

NZX ANNOUNCEMENT

26 September 2011

**New Cornerstone Shareholding to Result from Investment by
Priority One Network Group Limited**

Insured Group Limited ("Insured Group" or "the Company") (NZX: INS) wishes to announce that the Company and Priority One Network Group Limited (ACN149 674 484) ("Priority One") have signed a Heads of Agreement which will provide the Company with committed support of the Company's capitalisation plans. The proposal provides that Priority One progressively subscribes for new shares that will amount to a 51% shareholding in the Company.

The issue of new shares will occur in 3 stages, with stages 2 and 3 conditional on shareholder approval and all stages timed around the intended listings of Insured Group and Priority One on ASX¹.

An Independent Expert Report will be prepared and provided to Insured Group shareholders for the purpose of a shareholders' meeting that will be held to consider approving the transaction.

These matters are intended to be completed by the end of this calendar year.

Details of the proposal are as follows:

- (a) Priority One will pay a non refundable deposit of \$A200,000 upon completion of an Independent Expert Report and completion of the Priority One capital raise currently in progress;
- (b) Effective upon signing formal complete agreements Priority One will issue to Insured Group 7,665,618 unlisted ordinary shares at \$A0.30 per share (being its expected ASX IPO price, with Priority One expected to be quoted on the ASX in December 2011) valued at \$A2,299,685 in return for:
 - (i) The Company issuing to Priority One 352,708,795 ordinary shares being 19% of the Company's issued capital; and
 - (ii) A Board seat on the Company being offered to Priority One director Mr Barry Driscoll;
- (c) Following the Company's acceptance for quotation on the ASX:
 - (i) Priority One will issue to Insured Group a further 9,001,049 unlisted ordinary shares; and
 - (ii) the Company will issue further shares which will provide Priority One with an additional 30% shareholding in the Company taking Priority One's total shareholding to 49%
- (d) Upon Priority One's quotation on the ASX the Company will issue a further allocation of 2% of the shares taking Priority One's total shareholding to 51%.

¹ **Note:** An application for INS to be listed on ASX has not yet been made and this reference is not to be taken as a commitment by the Company to make such an application, nor is it any indication of ASX Limited's intention to accept such an application or not. Investors must only refer to future definitive statements to be made in this regard.

Priority One shares issued to Insured Group are not intended to be escrowed and the Company may sell those shares as it determines is required to meet the Company's capital requirements.

The Company will obtain any necessary shareholder and regulatory approvals and will anticipate its Annual General Meeting at which the required resolutions will be put to shareholders will be held on or before 31st of November 2011.

ABOUT PRIORITY ONE NETWORK PTY LTD AND ITS JOINT VENTURE PARTNERS

Priority One has established a delivery platform which focus on delivery of product and services to its membership base consisting of companies, unions, superannuation funds, associations, not for profit groups and a multitude of member groups. The payment for products and services are provided directly to the member customer by providing its co-branded Mastercard Debit Card with Ezybonds Global Payment Systems Inc. enabling a global multi-currency payment system designed to securely transfer funds and enable payment via the Internet, mobile phone and POS terminals.

To date, Priority One has announced with joint venture partner ASX listed GOCONNECT LTD (ASX Code: GCN) that it has entered into collaborative arrangements with approximately 100,000 trading merchants across the globe whose consumer and membership base exceeds 400 million.

The investment enables Insured Group access to Priority One's joint venture partners GoConnect and BIDORDEAL.com.

Joint Venture Partner GoConnect offers a low cost medium enabling goods and services marketed to a global audience which can be demographically segmented through GoConnect's IPTV (Internet Protocol TV) model.

Priority One, integrating technology partner BIDORDEAL.com currently offering daily deals over the internet, intend to launch a fully integrated TV shopping channel IPTV network branded as BIDORDEAL.tv. These deals or products/services offerings can be transmitted to the consumer by a personalised screen prompt text and/or email.

The Priority One strategic investment enables Insured Group to:

- Recapitalise its operations for continued international expansion;
- Exclusively provide bespoke insurance products to a ready audience; and
- Achieve highly cost effective innovative distribution of general insurance products utilising world class technology of IPTV, BIDORDEAL.COM and "real time" BOS Management System accessed via the Priority One joint venture arrangements.

Further announcements to follow.

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



Wayne Miller
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INSURED GROUP LIMITED