

NZX Announcement

17 June 2011

Discontinuance of Proceedings by the Financial Markets Authority

Insured Group Limited (**Company**) is pleased to advise that the Financial Markets Authority (**FMA**) has discontinued the civil proceedings against the Company for alleged breaches in 2008 by Lombard Group Limited (as the Company was then known) of its continuous disclosure obligations.

A notice of discontinuance of proceedings was filed today in the High Court of New Zealand and the Company and the FMA prepared the Agreed Statement which accompanies this release.

Managing Director Wayne Miller said "The Company welcomes the resolution of this matter and can now focus all of its resources on its core business and growth initiatives. The Group's activities today have no connection with the finance company operation in 2008 and we are pleased that this history can finally be put behind us".

Mr Miller said "Although we took the opportunity last year to sell some of our NZ insurance businesses, we retain an optimistic view of New Zealand and have demonstrated this by maintaining our presence on the NZX. With the multiple earthquakes in Christchurch, it is clear that now more than ever New Zealand needs a robust, competitive and sustainable insurance industry. We will look for ways that we can support those who have suffered badly as a result of the recent tragic events and for whom future insurance requirements will remain a business necessity."

Mr Miller said "Our company is well advanced to achieve a compliance listing on the ASX and foresee the benefits for a broad capitalisation plan which encompasses both countries to achieve our growth strategy for the future. We hope to make further announcements on these positive developments in the near future."

For further information, please contact the undersigned on +61 (08) 9287 0499.

Wayne Miller
Managing Director
Insured Group Limited