

1 MARCH 2013

ANNOUNCEMENT OF NZ MARKETS DISCIPLINARY TRIBUNAL

PUBLIC CENSURE OF INSURED GROUP LIMITED BY THE NZ MARKETS DISCIPLINARY TRIBUNAL FOR A BREACH OF NZSX LISTING RULE 10.5.1

1. The NZ Markets Disciplinary Tribunal (“**Tribunal**”) has approved a settlement agreement between NZX Limited (“**NZX**”) and Insured Group Limited (“**INS**”) dated 25 February 2013 (“**Settlement Agreement**”) in respect of a breach by INS of NZSX Listing Rule (“**Rule**”) 10.5.1.

Background

2. Rule 10.5.1 requires an Issuer listed on the NZX Main Board to provide its annual report to the market within three months of the end of the Issuer’s financial year. INS’s financial year-end is 30 June, and accordingly its 2012 annual report was due to be provided to NZX by 30 September 2012. INS breached Rule 10.5.1 because INS did not file its 2012 annual report until 24 January 2013. As a result of the breach, trading in INS’s securities was suspended from 8 October 2012 until 24 January 2013. INS has admitted to this breach.
3. On Thursday 27 September 2012, INS announced to the market that there would be a delay in completing the audited financial statements and that its 2012 annual report would not be released until, or before, 31 October 2012. The same day, INS wrote to NZX Regulation (“**NZXR**”) noting the delay, proposing that its shares be suspended from 1 October 2012 until the 2012 annual report was released and questioning whether NZXR considered there was any merit in applying for a waiver from Rule 10.5.1 in those circumstances. NZXR replied that although INS had the option of applying for a waiver, NZXR was unlikely to consider favourably a request for a waiver at this late stage. On 19 December 2012, INS released another announcement, stating that it expected to release the 2012 annual report to the market on or before 21 December 2012.
4. On 24 January 2013, INS released its 2012 annual report to the market. The 2012 annual report did not contain all the information required by Rule 10.5.5. Following discussions with NZXR, INS re-released the 2012 annual report on 30 January 2013.

Determination

5. Breaches of Rule 10.5.1 are always serious, especially if they result in the suspension of quotation of an Issuer’s shares. The periodic reporting requirements are fundamental to the integrity of the market in ensuring that relevant reliable financial information regarding an Issuer is made available to the market promptly. Those requirements also mitigate the risk posed by an information imbalance, where those “inside” the company are in possession of information not available to the market.
6. Any delay in the provision of audited accounts can unnerve investors and damage confidence in both the Issuer’s securities and in the market. Any trading halt, and

particularly one that lasts for three and a half months and arises from uncertainty surrounding an Issuer's financial position, damages the integrity of the market.

7. In determining to approve the Settlement Agreement, the Tribunal considered certain mitigating factors, including that:
 - a. INS approached NZX before the breach occurred as to whether there was any merit in seeking a waiver from Rule 10.5.1. However, this query was not made until Thursday 27 September 2012, which was only two Business Days before the reporting deadline. If INS were to apply for a waiver, this should have been sought earlier.
 - b. INS provided updates to the market on 27 September 2012 and 19 December 2012 advising of the reasons for the delay in releasing its 2012 annual report.
8. In determining to approve the Settlement Agreement, the Tribunal considered certain aggravating factors, including that:
 - a. The 2012 annual report was due to be released on 30 September 2012, but was not released to the market until 24 January 2013. Accordingly, the market was uninformed for a period of approximately four months.
 - b. INS did not provide any update or explanation to the market between 28 September 2012 and 18 December 2012 about the delay in finalising the 2012 annual report.
 - c. INS was the subject of disciplinary action by the Tribunal in 2012. INS's 2011 annual report was not provided to the market until 25 November 2011 and also initially failed to include all of the information required by Rule 10.5.5. In that instance, the Tribunal imposed a penalty of \$30,000 for the breach of Rule 10.5.1.
9. The purpose of Rule 10.5.1 is to ensure that relevant, reliable financial information in relation to the financial performance and financial position of an Issuer is available promptly to the market following the completion of its financial year. The failure by INS to provide its 2012 annual report when required meant that objective was not met.

Penalties

10. NZX and INS have reached a settlement and agreed that:
 - a. This public censure by the Tribunal will be made.
 - b. INS will pay the NZX Discipline Fund \$45,000 by way of penalty (plus GST, if any) for the breach of Rule 10.5.1.
 - c. INS will pay the costs of the Tribunal and substantially contribute to the costs incurred by NZX in relation to this matter.

Approval

The Settlement Agreement is approved by the Tribunal pursuant to Rule 10 of the NZ Markets Disciplinary Tribunal Rules ("**NZMDT Rules**"), and as such, the Settlement Agreement is the determination of the Tribunal.

Censure

The Tribunal hereby publicly censures INS for its breach of Rule 10.5.1.

The Tribunal

The Tribunal is a disciplinary body which is independent of NZX and its subsidiaries. The Financial Markets Authority approves its members. Under the NZMDT Rules, the Tribunal determines and imposes penalties for referrals made to it by NZX in relation to the conduct of parties regulated by the market rules.

Dated 1 March 2013