



5 March 2012

ANNOUNCEMENT OF NZ MARKETS DISCIPLINARY TRIBUNAL:

PUBLIC CENSURE OF INSURED GROUP LIMITED (INS) BY THE NZ MARKETS DISCIPLINARY TRIBUNAL FOR BREACHES OF NZSX LISTING RULES 10.5.1, 6.2.3 AND 6.1.1

1. In a determination of the NZ Markets Disciplinary Tribunal ("the Tribunal") dated 21 February 2012 (see separate announcement made today, 5 March 2012, for the full text of the determination), the Tribunal found that INS acted in breach of NZSX Listing Rules ("Rules") 10.5.1, 6.2.3 and 6.1.1.
2. Rule 10.5.1 requires an issuer to make its annual report available within three months of the end of its financial year. INS's financial year-end is 30 June, and accordingly its last annual report was due by 30 September 2011. INS breached Rule 10.5.1 because its annual report was not made available until 25 November 2011. As a result of the breach, trading in INS's securities was suspended from 10 October 2011 to 25 November 2011. INS admitted the breach.
3. Rule 6.2.3 requires each notice of meeting to security holders to contain or be accompanied by sufficient explanation to enable a reasonable person to understand the effect of the resolutions proposed in that notice. INS sent its Notice of Annual Meeting to its shareholders on 1 November 2011. The notice contained a statement that INS's annual report was available on its website, when it was not available until 25 November 2012. The Tribunal determined that INS had breached Rule 6.2.3. By not having its annual report available to shareholders, as INS had advised them in its notice, until 3 business days before its meeting, INS did not meet the requirements of Rule 6.2.3. The annual report was critical information for shareholders, particularly given INS's financial circumstances and the number of changes occurring at the company.
4. Rule 6.1.1 requires a notice of meeting to an issuer's quoted security holders, regarding matters other than those listed in Rule 6.1.2, to be approved by NZX. INS did submit its draft notice to NZX for approval. The notice contained the statement that the annual report was available on the company's website. NZX approved the notice on the basis that the information provided to it was complete and accurate. The Tribunal agreed with NZX that, given the annual report was not available at the time the notice was sent to shareholders, INS breached Rule 6.1.1.
5. In its determination, the Tribunal noted that it has repeatedly stressed the vital importance of compliance with the periodic reporting requirements by issuers. The purpose of these rules is to ensure that relevant reliable financial information in relation to the performance and financial position

of an Issuer is promptly made available to the market. It also mitigates the risks posed by information imbalance, where those "inside" the company are in possession of better information about a company's financial position than the wider market. In addition, any trading halt which arises from uncertainty surrounding an Issuer's financial position damages the market's integrity.

6. This was particularly true of INS. INS did release its preliminary announcement on 29 August 2011, within the time allowed under the Rules. However, following this release INS shareholders remained incompletely informed as to the financial position of INS for approximately two months. During that period there was uncertainty as to whether INS's auditors would be able to issue an unqualified opinion on INS's financial statements. This heightened the need for timely advice to shareholders and in the Tribunal's view elevates the seriousness of the breach.
7. The Tribunal also noted in its determination that it considers a breach of Rule 6.2.3 to be very serious. It is imperative that shareholders are presented with timely and accurate information in order to make informed decisions when asked to vote at meetings. Accordingly, issuers are obligated under the Rules to ensure that notices contain or are accompanied by sufficient information. By not having its annual report available to shareholders, as INS had advised them in its notice, until 3 Business Days before its meeting, INS did not meet this obligation. The annual report was critical information for shareholders, particularly given INS's financial circumstances and the number of changes occurring at the company.
8. One of the penalties the Tribunal imposed was a public censure.
9. The Tribunal also made the following orders:
 - a. An order that INS pay to NZX, within 20 Business Days of the date of its decision, the **sum of \$50,000** by way of penalty – being \$30,000 for the breach of Rule 10.5.1, \$15,000 for the breach of Rule 6.2.3 and \$5,000 for the breach of Rule 6.1.1.
 - b. An **order** that INS pay to NZX, within 20 Business Days of the date of an invoice from NZX, the actual costs and expenses incurred by the Tribunal in considering this matter.
 - c. An **order** that INS pay to NZX, within 20 Business Days of the date of an invoice from NZX, the actual costs and expenses incurred by NZX in relation to this matter.

Censure

12. The Tribunal hereby publicly censures INS for its breaches of NZSX Listing Rules 10.5.1, 6.1.1 and 6.2.3.

DATED 5 March 2012

Peter Wilson, Division Chairman, NZ Markets Disciplinary Tribunal