Our Suppliers

In a direct company without any offices, intermediaries or agents, suppliers are an essential part of achieving our main objective: the satisfaction of our customers. They are our image and are, together with our employees, the real stars of our work processes.

This is why, in 2010, we wanted to recognize all those professionals who have helped us through their service quality, their involvement in improving our processes and their Social Responsibility practices to improve as a company, as a brand and as a team.

WINNERS OF THE FIRST LÍNEA DIRECTA SUPPLIERS AWARD

• Service Excellence Category: Equipo Postal, proposed by the General Secretariat Department.

• Innovation and Involvement in Processes Category: Luis Miguel González Urdiales, lawyer, proposed by the Accident Management Department.

• Corporate Social Responsibility Category: Fundación Juan XXIII, proposed by the People and Internal Communications Department.

Also, by the unanimous decision of the jury, it was agreed to grant an Honorary Award to Antonio Guisado, investigator and detective, who died last year.

Annual Report 2010
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Also, by the unanimous decision of the jury, it was agreed to grant an Honorary Award to Antonio Guisado, investigator and detective, who died last year.
Línea Directa starts operating in Spain in 1995. By 1996, 1997, and 1998, the company operates in the market. In 1999, the International Department is created. In 2000, the company launches its first company to allow insurance to be procured via the Internet. In 2001, 250,000 policies are issued. In 2002, the Pozuelo Work Centre is opened. In 2003, 500,000 policies are issued. In 2004, the company launches Motorbike Insurance. In 2005, 1,000,000 customers are served. Línea Directa Asistencia is launched for company vehicle fleets.

In 2006, CAR begins activity in the field of Home Insurance. In 2007, Línea Directa achieves fifth position in the car field. In 2008, Miguel Ángel Merino, Línea Directa Managing Director, is appointed. In 2009, Línea Directa holds its Second Convention, under the slogan "A 10 year", where priorities, objectives, and strategies were established for 2010. Profits: Línea Directa, only company among the first 19 in the car ranking.

In 2010, Línea Directa is 15 years old. María Dolores Dancausa, one of the business women with the best reputation in Spain according to MERCO Prize-giving Ceremony of Seventh Línea Directa Road Safety Journalism Award. Radio, Press and Television categories. The Spanish Federation of Spirits (FEBE) and the Institute of Traffic and Road Safety (INTRAS), winners in the Honorary and Solidarity categories, respectively.

Línea Directa. Madrid Excelente Award for customer trust. Línea Directa achieves 5.5% increase in turnover in the first quarter with respect to the same period for the previous year.

Línea Directa presents its study on road safety in schools. Seven of every ten schools need to improve in some respect.

María Dolores Dancausa named CEO at Bankinter. Miguel Ángel Merino appointed Managing Director of Línea Directa. Línea Directa wins the silver EFI award for advertising effectiveness. Línea Directa, Ability company. It also obtains the EFR certificate for its commitment to reconciliation and quality in employment.

Línea Directa launches first augmented reality application aimed at the insurance industry.
Línea Directa starts operating in Spain

1995-2010

- 1995: Línea Directa launches
- 1996: First 50,000 policies
- 1997: First 100,000 policies
- 1998: International Department created
- 1999: First company to allow insurance to be procured via the Internet
- 2000: First company to offer insurance in the field of Home Insurance
- 2001: 250,000 policies
- 2002: 500,000 policies
- 2003: 1,000,000 customers
- 2004: Línea Directa Asistencia begins selling insurance for company vehicle fleets
- 2005: CAR begins activity in the field of Home Insurance
- 2006: Miguel Ángel Merino, Línea Directa Managing Director
- 2007: First 100,000 home policies
- 2008: 1.5 million
- 2009: Línea Directa achieves fifth position in Car field
- 2010: María Dolores Dancausa, one of the business women with the best reputation in Spain according to MERCO Prize-giving Ceremony of Seventh Línea Directa Road Safety Journalism Award.

Other highlights:
- 2010: Profits: Línea Directa, only company amongst the first 19 in the car ranking with profits
- 2010: Línea Directa is 15 years old
- 2010: María Dolores Dancausa named CEO at Bankinter
- 2010: Miguel Ángel Merino appointed Managing Director of Línea Directa
- 2010: Línea Directa wins the silver EFI award for advertising effectiveness
- 2010: Línea Directa, Ability company.
- 2010: Línea Directa launches first augmented reality application aimed at the insurance industry.
Profit before tax

2010

€94.4 m
Premiums

2010

€685.2 m

2009 €661.5 m
2008 €648.5 m
2007 €644 m
2006 €624 m
Customers

2010
1,797,554

2009
1,704,214

2008
1,560,000

2007
1,430,000

2006
1,342,000

customers

customers

customers

customers
Employees

2010

1,892

Men 38%
Women 62%
University graduates 70%
Nationalities 21
Average age 35
Chairman’s letter

In just 15 years of history, Línea Directa Aseguradora has become the absolute leader in the direct sale of car and Home insurance in Spain, with a volume of paid premiums in excess of 685 million euros, profit before tax of 94.4 million euros and a customer base of almost 1.8 million policies.

The key to this success, growth in turnover, profit and customer base in a very complex financial environment has without a doubt been the ability since its inception to combine the great commercial capacity of its business model with a strong commitment to quality and innovation.

2010 has witnessed, for the third consecutive year, the decline of the car field. In addition, the general economic context, compounded by the increased tax burden and slump in car sales that amounted to 40% after the end of public aid, led to a gradual slowdown in consumer spending, with the consequent reduction in demand for more complete products and, therefore, industry turnover. The increase in claims frequency has also required insurers to provide new forms of revenue, optimizing cost control, verifying risk and checking the efficiency of all their operating processes.

Despite this adverse environment, Línea Directa has become the fifth national insurer in the car field, achieving a turnover that was 3.6% higher than the previous year and increasing its customer base by almost 100,000 policies, amounting to 1.8 million policyholders. Furthermore, Home insurance, which increased its turnover by 74.8%, saw its customer base grow by 63%, rising six places in just one year in the national ranking in this field, going from 34 to 27 in three years of activity and thereby strengthening its enormous potential for growth and profitability.

CAR and Línea Directa Breakdown assistance, for their part, have experienced the best years in their whole history, contributing diversification, support and profitability to the Group. In this respect, Línea Directa Breakdown assistance achieved a turnover of 8.25% more than in 2009, contributing 10.5 million euros in profit, up 34.5% on the previous year. The Advanced Repair Centre (CAR), the latest generation garage created in 2007 by Línea Directa, showed profits for the first time in its history, increasing its turnover by 19.44%.

Línea Directa remains committed to prudent risk selection in its provisions and financial investments, achieving a solvency margin surplus of 160.9 million euros, representing an increase of 37.1% with respect to the previous year.

2010 also witnessed an organizational change of great importance; in October, María Dolores Dancausa, CEO of the company since February 2008 and General Secretary since 1995, was named CEO of Bankinter. Her extraordinary work as head of Línea Directa, her knowledge of Bankinter and her enormous personal and professional worth will be a great stimulus to the bank and will undoubtedly be another link between the two companies.

In her place at the head of Línea Directa, the Board decided to appoint Miguel Angel Merino as new Managing Director. His great work at the head of Línea Directa Breakdown assistance, a company which has under his leadership achieved the best results in its history and his great knowledge of the insurance business are a guarantee to confront a stage in which we are called upon to establish ourselves as the main benchmark in innovation, profitability and solidity in the entire industry.

2011 presents a challenge and an opportunity. I am convinced that thanks to the sensational human team that makes up Línea Directa we will be able to meet all the goals we have set.

Alfonso Botín-Sanz de Sautuola
Chairman
Managing Línea Directa is, on a personal level, the culmination of a long and rewarding process that started in 1995 when a small group of people dreamed of a different company, accessible and designed by and for people. My relationship with Línea Directa goes beyond a purely working relationship. Having processed the first accident report in the history of Línea Directa, which, I must confess, I keep framed in my office. I managed the Accident Management Area from 1995 when it was made up of barely a dozen people, until 2007, when it was made up of more than 400 employees. And most recently, I performed the role of Línea Directa Managing Director until my appointment as the chief executive of the group in October last year. A lifetime devoted to a major project: making Línea Directa a leading company.

Being Línea Directa Managing Director is an exciting challenge, but also a huge responsibility, for which I have the support of an extraordinary team of professionals who live, feel and build the company with excitement, enthusiasm and nonconformity.

In this respect, it only remains for me to thank the confidence that Bankinter and the Board have placed in me, and I hope to meet not only their expectations but also those of the 1,900 people who, day by day and from policy to policy, have made Línea Directa the absolute leader in direct sales in Spain.

Our goals and priorities have not changed. In 2011, Línea Directa should continue to provide value to our shareholders, consolidating itself as a benchmark in profitability and increasing its turnover, profits and the size of its customer base. It is therefore necessary to continue to maintain our strong commercial capacity, encouraging claims cost control and the fight against fraud, an area in which we are called to become true professionals.

We must continue to promote procurement and growth in those business lines that, due to their projection and importance, are strategic for our company. We will in addition continue to support the full development of our Home insurance and to encourage diversification through the opportunities offered by Línea Directa Breakdown assistance, our breakdown assistance and assessment company, which has become a model of efficiency. This year, we will promote increased productivity, essential in optimizing our management and our performance as a company, in addition to carrying on creating new relationships with our customers that allow us to continue to improve our customer retention rates.

We are working on anticipating the challenge of Solvencia II, which will undoubtedly contribute decisively to the insurance industry by further strengthening its criteria of responsible action in the field of risk control. In this respect, Solvencia II will allow us to set ourselves apart from other companies, consolidating our position as one of the most solid, transparent and capitalized insurers in the industry.

2011 will also witness the preparation and adoption of a specific Corporate Social Responsibility plan, including the implementation of our own management system and the creation of a special committee, whose objective is the analysis and reorganization of all existing initiatives within the company. In this respect, Línea Directa Solvencia II will complement its commitment to road safety in 2011 with various actions and projects in education, respect for the environment or social action.

We must not become complacent. We must demand the maximum, because, as a company, we do not know how to work in any other way. We must demonstrate, once again, that together we form the best team possible, full of motivation and enthusiasm. The same enthusiasm that one day 15 years ago made us change the insurance industry forever.

Miguel Ángel Merino
Managing Director
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Our Values

Respect for People, Spirit of Achievement, Enthusiasm, Results Orientation and Clarity are the Línea Directa values. These five are an aspiration for corporate action, based on a common identity, our own culture and the pride of belonging to a leading company.

Línea Directa is formed by Our Values, a team of nearly 1,900 professionals working with one single goal: the total satisfaction of our 1.8 million customers.

RESPECT FOR PEOPLE

Treat your colleagues as you would like to be treated yourself. Help to encourage the work of the team and for each person to give their best. Value effort and recognize the achievements of others. Listen to your colleagues and customers and strive to see things from their point of view.

SPIRIT OF ACHIEVEMENT

Always ask yourself how we can do things better and make proposals. Be creative and innovative. Your opinion is very important but also those of others. Give, accept and encourage constructive criticism. Be demanding with yourself and develop your spirit of achievement.

ENTHUSIASM

Be enthusiastic with everything you do. Work hard and have fun at the same time. Think about the customer as the recipient of your actions. Always keep a positive attitude.
Fulfil your commitments. Behave so that you are an example to those around you. Put good ideas into practice so that they are not only words.

Help to make things simple. Simplify everything that is in your hands. Be clear and honest in your communication with others. Share whenever you can.
The Board of Directors at Línea Directa Aseguradora represents and manages the company. As the highest governing body, it defines and promotes the company’s strategic plan, managing and defining its general policy. The Board also has powers in budgetary control, the appointment and remuneration of senior managers, as well as other corporate transactions.
Línea Directa Aseguradora is owned 100% by Bankinter, one of the largest banks in the country by the size of its balance sheet. Considered one of the most innovative banks in the world, it operates as a multi-channel entity that supplies its services through an extensive network of offices and other complementary high technology systems, such as telephones, mobile phones or the Internet. Its commitment to innovation and in service excellence have established it as a benchmark in the international financial market.

- **NSR**: 76.4
- **Bankinter Group PBT**: 205.2 million euros
- **Nonperforming loans ratio**: 2.87%
- **New customers**: 61,600
- **SICAV Market share**: 8%
Management Team

1. David Pérez: Assistant General Manager of Finance
2. Francisco Valencia: Corporate Governance Manager
3. Julio Agulló: Línea Directa Breakdown Assistance Manager
4. José Antonio Egido: Accident Management Area Manager
5. José María Maté: Technical Area Manager
6. Juan Manuel Granados: Motor Area Manager
7. Mar Garre: People and Internal Communications Area Manager
8. Patricia Ayuela: Home Area Manager
9. Ana Sánchez Galán: Technology Area Manager
10. Pablo González-Schwitters: General Secretariat Area Manager
The Executive Committee

The Executive Committee of Línea Directa establishes the processes to meet the challenges posed by the market, the industry and the economic context, contributing and realizing the objectives of the company. In addition to the Managing Director, it is composed of Managers from the Areas of Corporate Governance, Motor, People and Internal Communications, Accident Management, Home, the Finance Area and the Technical Area.

Steering Committee

This committee coordinates the activity of the company in all areas, providing essential support for the activities of the Business Lines. The Steering Committee is also composed of members of the Executive Committee, General Secretariat Area Manager, Technology Area Manager and the Línea Directa Breakdown assistance Manager.

MIGUEL ÁNGEL MERINO
Managing Director of Línea Directa

Miguel Ángel Merino was named Managing Director of Línea Directa in October 2010, replacing María Dolores Dancausa. He has spent most of his career at Línea Directa, which he joined in 1995 as Accident Management Area Manager.

In 2007 he took charge of Línea Directa Asistencia, and under his Management the company has experienced the best financial results in its history, exponentially increasing its profits and turnover through optimizing its processes and its commitment to excellence and quality. In 2010 he was recognized as one of the best executives of the year by the magazine Dirigentes.
During 2010, the Motor Area opted for versatility in the sales and customer service process, for quality and cross-selling operations, achieving 3% growth in its main business area and 3% in the Motorbike area, which ended the year with a base of more than 262,000 customers.

Aware of the difficulty posed by the general economic context, the Motor Area promoted the optimization of its tools and processes, working intensely on the operational autonomy of work teams and supporting quality and service excellence.
In this regard, 2010 represented the final closure of Albatross, consolidating GALgo as a leading instrument in integrated customer base management, which has established itself as a production tool common to several departments, allowing the customer relationship with the company to be enhanced.

The versatility and efficiency of the tool, together with the elimination of internal transfers, have allowed higher efficiency to be achieved in the distribution process, selling over 356,000 policies during the year and ending the financial year with an achievement rate of 102% for the main business area with respect to the anticipated plan, excellent figures when taking into account the current economic context. In this respect, it is necessary to point out that sales of new cars slumped in 2010, coinciding with the end of and restrictions on public aid for the purchase of vehicles. In fact, from July, and according to data from the Spanish Association of Cars and Truck Manufacturers (ANFAC) - no month ended with positive growth with respect to the same period the previous year; actually decreasing by almost 40% in some months.

**Customer retention and service**

Throughout 2010, Línea Directa has opted to implement a global view of the customer base, enhancing customer loyalty with the company through new parameters that include the adoption and implementation of new negotiation logic that has managed to significantly improve customer retention rates.

The new measures have made it possible to optimize organization and distribution in incoming and outgoing calls, as well as an increased transfer of customers from the motor business to the home area, enhancing cross-selling ratios.

The “**Count on me**” programme has also been promoted this year, in which employees from support groups – from Corporate Governance to General Secretariat, including the People and Internal Communications Department, managers included – have worked actively in the management and reception of holding calls, effectively helping to contain excess loads and drastically reducing the amount of missed calls.
In 2006, Línea Directa launched the Línea Directa Companies business unit with the objective of providing a comprehensive service in the procurement and management of insurance for vehicle fleets, whether for the self-employed or companies. Línea Directa thus became the first Spanish company to offer customized solutions for vehicle fleet owners at an affordable price.

Línea Directa vehicle fleet insurance provides the same services as it does to individuals, from Third-party insurance to Comprehensive Insurance, with or without Exemption, and with the same advantages and the same coverage. It also covers either large fleets of vehicles or the self-employed and SMEs with small fleets.

Its Universal Exemption System –pioneering in the Spanish insurance industry - sets a generic damage exemption for the total fleet and a commercial premium for each vehicle, which can be up to 40% cheaper than the market average. Thus, the risk is shared between the customer and the insurer; in the Liability coverage and the exemption excess in damage to own vehicle. The insurance also covers any type of vehicle and all drivers at the company over 26 years old, without them having to be specifically stated in the policy.

In 2010, Línea Directa launched Group 10, a service specially designed to meet the needs of companies with vehicle fleets consisting of 10 or more cars. Thus, all processes related to procuring and managing insurance for such vehicles gets customized service expediting any transaction.

The comprehensive fleet management simplifies the procurement, administration and renewal process for all insurance, thereby providing a fast and certainly more convenient service: each policyholder has a Fleet Manager; who visits and maintains direct contact with the customer; thereby adjusting each process to their needs. Moreover, Línea Directa is the first company with which you can procure company vehicle insurance in Spain over the Internet, since from its website you can get an immediate quote on up to 25 company vehicles at one time, without needing to provide details of the drivers.

Car Sales NSR
81.96

Companies

Policies sold (gross)
356,000
According to the latest Línea Directa Road Safety study, 7 out of 10 Spanish schools need to improve in some aspect.

**International**

During 2010, the Línea Directa International Department was able to increase its sales with respect to 2009 by 2%, ending the year with a base of more than 63,000 policyholders. Turnover of the business unit for its part increased by 1.4%, amounting to 24.27 million in premiums issued. We should stress the efficiency ratio achieved in the quote per call, and which has amounted to a ratio of 64%, 8 points above the previous year. In addition, the retention rate was around 73.4%, with a cancellation application rate of only 36%, 17% less than in 2009.

During the past year, Línea Directa opted for selling customers additional policies and services of value; managing to sell nearly 5,000 additional policies and promoting cross-selling with the International Home Department that, in only four months, has allowed more than 3,500 foreign customers to be quoted.

**Quality and Processes**

2010 was characterized by the development of the GALgo functionalities, which enabled a comprehensive view and analysis of the customer base, improving efficiency and establishing itself as a common production tool of great versatility for all areas. It also led to coordination in processes common to two applications in production: GALgo and Albatros, cancelling out some features of the latter; such as access to personal data blocks, policy queries and estimates.

Furthermore, from February 2010, all registered GALgo users can access via the Internet a new area where in addition to consulting their policies and estimates for cars, motorbikes, home insurance and vehicle fleets, they can also change their contact details, such as telephone numbers and e-mails, request documents online, view their next bills or open accident reports without requiring call centre intervention.

Throughout 2010, Quality and Process did in addition develop new applications aimed at customers such as online information on the processing of accident reports for motor vehicles where the user can follow the progress of their processed report, or downloading digital documents in product policies of individuals.

After the first phase of implementation in the Motor area, we also addressed the implementation of applications regarding retention, supplements and renewals, which will over the coming months involve the full development of GALgo. In this respect, the Retention Website application gives the company the possibility of retention in many forms, simplifying the process and giving it the same entry regardless of the product procured.
Línea Directa Asistencia, the inspection, assessment and breakdown assistance company in the Línea Directa group, was created in 2005 to manage all processes concerning breakdown assistance, emergency management, risk inspection and assessment and repair of vehicles. Six years later, the company manages a network of over 3,000 associates throughout Spain, handling more than 780,000 transactions a year and dealing with about 1.2 million calls.

In 2010, Línea Directa Asistencia ended the best year of its entire history, achieving a profit before tax of 10.5 million euros, representing an increase of 34.6% over the previous year. Furthermore, its turnover amounted to 65.4 million euros, 8.25% more than in 2009, thanks to its commitment to diversifying its commercial offer and improving the versatility of its processes, becoming a technological reference in the services sector.

**Combating claims fraud**

The rise in fraud throughout the industry, the transfer of the most comprehensive coverage to other more simple forms, the slowdown in consumption and the higher tax rate on non-exempted economic activities, amongst other factors, have made claims a common problem for the Spanish insurance industry.

In this context, Línea Directa Asistencia has played an essential role in control of the indicator, implementing active policies in the inspection of risks that, physically covering the entire country, have led to more than 93,000 inspections being made.

The new array of inspections promoted from the Technical Area have for their part provided a correct selection of risk, thereby helping to control the increase in the indicator. Document systematization and improved processes have also contributed decisively to this end, as well as photo inspection in garages of associates and cost control measures, all with excellent results.
New services but the same aim: customer satisfaction

During 2010, Línea Directa Asistencia launched various value services such as the augmented reality application for company customers, which allows you to add contextual information to an image captured by a mobile phone, facilitating the location of associated garages and clinics and even petrol stations. In addition, during the past year Línea Directa Asistencia introduced the low cost replacement vehicle service that allows customers and non customers to hire a car in case of accident or damage from a price ranging between 15 and 25 euros a day, representing a 55% saving compared to the market average.

Another service that Línea Directa Asistencia put into operation last year was the certification service for used cars, which advises and reports on the technical and mechanical conditions of cars bought and sold, an initiative that has been very well received commercially.

As a result of all this and its strong customer orientation, Línea Directa Asistencia achieved a Net Satisfaction Rating of 87.98, 2.66 points more than in 2009, establishing itself as one of the most highly valued areas of the company by customers.

People

As an integral part of Línea Directa, Línea Directa Asistencia maintains people as one of its basic principles of action. Today, the assessment, inspection and breakdown assistance company in the group is formed by a team of 323 people from 13 different nationalities, with an average age of around 34.

Línea Directa Asistencia also participates in the group’s commitment to a balance between work and personal life, implementing and developing various reconciliation initiatives, such as flexible timetables or telework, which involves almost 50 people, 15% of the staff.

As a result of all this, Línea Directa Asistencia was recognized in 2010 by the Instituto Best Work Places as one of the best places to work in Spain in the 250 to 500 employees category. According to the report, 90% of employees highlighted the company’s capacity to welcome workers and 82% said they were proud to work for them.

In addition, the Másfamilia Foundation recognized Línea Directa Asistencia and Línea Directa Aseguradora as responsible family companies, awarding them the EFR certificate for their commitment to reconciliation and quality in employment.
In 2008, Línea Directa revolutionized the Multirisk field by distributing home insurance for the first time through direct channels. In just three years, the Línea Directa Home Business has become a benchmark for growth and quality, exponentially increasing its customer base, its profitability and its turnover.

During 2010, the Home Business Line chose to expedite and optimize all service processes, promoting quality measures and improving the speed of response to market demands. In this respect, processes relating to claims handling evolved last year from damage settlement to a model in which Línea Directa deals with repair through its own suppliers.

In terms of loyalty, the Home Department incorporated new specific negotiation tools in 2010, improving customer retention and creating different products for various market niches, designed on the basis of its own demand generation strategies. A feature of these is the presence of the Business Line in new advertising campaigns and the establishment of direct marketing campaigns developed in coordination with other areas. This has led to a significant increase in the Net Satisfaction Rating in all processes, amounting to 83.38 in Customers, 72.73 in Accident Management and 87.80 in Sales.

Financially, the Home Business Line ended 2010 with a customer base of more than 113,000 policyholders, 63% more than the previous year. In addition, in just three years, and despite the difficulties posed by the economic environment and the severe property crisis, Home insurance at the company had a turnover of 18.5 million euros, with an increase of 74.8% in the volume of premiums paid compared to 2009.

The key to this success is based on the very accessibility of the product, formed by 23 configurable policies in which the customer only pays for what they want and need, benefiting from a clear and simple product that, like car insurance, has contributed decisively to the transformation of the industry.

The Home Business Line is a consolidated, profitable and efficient reality, which managed to double the size of its staff last year, made up of 114 professionals. In this respect, preparation, motivation and team excellence has allowed it to rise seven places in the national ranking of Home insurers, occupying position 27 at the end of September 2010, after only three years of activity.
The Advanced Repair Centre (CAR), a garage founded in 2007 by Línea Directa Aseguradora, is an example of sustainable management and profitability, characterized by a strong commitment to technology and innovation in all its processes. Designed on the basis of environmental efficiency CAR stands out for the times and quality of its repair services, for optimizing their workflows and for its ambitious training programmes for its employees.

During 2010, CAR implemented active cost reduction policies, opting for continuous improvement in its processes, including the implementation of productivity and statistical tools common to the rest of the group, and which has led to improved coordination and fluidity in some processes that cross all areas. In 2010, therefore, CAR has seen its turnover increase to 4.3 million euros, representing an increase of 19.44%, and giving profits for the first time in its history, a milestone achieved in just three years.

With regard to internal processes, we should mention the implementation of photo inspection of all vehicles when received at the garage and their subsequent servicing before being delivered to the customer. In addition, the vehicle owner receives timely information about the date of delivery within 24 hours following the entry of the vehicle, improving service quality, transparency in communication and increasing customer satisfaction.

Thus, during the past year, CAR has improved the quality of its service tremendously, opting for information and training as an instrument of excellence, which has improved the telephone service by reducing delivery times and adjusting coordination in payment processes.
Accident management

For Línea Directa, accident management is not a risk, but a unique opportunity: to return the trust that the customer has placed in the company. So, thanks to its team of 485 professionals, its processes based on technology and innovation and its unique network of suppliers, the company provides its policyholders with a flexible, high quality service, establishing itself as one of the most highly valued areas by customers.

During 2010, the Accident Management Area worked hard on optimizing its processes, relying on increasing its flexibility, efficiency, and cost control. In this respect, projects such as the allocation of records, intelligent call routing, the possibility of receiving information processed via the Internet or the associates portal for external communications, as well as automated payments, have dramatically accelerated the internal procedures of the area, improving its workflows, its external transparency and, above all, the satisfaction of policyholders. Thanks to all this, and despite the rise in claims, new measures have managed to reduce calls with respect to the previous year by 120,000 allowing us to offer a high quality service for other incoming calls.

Savings Plan

During the past year, the Accidents Management Area worked extensively in developing 9 practical guides for processing, which outline and summarise its processes quickly, clearly and educationally, providing very useful support for all area processors.
More than 30 hours of training were given in the past year per Claims processor and over 20 hours per Liability Insurance processor. A commitment has also been made to begin offering practical, comprehensive training to processors, based on viewing the judgments in their own records, which facilitates their study and subsequent analysis.

**Training, a safe investment**

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**Suppliers, a key part**

In a direct insurance company, without any agents, intermediaries or suppliers, the suppliers are the image of the company to the customer. That is why Línea Directa promotes, coordinates and manages the relationship with suppliers directly, implementing them in company processes and facilitating synergies and common operating principles.

During 2010, the Accident Management Area, which oversees the actions of 60% of the company suppliers, started up the Associates Website, an area of exclusive access for detectives, experts and lawyers who actively collaborate with the company, with the aim of expediting communication and the flexibility of transverse processes.

Furthermore, following the strict quality parameters at Línea Directa it also prompted a demanding audit plan for medical experts in order to adapt their roles to the objectives of the company. It has also audited Comprehensive Medical Treatment centres, analyzing their activities, management and performance at more than 200 centres in 33 different provinces.

As for legal networks, Línea Directa has chosen to optimize management operations by expanding its core network of Lawyers and auditing 48 practices and 16 research offices. During 2010 the company also promoted and coordinated its active presence in various industry forums, special mention being given to the conference held by Línea Directa on the 30th anniversary of the Insurance Contract Law, in collaboration with the Pontificia Comillas University, and the periodic meetings with various Representatives of Medical-Legal Institutes in 6 provinces.
During 2010, the Technology Area addressed the improvement of technological services provided in terms of quality and efficiency, bringing its systems and projects into line with the needs and demands of business areas at the company.

In this respect, it has opted strategically to simplify information tools and systems, prioritizing accessibility and consolidating the one stop shop model as a suitable channel for project management because it allows consensus on quality and the strategic order of implementation. During 2010 it focussed on Internet dissemination in company systems and on the smart phone, which has meant a boost to service quality and internal efficiency in call management, optimizing self-service processes for customers and associates.

It has also promoted two critical areas to ensure efficiency in the use of information and in how to manage processes related to the customer base. The first of these culminated in the construction of the New Information Centre, which will allow management of agreed and high quality information. The second is Customer Relationship Management, which will help the company to redirect itself towards the customer, thereby increasing business opportunities and service excellence.
The Quality Department in the Technology Area is for its part responsible for ensuring that software development is based on certain standards of functionality and performance to meet the requirements of both users and our customers, according to premises of maintenance, confidence and efficiency. This function is performed through four different processes that analyze company software:

1. The Línea Directa Test Project was established to improve all the processes already in force. The objective focused on detecting and treating the most serious software defects in the shortest time possible, mitigating the risks and reducing maintenance costs on the basis of preparing tests based on product risks.

2. The Quality Assurance Process allows management of incidents detected during audits carried out on applications developed for the company. Through this process, it is ensured that working products built during the development life cycle are produced correctly, optimizing the use of resources by shortening working times in the testing phase and reducing maintenance and infrastructure costs.

3. Internal quality certification that enables self-certification of codes, a measure that reduces the number of incidents related to internal quality audits.

4. Performance testing in order to detect problems with an expected load level in applications and to provide possible solutions.
principles of action

Quality

For Línea Directa, quality is not only a principle of action, but is in itself a strategic value, a true vocation. In this respect, quality processes at the Company try to place the customer at the centre of all decisions, periodically testing their degree of satisfaction, their recommendation rate and the actual level of fulfilment of their expectations.

Our commitment to excellence and quality leads us to periodically measure the degree of satisfaction of those policyholders who have recently requested the provision of a service by the company. Thus, Línea Directa performs a series of specific surveys in the form of short telephone questionnaires, whose questions measure and evaluate with total accuracy the real satisfaction of the policyholder, allowing us to size our capacity, resources and efficiency.

To this end, the company quantifies and assesses the proper functioning of all internal processes, thereby obtaining reliable indicators about those aspects that directly affect customer perceptions and opinions. Our quality system also allows us to fully diagnose and determine points and areas for improvement, facilitating the provision of the most efficient operations that allow diagnosis to be obtained and the development of new proposals, thereby setting out the order of priorities.

Satisfaction surveys assess service attributes that are transverse to all company processes, such as accessibility in contact, service, treatment, the level of fulfilment of commitments, the level of advice, efficiency or transparency, combining them with other more specific values for each service and each area.

This system, implemented in 2009, involved a qualitative leap in processing and analysing the efficiency of corporate processes, both our own
and outsourced ones, enhancing three essential attributes in any quality service: global satisfaction, recommendation and permanence, quantified through the NSR (Net Satisfaction Rating).

In addition, complementary telephone service surveys are also carried out, increasing selection quotas and bases to better specify the quality and effectiveness of the service. In this regard, and in order to facilitate information extracted from surveys for the different areas and thereby allow internal dialogue and consensus on areas for improvement the results are reflected in specific reports included in the Company's Quality Information System.

### NSR 2010

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Motor</td>
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<tr>
<td>Complaints Management Section</td>
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</table>

### Global Satisfaction Evolution

![Global Satisfaction Evolution Chart](chart.png)
**Major milestones and actions in 2010**

We worked intensely in 2010 on the quality of automatic voice services, implanting a new IVR with speech and corporate music, specifically customized for Línea Directa, thereby facilitating brand identification by the customer. In addition, by using our style guide a new more intuitive tree design has been implemented, better suited to the needs of our policyholders, which thanks to the combined work of the Technology, Processes and Corporate Quality team has enabled IVR cancellations to be reduced by 30% over the year.

We also promoted quality in written communications, opting for clear, concise and simple documentation with no small print, which has allowed a comprehensive renewal of the general car conditions and response documentation to complaints and objections by customers. The Home Area for its part has worked on the adaptation of all documentation, focusing on renewal notices, payment advices and communication via SMS and emails, among others.

2010 also witnessed close collaboration with our suppliers on quality measurement, especially in those processes in which they have direct contact with policyholders. We also evaluated the perception of customers regarding some value services specially designed to increase their level of satisfaction, such as our Mechanical Network or Más Moto Club.

During the last months of the year, we worked on the definition of the project for measurement, analysis and internal quality improvement in order to complete the bases of our quality management system at the company, evolving into a service based on total quality.
A complaint from a customer is always an opportunity for improvement. With this philosophy, Línea Directa is committed to transparency and efficiency as the best way to regain the trust of a discontented policyholder. To this end, the Department of Complaints and Objections within the area of corporate governance coordinates, manages and centrally resolves incidents, imbalances and errors in the various production processes in order to resolve them in a way that is fair, adequate and satisfactory for our policyholders.

835 incidents were handled in 2010, just 0.00046 per customer. Of these, 493 were complaints (59.04%) and 342 objections (40.92%). In relation to the different areas of management, the distribution was as follows:

- Accident Management: 464 (55.57%)
- Policy Sale and Management: 308 (36.89%)
- Breakdown assistance Service: 51 (6.11%)
- Fines Management Service: 12 (1.44%)

Of the total complaints received, Línea Directa resolved 41.31% for the customer; with an average management cost of €183.32.

The main incidents in terms of volume were:

- Rejected damage coverage due to exclusions in the policy guarantee.
- Claims processor management
- Policy cancellation process, especially regarding the return of unearned premiums.
- Rejected damage coverage by expert opinion.

As a result of analyzing events recorded in 2010, the Complaints and Objections department noted its priorities for 2011:

1. Inform the customer better at the time of procurement regarding coverage and access to the General Conditions.
2. Train claims processors to achieve a more Customer focussed service in arguing the reasons for rejection of coverage for damages or exclusion of a claim.
3. Train Policy Management operators for better arguments on the indivisibility of premiums.
principles of action

Innovation

Innovation, people and quality are the three basic principles of action at Línea Directa, forming a cross support to all the processes that define the way we live, understand and build the company.

Innovation at Línea Directa takes place according to responsible approaches, being established as an instrument of commitment that as well as meeting the main demands of the business can also offer solutions to issues as important as improving road safety or the creation and launch of responsible products, such as Night Assistance to Young People or Comprehensive Medical Treatment.

For us, innovation constitutes a creative process that adds value to the customer and improves the quality of our products, being configured as an open process involving all the agents in our value chain, consisting of customers, employees and suppliers.

During 2010 a specific process was defined for innovation at the company, our own channel being prepared for the transmission of talent and creativity that has succeeded in fostering collaboration and teamwork. To this end, and for the first time in the history of Línea Directa, a business challenge has been launched to the entire organization, in order that employees propose their own solutions, arguing and defining their scope, phasing and costs. Subsequently, a jury formed by the Chairman and the Managing Director chose the best proposals, encouraging their implementation, recognition and development. The two winning ideas of this first innovation challenge were created by Maria Aránzazu Sánchez from the Home Area and Elías Pérez, from the Motor Area.

In this global challenge, which was intended to boost the Car and Home business, two hundred new ideas were collected and more than 6,000 visits to the Innovation Intranet were counted in just two weeks.

Innovation is creating, improving, anticipating challenges by creating new ones. Innovation is changing, learning, being successful by losing the fear of being wrong.

Innovation is creating a company, backing our future, improving ourselves.

Innovation is building Línea Directa.
People

An essential part of the proper working of any company, whatever its area of activity, depends on the motivation, training and experience of the team that forms it. Therefore, investment in the management of people, motivation and remuneration systems, management of knowledge and training are crucial aspects, not only when it comes to attracting and retaining talent, but also for generating the work dynamic necessary for the proper development of the business and attracting new customers.

In 2010 90 more people joined our team of nearly 1,900 professionals, in which 181 people joined the staff and 73 indefinite contracts were signed. Thus, despite the adverse economic environment, Línea Directa is establishing itself as an engine for creating jobs in an industry that, for the third consecutive year, has seen its sales decrease. It has also continued to promote active integration policies for the disabled, for reconciling work and family life and promoting training as a professional development tool.

Integration as a form of responsibility

Línea Directa believes in diversity as a way of enriching its company proposal and its way of adapting to the demands of the society of which we form a part, forming a plural reality, trained and developed through diversity, mutual respect and team spirit. At the end of 2010, the company staff consisted of 1,892 people from 21 different nationalities with an average age of around 35. Furthermore, 62% of the staff and more than half the senior posts were held by women and about 70% of staff has university qualifications.

As a result of this commitment to inclusion and diversity in 2010 the No Limits programme has been promoted, whose main objective is to facilitate the integration of people with disabilities at Línea Directa Aseguradora. The project, which was a finalist in the first Telefónica Ability Awards, addresses four basic lines of action:

- **Services for employees with disabilities**, providing a safe working environment and providing them with the necessary tools for the proper performance of their work.
- **Plan to raise awareness** in the organization, enhancing the work of employees with disabilities through normalization and team spirit.
- **Increasing the number of disabled employees** above 2%.
- **Collaboration with specialized foundations**, creating channels of continuous dialogue to share experiences and establish areas for improvement.
The **No Limits** program is one of the Línea Directa initiatives that have had the best reception this year, obtaining some excellent results, as people with disabilities tend to develop compensatory skills that bring added value in carrying out their work.

The programme has the support of the Guide, whose function is to ensure that the workplace is adapted to each employee involved in the plan. The guide is also responsible for the professional performance of the “No Limits” employee being adapted to the professional profile that Línea Directa requires, ensuring non-discrimination, either positive or negative. The goal is the real inclusion of disability in the value chain at the company, without the implementation of coercive or artificial measures. In addition, the programme has a staff advisor who guides employees already recruited about the possibility and procedures for obtaining a certificate.

Moreover, the physical workplace has to be adapted to the particularities of each employee’s disability, requiring the establishment of specific emergency measures for each of them.

**Linea Directa reconciles**

Línea Directa believes firmly in the importance of maintaining a balance between the professional and personal lives of its employees. This is why it has prompted a number of reconciliation measures such as flexible timetables and Telework, involving 126 people, 16% more than in 2009. This initiative enables employees under the programme to do their job from home thanks to the technological resources that the company makes available to them.

**Disability CREATES capacity**

- Physical, organic and muscular disabilities and those of the Central Nervous System
- Sensory-visual disability, visual deficit and blindness
- Sensory-auditive disability, hearing defects and deafness
- Perseverance, resistance, tenacity
- Attention and memory
- Concentration and thoroughness

Our buildings are socially and environmentally sustainable.
During 2010, 45 male employees and 32 female employees benefited from maternity leave and paternity leave respectively, and 164 from working day reductions. As far as motherhood is concerned, there were 96 births last year at the company, consolidating Línea Directa’s commitment to the family and its reconciliation with professional development. Not surprisingly, 52% of women in positions of responsibility are pregnant or have children under 12 years old.

As a result of all this, the Másfamilia Foundation granted Línea Directa an EFR certificate for its commitment to quality employment.

**Training: a way to make a company**

Training is a strategic investment by the company, which allows new challenges to be accepted and addressed in an increasingly dynamic and efficient way. With respect to this, 90% of the Línea Directa staff received training directly related with the needs of their work in 2010, with an average of 31 hours training per person, 3.1 hours more than in 2009. In addition, 344 people are trained in the company each month.

**Developing talent**

Employee development was also promoted during 2010 through the implementation of three programmes -Smile, Darwin and Crece- aimed at people with varying degrees of responsibility in the company. It has also started to design and implement the first sessions of the training courses, specially designed and tailored to develop capacity and resources for employees who are in direct contact with customers.
Corporate Social Responsibility

Linea Directa is a socially responsible company, committed to reducing traffic accidents in Spain, environmental management, education and social action and, in general, to all its stakeholders.

Our buildings are socially and environmentally sustainable.

Linea Directa supported the International Volunteer Day by working with NGOs and Foundations.

Linea Directa, an EFR company for its commitment to quality employment.

Linea Directa received the ICEA Award for its work in detecting fraud.
Línea Directa is committed to equality: 62% of staff members are women.

Línea Directa held the 1st Supplier Award to recognize the work and involvement of its associates.

Antena 3 TV, El País and RNE winners of the 7th Línea Directa Road Safety Journalism Award. FEBE and INTRAS winners of the Honorary and Solidarity prizes.

According to the latest Línea Directa road safety study 7 out of 10 schools need to improve in some aspect of road safety.

Línea Directa, an Ability company for its disability integration model.

2009 Consumption: 12.6Kw.
2010 Consumption: 8.3Kw.
Seventh Edition of the Línea Directa Road Safety Journalism Award

The Línea Directa Road Safety Journalism Award, aimed at encouraging and supporting the preparation, publication and dissemination of news related to Road Safety in the media has become an unmissable event in the world of journalism and for specialists in road safety.

The Award, which completed its seventh edition this year, recognizes any work published in the Press, Radio and Television whose quality or journalistic treatment has contributed to raising public awareness on the need to maintain responsible behaviour behind the wheel. In addition, next to these three categories, the Solidarity Award recognizes those bodies, institutions or individuals who have demonstrated their commitment to Road Safety. The Honorary Prize, for its part, recognises NGOs, institutions and foundations whose usual field of action is Road Safety.

The award ceremony of the Seventh Línea Directa Road Safety Journalism Award was held on 8 June at the Casa de América in Madrid and included the chairmanship of the Interior Minister, Alfredo Pérez Rubalcaba.

The Minister, who closed the ceremony after giving the Honorary Award, emphasized that “initiatives such as the Línea Directa Road Safety Award contribute to recognizing the invaluable work of the media in combating traffic accidents and social awareness. The work carried out by information professionals and organizations such as those awarded prizes by Línea Directa is priceless, and they do therefore have all the support and appreciation of the Interior Ministry”.

During the ceremony, the winners of each of the five categories of the event were announced. Elsa Granda of El País, the team of the programme "En días como hoy" from RNE and, part of the Put the Brake On initiative, Javier Gallego of Antena 3 Television News Broadcasting were the winners in the categories of Press, Radio and Television respectively, endowed with 9,000 euros each. The jury highlighted the innovative approach to issues, the variety of sources, the treatment of information and documentation used by winners.

The Línea Directa Road Safety Honorary Award was given to the Spanish Federation of Spirits (FEBE) for promoting the alternative driver figure and for its involvement in publicising responsible behaviour behind the wheel. Jaime Gil-Robles, Chairman of FEBE, received the award from Pilar González de Frutos, Chairwoman of the Spanish Association of Insurance and Reinsurance Companies (UNESPA).

For its part, the Solidarity Award went to the Institute of Traffic and Road Safety (INTRAS), in recognition of the social awareness work performed by this social organization, a pioneer in our country in implementing scientific research applied to road safety. Jaime Sanmartín, Director of INTRAS, received the award from the Interior Minister, Alfredo Pérez Rubalcaba.
The jury for the seventh edition was chaired by Pere Navarro, Director General of Traffic and consisted of the following personalities from the world of finance, politics and communication:

- **Pere Navarro Olivella**, Director General of Traffic and Chairman of the Jury
- **Jordi Jané**, Fourth Vice-President of the Congress of Deputies.
- **Maurizio Carlotti**, Antena 3 Group Vice Chairman.
- **Pilar González de Frutos**, Chairwoman of UNESPA.
- **Alejandro Izuzquiza**, Director of Operations of the Insurance Compensation Consortium
- **Pedro Guerrero**, Chairman of Bankinter.
- **Gonzalo de la Hoz**, Board Member of Bankinter.
- **Isabel Linares**, Director General of Telemadrid.
- **Ricardo Lozano**, Managing Director of Insurance and Pension Funds.
- **Antonio Dichas**, General in Chief of the Civil Guard Traffic Group.

**An award for suppliers**

In 2010, Línea Directa held the Suppliers Award for the first time, which recognizes quality of service, involvement in improving company processes and its practices in Corporate Social Responsibility. The winners of the first edition were the Equipo Postal, in the Service Excellence Category, Luis Miguel González Urdiales, in the Innovation and Involvement in Processes Category, and the Fundación Juan XXIII, in the Corporate Social Responsibility Category. Also, by the unanimous decision of the jury, it was agreed to grant an Honorary Award to Antonio Guisado, an investigator and detective, who died last year.

**School safety**

Línea Directa is a leader in the fight against road accidents in Spain, and has since 1995 produced studies and research reports on various aspects of driving.

In 2010, Línea Directa analyzed safety near Spanish schools after auditing 171 schools across Spain and assessing the views of 1,535 parents, reaching a startling conclusion: 7 out of 10 schools need to improve in some aspect of road safety. In addition, 8 out of 10 schools did not have any kind of officials to control traffic and in half of them there was no sign indicating the proximity of the school. Furthermore, 70% of schools fail in ease of parking and 86% of parents received no information on road safety at the school where their children study.

Spanish schools have a wide margin for improvement in their facilities. The weaknesses identified include difficulties in access due to items obstructing entry (47%), lack of pedestrian crossings nearby (52%) and no suitable signs (50%).
Equality, diversity, reconciliation

At Línea Directa we understand that responsible management of human resources is achieved, amongst other things, through a triple combination: a balance in equal opportunities, in management of diversity and in the reconciliation of work and personal life.

Línea Directa coordinates and ensures compliance with Human Rights, as well as any other rules and legislation that may be applicable to its business. In addition, the insurance industry has a senior regulatory body (the Directorate General of Insurance and Pension Funds), which conducts periodic inspections to ensure compliance with the law.

Enabling dialogue channels that allow periodic evaluation of the working environment are vital to establishing a harmonious social environment, not only increasing the reputation of the company, but also business opportunities. In this respect, all procedures developed by the Department of People for recruitment, development and compensation establish Línea Directa as a leader in equal opportunities.

As a means of complying with Law 3 / 2007 on Effective Equality between Men and Women, Línea Directa developed its Equality Plan in 2010, which includes a diagnosis of staff as well as other measures of performance in specific aspects, such as reconciliation or the detection of possible situations of harassment.

As for the integration of people with disabilities, these include the No Limits programme, which seeks to promote the inclusion of this group in the workplace. The programme, which has been operating for two years, includes a working agreement with the Randstad Foundation and conducts various awareness raising campaigns aimed at the entire staff. In addition, in 2010, Línea Directa participated actively in the Fourth Conference of the AMEB (Madrid Spina Bifida Association) on disability, being finalists in the Telefónica Ability Awards 2010.

Línea Directa is a company that is committed to the balance between work and personal life. In this regard, it developed a software management tool last year that enables the entire process to be controlled and monitored from the telework application by a worker until its assessments and subsequent monitoring.

Occupational Risk Prevention

Línea Directa has a deeply rooted culture of Occupational Risk Prevention, aimed at ensuring the health, safety and welfare of its employees. Every four years, it carries out a complete audit in risk prevention, ensuring compliance with the requirements set forth in Law 31/1995 on Occupational Risk Prevention.

The most notable items related to the health and safety of employees are related to ergonomics. Thus, activities carried out in 2010 included back school programmes, including talks, installation of a physiotherapy room subsidised by the company or ergonomic training at the time of recruitment, as well as other campaigns aimed at monitoring health.

The monitoring of psychosocial factors (stress, workload, burnout, etc.) is coordinated between the departments of Occupational Risk Prevention and People. In addressing these aspects we have carried out a series of initiatives geared towards the welfare of workers and the establishment of relax rooms at each plant or special rooms with couches to allow our pregnant employees to rest.

Risk prevention and health, along with optimal conditions in the workplace, have a very positive influence on the welfare of employees. Understanding their welfare as a key aspect in the competitiveness of a company contributes to reducing absenteeism, retaining talent and increasing productivity.
**Responsible purchases**

One of the main channels of communication with suppliers is the company purchasing portal. Through it, organizations interested in providing their service or product to Línea Directa must submit their offers by means of a questionnaire that includes acceptance of the general conditions, references from major customers, quality certificates and relevant documentation proving that they are up to date in their Social Security payments and comply with the regulations on occupational risks and environmental protection.

**Corporate volunteering**

Línea Directa is committed to its community through the Volunteer Plan, which contributes to improve the situation of disadvantaged groups. To this end, Línea Directa works with the Juan XXIII Foundation, the Randstad Foundation or shelter institutions such as El Olivo. Línea Directa also works actively with the Red Cross, participating in blood donation and toy collection campaigns, or the Integra Foundation, which organizes sessions with people at risk of exclusion.

**Other commitments**

In 2010 Línea Directa renewed its commitment to the European Road Safety Charter in which it has been involved since the European Commission decided to create this initiative in 2004 with the objective of contributing to the reduction of traffic accidents in Europe.

Línea Directa was the first insurer in Spain to subscribe to the document, which provides a platform through which the European Commission gathers and disseminates the commitments assumed in this area by the member institutions, with more than 170 signatories.

In addition, as part of its firm commitment to education, Línea Directa also works with the United World Colleges, a project that will be inaugurated in 2013 and which will constitute a reference in academic excellence and equal opportunities.
Awards

During 2010, our initiatives, management and results have earned the recognition of various bodies and institutions in Spanish society, in matters such as reconciliation, service excellence, innovation, advertising effectiveness and the implementation of disability in the value chain of the company.

4th Madrid Excelente Award for Customer Confidence
In recognition of its commitment to value services and quality in service, The Madrid Foundation for Excellence recognized Línea Directa Aseguradora in 2010 with the Madrid Excelente award in the Large Companies category, thereby adding to the seal awarded by the Foundation in 2009.

EFR Certificate
The Másfamilia Foundation awarded Línea Directa the EFR certificate in recognition of its work in people management. In this way, the Foundation wished to distinguish the quality of employment offered by the company in its flexibility regarding time and space - with special reference to its telework policy - and efforts aimed at professional development. Furthermore, Línea Directa Asistencia, a breakdown assistance and assessment company in the Línea Directa group also obtained the certificate for the quality of its employment.

“100 Best Business Ideas of the Year” Award
In 2010, the magazine Actualidad Económica gave an award to Línea Directa for its Night Assistance service to Motorcyclists, considered as one of the 100 best business ideas of the year. This service is unique in Spain, and offers taxi transfer to motorcyclists with the company if they have consumed alcohol or feel unwell. The service is complemented by the transfer of the vehicle by tow truck to the customer’s home, without any cost, penalty or additional charge.

EFI Award - Silver in Advertising Effectiveness.
Línea Directa was awarded the Silver EFI in the tenth edition of the Effectiveness Awards. These prestigious awards, which reward the best initiatives in advertising, distinguished the successful Línea Directa campaigns Yllana, Hay mil porqués and Zarzuela, with which the total policies procured increased by more than 17% over the previous year; and quotes by 3.3%. In addition, company brand awareness rose 5.8 points following implementation of the new strategy.

Línea Directa, an Ability company
Línea Directa was selected as an Ability company in managing to be a finalist in the Telefónica Ability Awards from a total of 458 nominations presented by various public and private institutions in Spain. These awards recognize the work of any companies and institutions that develop sustainable business models and integrate people with disabilities in their value chain, whether as employees, suppliers or customers. Línea Directa was a finalist in the categories of Senior Management Commitment and Leadership and in Recruitment and Selection, in which the company introduced its No Limits program.
ICEA Award for Fraud Detection
In 2010, Línea Directa also received recognition as the most participatory insurer in the 16th Industry Competition for Insurance Fraud Detection, organized by ICEA (Cooperative Research between Insurance Companies), both in Cars and in Home Insurance. This organization rewards the best initiatives and actions in the field of fraud detection carried out by insurance companies.

Contact Center Awards for Best Customer Loyalty Service and Best Product Marketing Service.
Línea Directa was recognized in the 1st Edition of the Contact Center Awards in the categories of Best Customer Loyalty Service and Best Product Marketing Service. This initiative, promoted by the magazine Contact Center, emerged in order to reward companies who have opted for contact centres as departments of value for their organizations.

Miguel Ángel Merino, one of the 100 executives of the year.
Miguel Ángel Merino, Managing Director of Línea Directa Aseguradora was recognized in 2010 by the Dirigentes magazine as one of the 100 executives of the year for his career and management at Línea Directa and Línea Directa Aseguradora.

Maria Dolores Dancausa, executive of the year
Maria Dolores Dancausa, CEO of Línea Directa until October 2010, was named Executive Woman of the year by the Spanish Federation of Women Managers, Executives and Professionals and Entrepreneurs (FEDPE).

The goal of these FDEPE 2010 awards is to recognize women who have excelled professionally in their working, executive or business performances, as well as the companies and media that have fostered and promoted the role of women in the workplace.

Maria Dolores Dancausa at MERCO
In May 2010, María Dolores Dancausa was also considered by the MERCO Leaders report as the seventh businesswomen with the best reputation in Spain. In the general ranking, which includes the 100 most prestigious executives in Spain, and in which only 10 women are included, María Dolores Dancausa was ranked at 69, rising 18 positions from the previous year.

Línea Directa, also a responsible company in recruitment
During the past year, Línea Directa was active in developing the Local Agreement for employment integration, promoted by the Municipal Council of Tres Cantos, being recognized for its Responsible recruitment policies. The Agreement aims to become a critical tool for job placement of risk groups such as young people.
Our Brand

The value of a brand

During 2010, Línea Directa established itself as the second company in terms of brand awareness and the first in terms of presence and investment in advertising, with a 27% share of the car insurance sector, according to figures from TNS.

Furthermore, 1.1 million quotes were given in 2010 in the Motor field, reaching very similar figures to those recorded in 2009, and which has helped to generate about 100,000 new policies in the field. Moreover, and according to the consulting company Nielsen, www.lineadirecta.com -the company website- was the leading insurance website in traffic during 2010.

Efficiency and creativity

In 2010, Línea Directa was recognized with the Silver Award at the tenth Effectiveness Awards. The Spanish Association of Advertisers thereby recognized the success of recent Línea Directa campaigns.

Línea Directa has supported the campaigns to complement the appeal of price with the quality of its products and services, consolidating the company as the first choice for a quote amongst insurers that operate in our country.

Thus, Yllana, Hay mil porqués and Zarzuela campaigns have fulfilled their objectives, since total contracts increased by more than 17% compared to the previous year, and quotes by 3.3%, very positive data taking into account that vehicle sales reached their lowest level since 1995. Furthermore, brand awareness of the company increased 5.8 points following implementation of the new strategy.
The Media

The media play a key role in the creation, development, and promotion of different Línea Directa projects, both financially and commercially, and with respect to reputation.

In 2010, therefore, Línea Directa tried to promote direct contact with the media, with the aim of providing value to its initiatives and to allow new communication channels with society, industry and its stakeholders. In this sense, the results recorded in 2010 were extraordinarily positive, since the audience for print increased by 35% compared to the previous year, while the economic rating and the number of appearances did so by 67.1% and 32.7% respectively.

For its part, press coverage of information affecting the company experienced a great improvement over the past year, as the volume of positive news increased by more than 30% compared to 2009.
# Financial Results 2006-2010. Euros

## 1. Group Income Statement

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<td>624,779,505</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>94,352,069</td>
<td>94,026,583</td>
<td>100,098,243</td>
<td>93,213,564</td>
<td>82,900,399</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>66,260,054</td>
<td>66,427,289</td>
<td>71,316,716</td>
<td>61,991,364</td>
<td>53,730,120</td>
</tr>
</tbody>
</table>

## 2. Ratios of the Group Management

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Gross loss ratio</td>
<td>78%</td>
<td>76%</td>
<td>70%</td>
<td>72%</td>
<td>73%</td>
</tr>
<tr>
<td>Gross combined ratio</td>
<td>91%</td>
<td>91%</td>
<td>88%</td>
<td>89%</td>
<td>89%</td>
</tr>
<tr>
<td>Own resources</td>
<td>299,237,932</td>
<td>232,977,879</td>
<td>346,550,589</td>
<td>247,318,166</td>
<td>185,326,810</td>
</tr>
<tr>
<td>Solvency margin surplus</td>
<td>160,919,552</td>
<td>116,798,790</td>
<td>211,880,218</td>
<td>162,587,986</td>
<td>111,904,993</td>
</tr>
</tbody>
</table>

## 3. Group Balance Sheet

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Technical provisions</td>
<td>635,471,544</td>
<td>606,079,601</td>
<td>596,460,771</td>
<td>637,539,684</td>
<td>628,600,744</td>
</tr>
<tr>
<td>Equity</td>
<td>297,268,503</td>
<td>241,522,203</td>
<td>342,657,626</td>
<td>247,318,166</td>
<td>185,326,810</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,024,996,298</td>
<td>933,452,141</td>
<td>1,015,635,171</td>
<td>956,436,817</td>
<td>924,929,178</td>
</tr>
</tbody>
</table>

## 4. Customers

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Number of policies (in customer base)</td>
<td>1,797,554</td>
<td>1,704,214</td>
<td>1,557,181</td>
<td>1,431,327</td>
<td>1,341,604</td>
</tr>
<tr>
<td>Motor insurance policies (in customer base)</td>
<td>1,683,917</td>
<td>1,634,862</td>
<td>1,523,290</td>
<td>1,429,819</td>
<td>1,341,604</td>
</tr>
<tr>
<td>Home policies (in portfolio)</td>
<td>113,637</td>
<td>69,352</td>
<td>33,891</td>
<td>1,508</td>
<td>___</td>
</tr>
<tr>
<td>Employees</td>
<td>1,892</td>
<td>1,802</td>
<td>1,887</td>
<td>1,927</td>
<td>1,716</td>
</tr>
</tbody>
</table>

*Note: 2008, 2009 and 2010 according to NPCEA (New Accounting Insurance Plan, effective at December 31, 2008)*
We do not want to miss this opportunity to thank all those people we work with for their dedication, trust and effort.

Without the work and involvement of Línea Directa suppliers, to whom this Annual Report 2010 is dedicated, we could not provide our customers with a quality service.

**Without your help we would not have come this far.**
To obtain a paper copy please contact Línea Directa Aseguradora
Department of External Communication and Corporate Reputation.

Design and development
gosban consultora de comunicación
Línea Directa starts operating in Spain

First 50,000 policies

First 100,000 policies

International Department created

First company to allow insurance to be procured via the Internet

First 250,000 policies

Pozuelo Work Centre opened

First company to issue insurance for company vehicle fleets

Car begins activity in the field of Home Insurance

1.5 million customers

Línea Directa achieves fifth position in car ranking

Miguel Ángel Merino, Línea Directa Managing Director

100,000 home policies

Línea Directa holds its Second Convention, under the slogan “A 10 year”, where priorities, objectives and strategies were established for 2010

Profits: Línea Directa, only company amongst the first 19 in the car ranking with profits

Miguel Ángel Merino appointed Managing Director of Línea Directa

Línea Directa wins the silver EFI award for advertising effectiveness

Línea Directa launches first augmented reality application aimed at the insurance industry

Línea Directa is 15 years old

Maria Dolores Dancausa named CEO at Bankinter

Maria Dolores Dancausa, one of the business women with the best reputation in Spain according to MERCO Prize-giving Ceremony of Seventh Línea Directa Road Safety Journalism Award. RNE, El País and Antena 3, winners of radio, press and television categories. The Spanish Federation of Spirits (FEBE) and the Institute of Traffic and Road Safety (INTRAS), winners in the Honorary and Solidarity categories, respectively.
Línea Directa starts operating in Spain.

First 50,000 policies.

International Department created.

First 100,000 policies.

Motorbike Insurance launched.

First company to allow insurance to be procured via the Internet.

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First 500,000 policies.

Motorbike Insurance launched for company vehicle fleets.

CAR begins activity commences in the field of Home Insurance.

1.5 million policies.

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Miguel Ángel Merino, Línea Directa Managing Director.

100,000 home policies.

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Línea Directa Excelente Award for customer trust.

Línea Directa achieves 5.5% increase in turnover in the first quarter with respect to the same period for the previous year.

Línea Directa presents its study on road safety in schools. Seven of every ten schools need to improve in some respect.

María Dolores Dancausa named CEO at Bankinter.

Miguel Ángel Merino appointed Managing Director of Línea Directa.

Línea Directa wins the silver EFI award for advertising effectiveness.

Línea Directa, Ability company. It also obtains the EFR certificate for its commitment to reconciliation and quality in employment.

Línea Directa launches first augmented reality application aimed at the insurance industry.
Our Suppliers

In a direct company, without any offices, intermediaries or agents, suppliers are an essential part of achieving our main objective: the satisfaction of our customers. They are our image and are, together with our employees, the real stars of our work processes.

This is why we wanted to recognize in 2010, with the First Línea Directa Suppliers Award, all those professionals who have helped us through their service quality, their involvement in improving our processes and their Social Responsibility practices to improve as a company, as a brand and as a team.

WINNERS OF THE FIRST LÍNEA DIRECTA SUPPLIERS AWARD

• Service Excellence Category: Equipo Postal, proposed by the General Secretariat Department.
• Innovation and Involvement in Processes Category: Luis Miguel González Urdiales, lawyer, proposed by the Accident Management Department.
• Corporate Social Responsibility Category: Fundación Juan XXIII, proposed by the People and Internal Communications Department.

Also, by the unanimous decision of the jury, it was agreed to grant an Honorary Award to Antonio Guisado, investigator and detective, who died last year.

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