	1106	(6)	27	38	28	13	18		11169	(4.1)	47.2
12	2003	18	3946	1149	910	1	9	6	9	4	3		8165	(19.4)	59.7
12	2002	19	3744	2341	998		1	10	1	1	9		8789	(56.9)	54.1
12	2001	20	3631	1854	804			17	10	5	2		9580	(55.7)	46.5
Prior accident years		21					3	9	6	3	3				
Reconciliation		22													
Total (11 to 22)		29				13782	14632	8044	7617	5103	23738				

Form 30
(Sheet 1)

General insurance business : Expected income and yield from admissible assets covering discounted provisions

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day	month	year	Units
R30	1810801	GL	31	12	2010	£000

Major currencies	Reporting territory code		Total admissible assets as shown on Form 13	Admissible assets hypothecated to cover the provision for outstanding claims being discounted	Expected income from assets included in column 2	Yield %	Technical provisions	Provision for outstanding claims being discounted: Before deduction for discounting	Provision for outstanding claims being discounted: Deduction for discounting	Unwind in the discount in the next financial year	Rates of interest at which the provision is being discounted: Highest	Rates of interest at which the provision is being discounted: Lowest	Rates of interest at which the provision is being discounted: Average rate
			1	2	3	4	5	6	7	8	9	10	11
	GBP	11	3986247	3988247	188481	4.7	2947752	1016174	693741	13175	4.5	4.5	4.5
		12											
		13											
		14											
		15											
		16											
		17											
		18											
		19											
		20											
Other currencies		21											
Total		29	3986247	3988247			2947752	1016174	693741	13175			

Form 30
(Sheet 2)

General insurance business : Expected income and yield from admissible assets covering discounted provisions

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

		Company registration number	GL/UK/CM	day	month	year	Units
	R30	1810801	GL	31	12	2010	£000

Type of asset			Value of admissible assets as shown on Form 13 1	Admissible assets hypothecated to cover the provision for outstanding claims being discounted 2	Expected income from assets included in column 2 3	Yield % 4
Land and buildings		31	83766	83766	7036	8.4
Fixed interest securities	Approved securities	32	1034916	1034916	20698	2.0
	Other	33	1212999	1212999	42455	3.5
Variable interest and variable yield securities (excluding items shown at line 36)	Approved securities	34				
	Other	35	135352	135352	4467	3.3
Equity shares and holdings in collective investment schemes		36	273243	273243	6558	2.4
Loans secured by mortgages		37				
All other assets	Producing income	38	1179647	1179647	107267	9.1
	Not producing income	39	66325	66325		
Total		49	3986247	3986247	188481	4.7

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 2010**

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	2010	000	160	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	2010	11	70686	35346		105323	70565	37655			213543	318076	67.1
12	2009	12	100714	2352	103886	48892	11425	3809	53757	26552	(16183)	311850	53.9
12	2008	13	109847	492	143452	5192	4735	1282	8705	4592	(2088)	303894	50.9
12	2007	14	133700	268	222190	1912	2126	798	5086	5163	(5413)	293613	77.3
12	2006	15	135362	163	148735	2155	1865	376	3736	3360	(2700)	293045	52.3
12	2005	16	153618	64	168606	421	1082	420	1822	1641	(1540)	289055	59.0
12	2004	17	146145	25	143007	287	309	63	643	953	(937)	283405	50.7
12	2003	18	144703	30	147353	342	330	196	704	1488	(1324)	257926	57.5
12	2002	19	172021	13	149311	162	85	120	369	104	(106)	234180	63.9
12	2001	20	143637	3	121715	77	5	1	52	36	(5)	216854	56.2
Prior accident years		21		11		149	885	26	1030	54	(23)		
Total (11 to 21)		29		38767		164912	93412	44746	75904	43943	183224		
Line 29 expressed in sterling		30				164912	93412	44746	75904	43943	183224		

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 2010**		
Assistance			

	Company registration number	GL/ UK/ CM	day	month	year	Monetary units	Category number	Currency code	Reporting territory code
R31	1810801	GL	31	12	2010	000	181	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	2010	11	311721	26223		26192	1264	1383			28839	86264	33.4
12	2009	12	319643	12429	23016	2075	298	1	2296	1449	(1371)	89112	28.5
12	2008	13	328731	8897	23664	8	534	83	543	206	(124)	90399	26.9
12	2007	14	349354	4142	26621	1	623	80	623	20	61	91036	30.0
12	2006	15	413318	3973	27079	1	572	50	572	3	48	88950	30.8
12	2005	16	423957	2548	26759		365	33	366	2	30	86210	31.5
12	2004	17	420283	1653	25831		236	21	236	1	20	81574	32.0
12	2003	18	422037	942	25483		134	13	135	1	11	74930	34.2
12	2002	19	411703	94	27415	1	13	1	13		2	67028	40.9
12	2001	20	328380	40	20258		3	3	3	2	1	47889	42.3
Prior accident years		21											
Total (11 to 21)		29		60941		28278	4042	1668	4787	1684	27517		
Line 29 expressed in sterling		30				28278	4042	1668	4787	1684	27517		

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**

Currency **British Pound**

Global business

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

Financial year ended **31 December 2010**

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	2010	000	121	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	2010	11	339738	126796		458053	306305	482502			1246860	1108954	112.4	3011	15.5
12	2009	12	458439	28530	463245	225857	256307	373079	345197	207431	302615	1113609	118.4	3142	15.5
12	2008	13	470530	8286	616623	65724	157227	357725	206252	61780	312644	1071314	111.8	2922	16.4
12	2007	14	506012	5596	696477	44505	145373	185196	169958	40737	164379	1037688	103.3	2970	17.2
12	2006	15	521199	2537	690586	35032	116864	98792	143691	13581	93416	1036309	90.8	3023	17.3
12	2005	16	511610	918	692405	25200	54133	96045	74892	10218	90268	1059620	81.9	3034	16.9
12	2004	17	527904	366	707417	9916	40197	84686	46318	3325	85156	1041746	80.8	3013	17.5
12	2003	18	545723	349	695294	3591	67974	67210	43775	4593	90407	1029826	81.0	3016	18.1
12	2002	19	547858	192	745658	3300	7298	21059	8427	2295	20935	1019072	76.3	3039	18.0
12	2001	20	480509	155	613515	2208	34711	36229	31648	1184	40316	850730	80.7	2683	17.9
Prior accident years		21		152		3051	100011	85038	23169	733	164199				
Total (11 to 21)		29		173877		876437	1286400	1887561	1093327	345877	2611195				
Line 29 expressed in sterling		30				876437	1286400	1887561	1093327	345877	2611195				

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**	Currency	**British Pound**
Global business		Reporting Territory	**United Kingdom other than home foreign**
Financial year ended	**31 December 2010**		

Private motor - non-comprehensive

	Company registration number	GL/UK/CM	day	month	year	Monetary units	Category number	Currency code	Reporting territory code
R32	1810801	GL	31	12	2010	000	122	GBP	AA

Accident year ended: Month	Accident year ended: Year		Number of claims: Closed at some cost during this or previous 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 %	Vehicle years (000's)	Claims frequency %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2010	11	2566	3189		10939	15106	13460			39505	50078	78.9	107	5.4
12	2009	12	8052	1505	17589	18566	21528	11294	27604	29424	(5640)	72420	95.2	162	5.9
12	2008	13	13712	869	45070	9721	21081	10809	27208	15501	(1098)	93596	92.6	254	5.7
12	2007	14	18426	610	62205	8156	30666	12484	32651	12094	6561	141312	80.3	330	5.8
12	2006	15	20862	252	72679	11162	21272	14349	30770	11265	4748	119085	100.3	374	5.7
12	2005	16	22907	106	66599	2123	5886	2036	8160	4062	(2177)	125482	61.1	357	6.4
12	2004	17	26310	38	76863	2613	7047	3107	9422	1152	2193	124592	71.9	378	7.0
12	2003	18	27949	59	75377	4838	9718	10104	17714	1014	5932	129706	77.1	383	7.3
12	2002	19	31737	30	90968	593	4924	2468	6334	424	1227	128351	77.1	388	8.2
12	2001	20	29270	17	84187	759	55	65	685	138	56	107149	79.4	384	8.0
Prior accident years		21		43		3179	10539	7927	12524	804	8317				
Total (11 to 21)		29		6718		72649	147822	88103	173072	75878	59624				
Line 29 expressed in sterling		30				72649	147822	88103	173072	75878	59624				

Form 37

Equalisation provisions

Name of insurer Direct Line Insurance plc

Global business

Financial year ended 31 December 2010

	Company registration number	GL/UK/CM	day	month	year	Units
R37	1810801	GL	31	12	2010	£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	1087568	355					
Net premiums written in the current year	12	318357	256					
Maximum provision	13	56237	24				56261	

Calculation of the transfer to/from the provision

		1	2	3	4	5	6	7
Equalisation provision brought forward	21						30002	
Transfers in	22	9551	8				9559	
Total abnormal loss	23		511					
Provisional transfers out	24		24				24	
Excess of provisional transfer out over fund available	25							
Provisional amount carried forward (21+22-24+25)	26						39537	
Excess, if any, of 26 over 13	27							
Equalisation provision carried forward (26-27)	28						39537	
Transfer in/(out) for financial year (28-21)	29						9535	

Form 38

Equalisation provisions technical account : Accident year accounting

Name of insurer **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day	month	year	Units
R38	1810801	GL	31	12	2010	£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	316793	237			
Claims incurred net of reinsurance	12	183320	683			
Trigger claims value	13	229675	172			
Abnormal loss	19		511			
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	

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers

Supplementary Notes to the Return

Name of Company **Direct Line Insurance plc**

Global Business

Financial year ended **31 December 2010**

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

	2010 £'000	2009 £'000
Form 13 line 89	4,274,547	3,622,555
Form 15 line 69	(3,425,158)	(2,875,256)
Net admissible assets	849,389	747,299
Total capital resources after deductions (Form 3 line 79)	849,389	747,299

0310 – Net Valuation Differences

The following net valuation differences have been included in Form 3 to the Return:

	2010 £'000	2009 £'000
Line 14 – positive valuation differences	nil	Nil
Line 35 – other negative valuation differences	39,537	30,002

The other negative valuation differences represent a claims equalisation reserve of £39,537,000 which has been included in the Company's statutory accounts as Other Reserves. (2009: £30.002.000)

0313 – Reconciliation of Movement in Net Profit to Retained Loss For The Year

	£'000
Form 3 col 3 line 12 (Reserves c/f)	741,929
Form 3 col 4 line 12 (Reserves b/f)	(641,488)
Movement in Reserves	100,441
Movement on Claims Equalisation Reserve	(9,535)
Capital Contribution	(160,000)
Form 16 Line 59 - Loss Retained For The Financial Year	(69,094)

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers

Supplementary Notes to the Return

Name of Company **Direct Line Insurance plc**

Global Business

Financial year ended **31 December 2010**

1104 – Discounting

Provisions for claims outstanding at Form 11 line 51 are shown net of discounting for Periodical Payment Order (PPO) liabilities which are awards made by the Courts Act 2003. These awards involve a series of payments at fixed intervals, guaranteed for a fixed number of years or the lifetime of one or more individuals. The PPO liabilities included in the technical provisions are either in respect of annuities which have been awarded or reserves which are being held in anticipation of an obligation to pay out future annuities once an order is made by the Courts. These liabilities have thus been treated as annuities for the purpose of this return.

1301 Aggregate Value of Unlisted Investments and Other Securities

As at 31 December 2010 the Company held the following investments:

	£'000
Holdings in collective investment schemes (Form 13 line 43)	273,243
	273,243

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.

1306 – Exposure to Large Counterparties

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

	£'000
United Kingdom Great Britain (Government Bond)	844,187
Global Treasury Funds PLC	229.411
Lloyds Banking Group (Long term deposits and bonds)	185,070
RBS Group (Bonds, long term and short term deposits)	223,108

1315 – Particulars of amounts included at line 83 – Other Assets

	£'000
Current Tax Asset	21,098

1501 – Provision for Reasonably Foreseeable Adverse Variations

No provision is required in respect of foreseeable adverse variations. The Company has no derivative 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

Supplementary Notes to the Return

Name of Company **Direct Line Insurance plc**

Global Business

Financial year ended **31 December 2010**

1507 – Other Adjustment to Liabilities

An amount of £39,537,000 has been included in Form 15 line 83 in respect of claims equalisation reserves. The claims equalisation reserve is now 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

	2010 £'000	2009 £'000
Loss on sale of property	-	(741)
Referral income	11,286	-
	11,286	(741)

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.

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.

Supplementary Notes to the Return

Name of Company **Direct Line Insurance plc**

Global Business

Financial year ended **31 December 2010**

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 2010, an amount of £172,700,000 was recharged to the Company by RBSIS. At 31 December 2010, the Company owed £35,581,000 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 2010.

3001 *3003* Discounting

An adjustment for discounting has been made in the following categories:

Private motor - comprehensive (121)

The expected yield used in Form 30 is the annualised interest received on a non-compounding basis, divided by the current FV of the assets.

The method used in calculating the deduction for discounting is based on the projection of expected claims cash payments including outstanding claims and IBNR. Using cash flows derived from the expected terms of the settlements, the assumed life expectancies and adjusted for the inflation agreed in the settlements, the effect of discounting is calculated as the difference between the present value of these cash flows arising using a discount rate of interest and the undiscounted value of these cash flows.

The rate of interest used in the discounting calculations is 4.5%.

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers

Supplementary Notes to the Return

Name of Company **Direct Line Insurance plc**

Global Business

Financial year ended **31 December 2010**

The expected average interval between the date of settlement for claims being discounted and the end of the financial year is 50 years on settled cases.

The criteria adopted for estimating the period that will elapse before claims are settled are as follows: For each claim this is calculated as the mean of the insurer's and the claimant's expert medical advice on the claimant's life expectancy.

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 2010**

Reinsurer details	Connection	Proportional Reinsurance Treaties	Non Proportional Reinsurance Treaties	Debts outstanding included at F13L75	Deposits received included at F15L31	Anticipated recoveries
As required by Rule 9.25:		£000	£000	£000	£000	£000
Berkshire Hathaway 3555 Farnam Street Suite 1440 Omaha NE 68131 USA	none	-	1,543	193	-	2,674
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	-	984	268	-	19,817
Lloyd's of London One Lime Street London EC3M 7HA	none	-	3,039	630	-	71
Munich Reinsurance Company Koniginstrasse 107 80802 Munchen Germany	none	-	4,122	1,699	-	67,661
Swiss Re Germany 30 St Mary Ave London EC3A 8EP	none	-	769	864	-	54,497
AXIS Specialty Limited Brandschenkestrasse 90 CH-8002 Zurich Switzerland	none	-	1,359	206	-	-
Everest Reinsurance Ltd 40 Lime Street London EC3M5BS	none	-	2,161	244	-	174

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 2010**

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 2010**

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						

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 ended **31 December 2010**

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 2010	£15,000,000 xs £10,000,000	Unlimited Free	Full indexation clause applies to bodily injury claims	Motor Liability class
2nd Layer	Risks attaching in 12 months at 1 January 2010	Unlimited xs £25,000,000	Unlimited Free	Full indexation clause applies to bodily injury claims	Motor Liability class
3rd Layer	Risks attaching in 12 months at 1 January 2010	£75,000,000 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 2010	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					
1st Layer	Losses occurring during 12 months at 1 January 2010	£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
2nd Layer	Losses occurring during 12 months at 1 January 2010	£15,000,000 xs £10,000,000	2 Free. except EL which are unlimited	Group cover protecting DL / UKI / CIC / NIG	EL/PL/ Pet Liability/ Travel Liability

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 ended **31 December 2010**

Description of Cover	Period Covered	Limits	Reinstatements	Remarks	Risk Group
Travel Programme Excess of Loss					
1st Layer	Losses occurring during 12 months at 1st January 2010	£500,000 xs £500,000	4 at 100% AP	Group cover protecting DL / UKI / CIC / NIG	Accident / Travel
2nd Layer	Losses occurring during 12 months at 1st January 2010	£1,000,000 xs £1,000,000	2 at 100% AP	Group cover protecting DL / UKI / CIC / NIG	Accident / Travel
2nd Layer	Losses occurring during 12 months at 1st January 2010	£5,500,000 xs £2,000,000	1 at 100% AP	Group cover protecting DL / UKI / CIC / NIG	Accident / Travel

Property Catastrophe Programme Excess of Loss	From 1/10/2010	Limits	Reinstatements	Remarks	Risk Groups
1st Layer	12 months at 1 October 2010	£80,000,000 xs £170,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
2nd Layer	12 months at 1 October 2010	£200,000,000 xs £250,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
3rd Layer	12 months at 1 October 2010	£325,000,000 xs £450,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
4th Layer - Umbrella	12 months at 1 October 2010	£100,000,000 xs £775,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
5th Layer - Umbrella	12 months at 1 October 2010	£350,000,000 xs £875,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
6th Layer - Umbrella	12 months at 1 October 2010	£50,000,000 xs £1,225,000,000	One at 100% additional premium	RBS Group Cover	Householder & Motor Physical Damage Combined Losses
7th Layer - Umbrella	12 months at 1 October 2010	£50,000,000 xs £1,275,000,000	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 ended **31 December 2010**

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	£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	£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	£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	£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	£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 2010**

Summary of reinsurers' share of gross premiums

Accounting Class	Facultative reinsurance ceded	Non facultative reinsurance ceded	Total ceded
	£000	£000	£000
120	-	6,872	6,872
160	-	16,737	16,737
180	-	20	20
409	-	1,988	1,988
Total	0	25,762	25,762

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	10.000	10.000
Home / householders (RMS1 in 175 year return period for Windstorm and Coastal Inundation combined. RBSI excluding TPF combined policy - includes Reinstatement premium)	347.340	347.340
Pet Liability	5,000	5,000
Travel incl Liability	5,000	5,000
Home Liability	5,000	5,000

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 2010**

The Company 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 2010**

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 2010.

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 2010**

The following persons have been shareholder controllers of the Company during the year ended ended 31st December 2010:

1) Direct Line Group Limited (DLG)	
Percentage of shares in the Company held:	100%
Percentage of votes in the Company held:	100%
2) RBS Insurance Group Limited (RBSIG)	
Percentage of shares in the Company held:	100%
Percentage of votes in the Company held:	100%
3) The Royal Bank of Scotland Group Plc (RBS)	
Percentage of shares in RBSIG held:	100%
Percentage of votes in RBSIG held:	100%

4) Solicitor for the Affairs of Her Majesty's Treasury as Nominee for Her Majesty's Treasury (UK Financial Investments Limited manages the shareholding)

Percentage of total share capital in RBS:	84%
Percentage of voting share capital in RBS:	70%

DIRECTOR'S CERTIFICATE

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

Global business

Financial year ended **31 December 2010**

Certificate required by rule 9.34 of the Accounts and Statements Rules.

We certify that:

1. the return, comprising Forms 1, 3, 11 to 13, 15 to 16, 20A, 20 to 23, 30, 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

22 March 2011

Name of Company **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

Independent auditor's report to the directors pursuant to Rule 9.35 of the Interim Prudential Sourcebook for Insurers ("IPRU(INS)")

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 to 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, 16 , 20A, 20 to 23, 30 to 32, 37 and 38, (including the supplementary notes); and
- the statements required by rules 9.25, 9.26, 9.27 and 9.29 ("the Statements").

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

- the statements required by IPRU(INS) rules 9.30, 9.32 and 9.32A ; and
- the directors' certificate required by IPRU(INS) rule 9.34 ("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 insurer's directors those matters we are required to state to them in an auditor's 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 insurer, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the insurer and its auditor

The insurer is responsible for the preparation of an annual return (including the Forms and the Statements) under the provisions of the Rules. The requirements of the Rules have been modified by a direction issued under section 148 of the Financial Services and Markets Act 2000 on 16 June 2009. Under IPRU(INS) rule 9.11 the Forms and the Statements 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 opinion to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms and the Statements are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

Name of Company **Direct Line Insurance plc**

Global business

Financial year ended **31 December 2010**

Independent auditor's report to the directors pursuant to Rule 9.35 of the Interim Prudential Sourcebook for Insurers ("IPRU(INS)") (continued)

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 insurer for the financial year. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms and 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 Auditor
London, United Kingdom

22 March 2011