

Statement from Quinn Group Limited - 31 March 2010

Quinn Group Limited wishes to comment on the actions of the Financial Regulator yesterday to appoint provisional administrators to Quinn Insurance Limited (**QIL**), which we consider to be pre-emptive, aggressive and unnecessary.

As a preliminary matter, we wish to confirm that the Quinn Group and QIL are fully able to meet all of their payment obligations, and (except as disrupted by the Regulator's Actions) our business continues as normal. Policyholders of Quinn-Direct, Quinn Life and Quinn Healthcare, and staff, customers and suppliers of the entire Quinn Group, should continue to deal with us as usual.

The Financial Regulator has justified his actions on the grounds of "certain matters within QIL that have very recently come to light". We understand that he is referring to guarantees provided by certain subsidiaries of QIL, some dating back to 2005, supporting the general indebtedness of the Quinn Group. These guarantees are entirely lawful, do not breach any insurance regulations, and were fully disclosed in the statutory accounts of the relevant companies.

We reviewed these guarantees in the context of our current refinancing, and sought the opinion of the Financial Regulator last week. He took the view that the guarantees were inappropriate. Since then we, our financiers and our respective advisers have been working around the clock to respond to the Regulator's questions and to address his concerns. The guarantees have not been called upon, there was no reason to believe that they would be called upon, and the Regulator was provided with comfort on this by our financiers, most recently in a meeting on Monday 29 March. Quinn Group is in the process of negotiating a refinancing which would have addressed the concerns of the Regulator, and we and our financiers remain confident that this will be achieved. Therefore, the Regulator's analysis that these guarantees give rise to a €448m liability is totally incorrect. The Regulator's demand that the guarantees be released was therefore unnecessary, and not practical in the time which he allowed.

In the light of all these facts, of which the Regulator was well aware, we believe the Regulator made the wrong decision. We do not believe that his decision was in the interests of any of the relevant stakeholders – Quinn Group, its staff, its customers or indeed the Irish Exchequer, which has received well in excess of €1bn in tax from Quinn Group since it was established in 1973. Indeed, we note that yesterday was marked by significant announcements in relation to the Irish economy and the banking sector, and it is highly ironic that, on that same day, the Regulator's action was taken in respect of one of the most successful Irish companies, providing crucial jobs in the export sector.

Even if the Regulator's concerns in relation to QIL were well-founded (which we dispute), it is extraordinary that the Regulator was unwilling to give the necessary time to work through those concerns, rather than taking precipitate action which damages the interests of all stakeholders, including the State.

Separately the Financial Regulator has directed QIL to cease writing new business in the UK, and has commented that the UK business is currently unprofitable. We entirely disagree with this statement and unless reversed, this direction will be immensely damaging to the future prospects of QIL.

While we work through the issues which have been caused by the Financial Regulator's actions, QIL remains focussed on the future and will continue to provide a high level of service to all of its customers. We thank our staff, throughout the Quinn Group and especially in QIL, for their continued commitment to the business. We remain totally committed to working with them, and our customers, to get through this difficult period.