ARGUS

TOMORROW. TOGETHER.

ANNUAL REPORT 2020

TOMORROW. TOGETHER.

We look to the future with empathy and optimism. We are delivering opportunity for the people around us, our stakeholders, our team, our partners and our customers, because they are what matters most today and tomorrow.

TOMORROW. TOGETHER.
BECAUSE OUR INTEREST IS YOU.

PERFORMANCE MEASUREMENTS

$14.2m
Net Earnings

80.8%
Combined Operating Ratio

$19.1m
Operating Earnings

$30.3m
Operating Cash Flow

$25.2m
Combined Fee Income

6.1%
Dividend Yield

11.6%
Return on Average Equity

A−(Excellent)
Financial Strength Rating – A.M. Best

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TOMORROW. TOGETHER.

AN INTRODUCTORY STATEMENT FROM ALISON HILL, CEO, THE ARGUS GROUP

This year, the world as we knew it suddenly changed. It changed in unexpected and unrecognisable ways from that which went before. 2020 has been an unprecedented year for us all. We have had to adapt swiftly to the humanitarian and economic crisis of COVID-19, focusing not only on how we support the people who rely on us right now, but also ensuring the future health and long-term sustainable growth of the business.

More than ever, this year has revealed what really matters most, and we plan to progress with continuing to do the right thing, the right way for our customers, our shareholders, our colleagues and our community.

To do this, we have built a solid foundation for The Argus Group, evolving to become a Digital Integrated Specialist, enabling us to better understand, provide and deliver for our clients, embracing initiatives in Health Reform and expanding globally. From this position of strength, we are able to move forward, with confidence and compassion for a brighter tomorrow, together.

WHAT MATTERS MOST #1

"I now have a much clearer view of my place within my community, the simple differences that I can make and how we really are all in this together.

Peter Lozier,
Chief Executive, Argus Americas

WE ARE ARGUS

ARGUS. 70 YEARS YOUNG.
STRONG FOUNDATIONS FOR AN AMBITIOUS FUTURE.

A LETTER FROM SHEILA NICOLL, CHAIRMAN

Argus turned 70 this year. 70 years of navigating the changing tides of challenge and opportunity. 70 years of doing the right thing, the right way, for all. We are proud of the stability, strength and values of our business.

2020 has seen the events relating to the COVID-19 virus unfold at unprecedented speed, affecting the way we all live and work. Argus's strength has once more enabled us to be there to support clients, ensuring they can continue to focus on what matters most. Whether this has been swiftly paying claims from Hurricane Humberto; working with clients to efficiently manage health, pension and motor premiums; or providing free tele-nurse and tele-doctor helplines during the crisis, we have always lived by our mission to ensure **Our Interest is You.**

To help further this mission, over the last two years we have been implementing a strategy of putting digital at the heart of how we operate, ensuring that this enables us to be more human, not less. In response to the crisis, Argus has demonstrated its ability to work efficiently, effectively and with empathy by moving almost overnight to operating remotely. Being a Digital Integrated Specialist has been critical to this rapid response, and it is just as critical to our ambitious plans for the future. Our strategy will allow us to grow in and beyond Bermuda, managing the financial impact of the Bermuda health reform with new ways of working and new business models, embracing opportunities for all our futures.

As part of our future vision, we are redoubling our efforts to improve shareholder value by undertaking strategies that will enhance future growth, diversification and resilience of earnings. We are very conscious of the deep discount of our share price relative to book value and will be focusing efforts to close this gap. We will maintain and grow the dividends we pay to shareholders whenever possible. The Board is also introducing enhanced measures of success to align Management's interests ever closer to those of our shareholders.

This year we are pleased to report net earnings of $14.2 million for the 2020 financial year, and the Board has declared a dividend of nine cents per share for shareholders of record as of 27 July 2020, payable on 28 August 2020. This equates to an annualised yield of 6.1 percent based on the current average share price.

The Board has strongly supported our strategies for growth and diversification and, to implement these, Argus has in place a robust process for identifying the skills, both available and needed, to drive our strategies forward. We have already used this for Board succession planning and the recruitment of new Directors. We have said goodbye to Robert Steinhoff who retired this year; we thank him for his many years of excellent service to Argus. And we have welcomed David Brown to the Board. He comes with a wealth of experience having run a number of insurance companies and served on the Boards of several more.

I would like to take this opportunity to thank the Management team and staff for their continued hard work and dedication amidst unusual and trying circumstances. I thank my fellow Board members for their strategic insight and, most of all, extend my sincere appreciation to each Argus's shareholder for your continued loyalty, support and confidence. As my time as Board Chairman comes to a close, I feel more confident than ever that Argus is strongly positioned to execute its strategies and flourish for the next 70 years and beyond.

> "Argus's strength has once more provided the opportunity for us to be there to support clients, ensuring they can continue to focus on what matters most.

WE ARE ARGUS

A BUSINESS FOCUSED ON WHAT MATTERS MOST

Our Mission is to give more and more people the freedom to do what matters most to them.

We do this by providing financial services that predict and protect for the future, providing financial security, physical well-being and peace of mind. Leading the way with expert, specialist solutions to help our stakeholders avoid storms that may threaten their life, health or wealth. Striving to always deliver best-in-class products and processes to protect our stakeholders in those instances when storms are inevitable.

A BUSINESS WITH BIG HEART AND BIG AMBITION

Our interest goes beyond just the bottom line. We care about our shareholders, colleagues, clients and community, always doing what is in everyone's best interests and not just our own. Good for business and good for people.

A BUSINESS WITH STRONG FOUNDATIONS AND BIG IDEAS

We aim to build strong, long-term, one-on-one relationships with our clients, customers and communities, based on deep insight and great service. We do this through the marriage of our human values and innovative technology that can anticipate needs and facilitate us to do the right thing, the right way, for all, always.

WE ARE ARGUS. OUR INTEREST IS YOU.

THE ARGUS GROUP

82%
Employee Engagement

285
Number of Employees

1950
Date of Foundation

60,696
Customers & Clients served worldwide

95%
Client Retention

$122.1m
Shareholders' Equity

THE ARGUS GROUP

WHAT WE DO, AND WHERE WE DO IT

We help businesses and individuals predict and protect for the future. We go beyond individual products to holistic solutions, underpinned by specialist expertise.

We work to ensure our clients live a healthy, well-protected and productive life, whilst also planning for a financially secure and timely retirement. We work to create opportunity for all. From two strategic regions, Europe and the Americas, we seek to lead through innovation and expansion into complementary, opportunity-rich territories.

> "At Argus we are highly focused on providing the best value for our clients and we have restructured our company to do just that.
>
> ALISON HILL, CHIEF EXECUTIVE OFFICER, THE ARGUS GROUP

CANADA

2017
Founded

36
Employees

BERMUDA

1950
Founded

129
Employees

#1
Provider for Employee Benefits Solutions

#1
Market leader for international clients

ARGUS EUROPE

“Argus Europe will strive to build long-term sustainable shareholder value and ensure that we remain relevant both today and in the future by strengthening our position in the existing markets we operate in, and build a solid base that will allow us to expand into other territories and develop new distribution channels and solutions to support our overall strategy. As we focus on delivering our strategy, we will continue to invest in looking after our clients and ensuring that we continue to deliver the most efficient and seamless customer experience.

TYRONE MONTOVIO, CHIEF EXECUTIVE, ARGUS EUROPE

ARGUS AMERICAS

“Argus Americas will no longer look through the lens of our various business lines. We will look at the needs and wants of the member and client. Looking through the lens of what is important to people, like healthy living, the ability to retire, the ability to enjoy life today, to have free time, to be happy. These are the goals of the Americas. As an individual or group, if I can partner with a company that helps me accomplish those things, and interacts with me the way I like to be interacted with, well that's valuable.

PETER LOZIER. CHIEF EXECUTIVE, ARGUS AMERICAS

MALTA

1989
Founded

93
Employees

16%
Non-Life Market Share

#1
Insurance Broker

27%
Broker Market Share

GIBRALTAR

1973
Founded

27
Employees

40%
Non-Life Market Share

#1
Property and Casualty insurer

WHAT MATTERS MOST #2

"It's amazing the speed at which we can change and the solutions we have been able to find when it has mattered most.

Nik Smale, Chief Digital Officer,
The Argus Group

ARGUS TODAY

OUR YEAR IN REVIEW

Over the last year we've been focusing on doing the right things, the right way. Driving effectiveness, efficiency and empathy for stability and growth, for our business, for our stakeholders and our communities.

Q1

ARGUS MALTA OPERATION CONFIRMED AS LARGEST BROKER IN MALTA

With the acquisition of FirstUnited, alongside our previous acquisition of Island Insurance Brokers, Argus becomes the largest broker in Malta with 27% market share.

Q2

NEW OPERATING MODEL LAUNCHED

Changing the way Argus works to better service customers. Delivers improved efficiency and efficacy while empowering the regions to act with more autonomy.

Q3

82% STAFF ENGAGEMENT SCORE

As part of Argus's holistic approach to building out the Argus strategy, a company-wide engagement and consultation approach was taken.

Argus has a greater percentage of fully engaged employees than the typical organisation according to leading global benchmark data.

Q3

BUILDING A ROBUST DIGITAL INFRASTRUCTURE

With the rapid change to working conditions due to COVID-19, our investment in digital infrastructure enabled us to quickly mobilise converting 90 percent of staff to working remotely within five days.

Q4

NEW MENTAL HEALTH AND SPECIALTY PRESCRIPTION BENEFITS LAUNCHED

As part of our commitment to systemically improving health outcomes, Argus has removed limits on overseas Mental Health and Substance Abuse treatment, and increased our coverage of breakthrough specialist medicines such as Biologics.

Q4

COVID-19 RESPONSE

Argus launches a suite of initiatives aimed at helping people protect what matters most during the COVID-19 crisis. These include weekly wellness television and social media campaigns, sponsorship of Twizy's for hospital workers while public transportation was suspended, a 50 percent premium rebate on motor insurance premiums for one month, food vouchers to the most vulnerable in our community and charitable donations across all of the jurisdictions in which we operate.

Q4

24/7 REMOTE ACCESS MEDICAL ADVICE SERVICE LAUNCHED

In April, Argus launched their remote access tele-nurse service providing 24/7 telephone advice and virtual triage from registered nurses, alongside emergency access to doctors from Argus's local medical partners, Island Health Services.

Q4

VALUE-BASED CARE INTEGRATION LAUNCHED

Acquisition of Island Health Services and Family Practice Group, the largest investment for Argus to date. Radical innovation ensuring accessibility and quality of care for Bermuda. Provides a new quality benchmark and template for expansion to other markets.

DOING THE RIGHT THINGS, THE RIGHT WAYS FOR EFFICIENCY AND EFFECTIVENESS.

A LETTER FROM PETER DUNKERLEY, CFO, THE ARGUS GROUP

Our 2020 financial report looks back over a year when, until the last few weeks, most of the world knew very little about coronavirus and it was yet to impact our business and our communities.

On March 11, 2020, the World Health Organization declared the coronavirus outbreak as a pandemic, and it has since disrupted our lives and our livelihoods in ways we simply could not have foretold. This pandemic has brought loss and sadness, stress on our healthcare system, double-digit unemployment, travel restrictions, business closures and disruption of our supply chains.

At Argus we're a company that puts people first and we have seen this spirit of immense care displayed by numerous people within our communities when we needed them most. To this we say a huge thank you.

While the pandemic continues to disrupt economies and capital markets worldwide, the measures taken by central banks and governments have been massive and have seen them move earlier and on a bigger scale than the financial crisis of 2008-09. Monetary and fiscal stimulus actions totalling trillions worldwide have been used to help businesses survive the crisis and start on a slow path to recovery. Additionally, there has been a rapid adoption of digital technologies. As the Microsoft CEO Satya Nadella stated, "We've seen two years' worth of digital transformation in two months." Remote working, telemedicine and online grocery shopping have now become the norm.

So what happens next? There are many 'experts' offering predictions, and while genuine expertise is a prized commodity, the future of the world – with rapidly changing social, technological, economic and geopolitical trends – is too uncertain to predict even for the most well-informed

futurist. At Argus, we commit a great deal of energy to understanding what the future may bring and how we can continue to best serve our customer interests, but we know that many factors can, and will, disrupt our vision for the future. COVID-19 is significant, but it is not the end.

We can't predict the future with any certainty, so what can we do? Nearly two years ago, we recognised that a new strategic vision for Argus was needed. Social and technological changes were exposing new business opportunities; and global economic, regulatory, political and environmental pressures were driving greater risk and uncertainty. Above all, we knew we needed to build a more resilient business and develop our agility and adaptability to navigate Argus through uncertain times.

And it's against this backdrop that we enter the 'new normal' world. The strong technological foundation we've been building allowed us to continue seamlessly through the coronavirus disruption, and the agility and adaptability of the Argus team is translating adversity into opportunity.

Now, more than ever, we're convinced that the Argus philosophy of doing 'the right things, the right way' is the right way to do business. It's a virtuous circle. We create an engaging environment for talent to grow and deliver great value and experiences to our clients. And the money we make, and much of the returns to our investors, is reinvested to create economic prosperity in the communities in which we live and operate.

The strength of Argus today is enabling us to reach into tomorrow with confidence and a renewed enthusiasm to focus on what matters most, for all.

FINANCIAL OVERVIEW

As we look back at the past year, we are proud of the progress of the Argus Group. We are pleased to report net earnings of $14.2 million and operating earnings of $19.1 million that were achieved against a backdrop of challenging times – even before the COVID-19 outbreak – both locally and globally. It's the focus of our team to deliver long-term sustainable value to our shareholders and we remain committed to deliver shareholder value, whatever challenges we face. Shareholders' equity at March 31, 2020, stood at $122.1 million and our statutory capital remains well in excess of our minimum regulatory requirements.

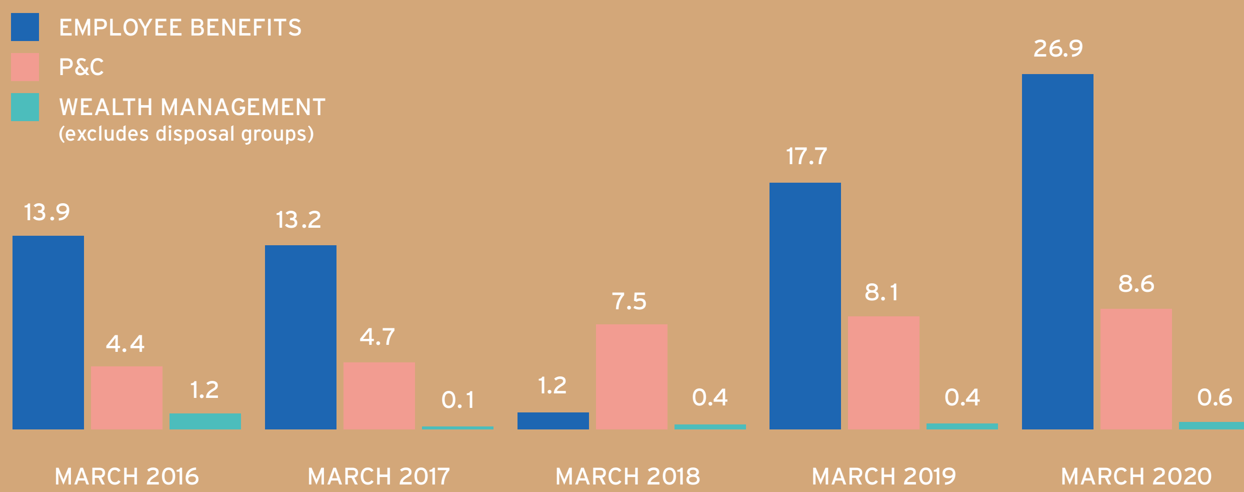
We could not have delivered such a strong year without the disciplined strategic planning by our leadership team, commitment to excellence from our employees, and continued success with our clients.

We remain committed to reinvesting in the business – balancing profitability, risk, growth and strategic investments for the long-term benefit of our shareholders. During the year, we solidified our position for the future by completing the strategic transaction with One Team Health, which will enhance cost-containment measures of our healthcare business. We also successfully acquired FirstUnited Insurance Brokers Limited during the year, making us the largest broking presence in Malta. We continue to focus our growth strategy on geographic diversification outside of Bermuda.

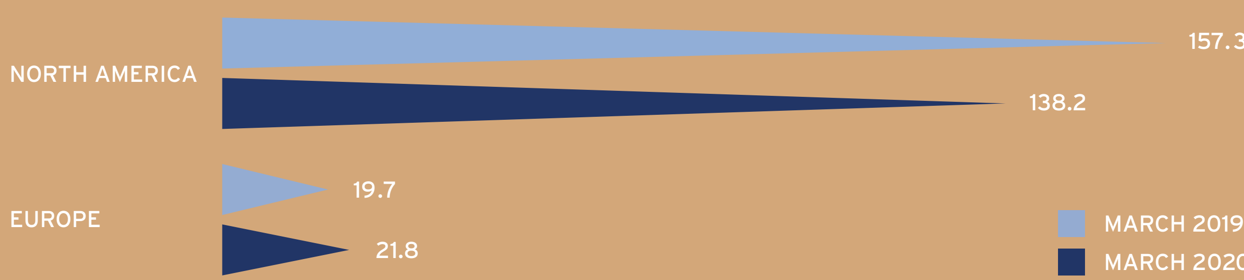
EARNINGS FROM OPERATIONS

Our distinctive value is underpinned by strength and applied expertise across all three divisions of our organisation: Employee Benefits, Global Property & Casualty and Wealth Management. The operating results from these three divisions have been consistently strong over the past five years.

NET OPERATING EARNINGS BY DIVISION



OPERATING REVENUES BY GEOGRAPHICAL DISTRIBUTION



EMPLOYEE BENEFITS: HEALTH

Effective June 1, 2019, legislative changes were enacted to reform the way healthcare is financed in Bermuda. We have been working diligently to navigate through these legislative and regulatory changes whilst maintaining our promise to advocate on behalf of our clients and maintaining a financially sustainable healthcare delivery system for all.

The Bermuda hospital financing reform resulted in a $20.6 million decrease on our revenue base and an offsetting decrease on our cost of claims by $15.7 million. Despite the significance of this change, our ability to retain and acquire new clients in a complex regulatory market and our diligence to reduce the cost of claims, mitigated the impact of the Bermuda health reform on our underwriting results. Against the backdrop of global economic challenges and legislative changes, we continue to experience a challenging health renewal, where targeted rate increases for existing insureds were necessary for many clients in order to keep pace with global health cost inflation. These actions have had a positive impact on the Health underwriting income, a two percent increase compared with the prior year.

We continue to work closely with our valued clients to ensure plan benefits fit their evolving needs and take our role as custodians of their health dollars very seriously.

EMPLOYEE BENEFITS: PENSIONS AND ANNUITIES

It has been a roller-coaster ride for investment markets during this fiscal year. Despite this, our Pensions and Annuities businesses have continued to grow. Client retention remains very high at 99.4 percent.

Pension assets under management as at March 31, 2020, of $1.1 billion is down by 5 percent when compared with the prior year. Whilst the first three quarters of the fiscal year registered strong investment performance, this was dampened by investment losses incurred during the final quarter as a result of the sharp COVID-19 driven decline in equity markets.

In addition to the investment market's volatility, the Bermuda market continues to face headwinds that present both challenges and opportunities for our business. Digital disruptors continue to emerge, future pension regulatory changes will impact the cost of running our business, and the competitive environment continues to apply additional pressure on achieving our objectives. We are actively investing in innovative digital solutions to provide more proactive personalised contact with our clients in response to their needs. We continue to take a disciplined and focused approach to investing in our pension product to ensure that we continue to deliver the necessary long-term pension returns for our clients.

EMPLOYEE BENEFITS: DOMESTIC LIFE

The Domestic Life business held steady during the year and the total in-force coverage remained neutral by end of year. Decreases in the number of lives insured were mitigated by increases in the average coverage per member.

The claims experience in Domestic Life remains favourable, which has resulted in a 3 percent increase in profit commissions.

In keeping with the Group's disciplined underwriting and sound risk management framework, we made changes in the reinsurance structure of this business which generated reinsurance savings.

GLOBAL PROPERTY & CASUALTY

We have been able to report growth in the operating revenue and net earnings offset by the effect of Hurricane Humberto. Net earnings from our Bermuda Property and Casualty operations were reduced by $4.7 million due to Hurricane Humberto. This was partially mitigated by lower claims elsewhere, an 8 percent growth in premium income, and the integration of FirstUnited Insurance Brokers Limited, which was acquired in September 2019.

Prudent claims management along with a strategic focus on the mix of business that's written, have resulted in the reduction of the claims ratio in our European Property and Casualty operations when compared with the prior year.

WEALTH MANAGEMENT

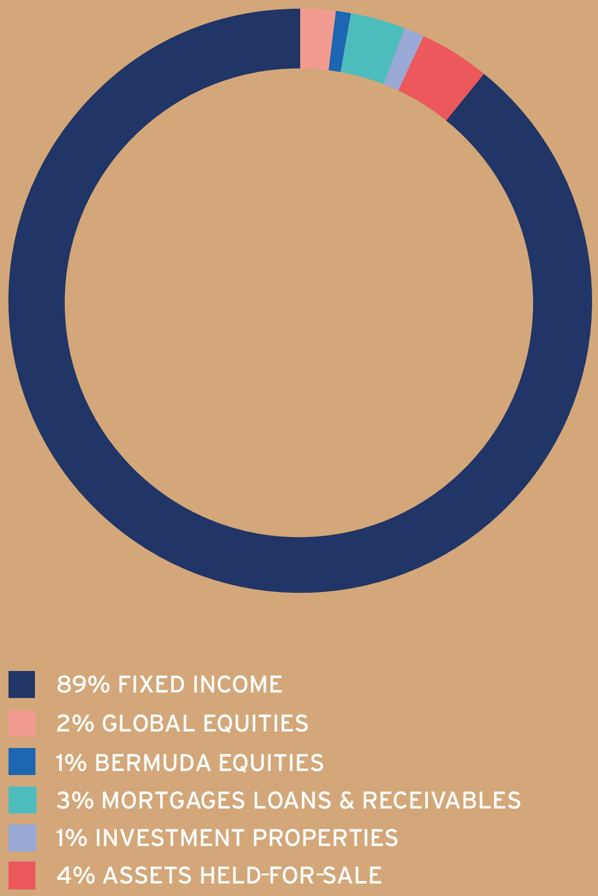
Our Wealth Management business has continued to grow, with assets in discretionary and advisory mandates standing at $1.1 billion. During the year, $95.9 million of new assets were received against outflows of $99.9 million, mainly through related party institutional assets. Due to the impact of COVID-19, markets turned extremely negative during fiscal Q4, resulting in overall market depreciation of $79.1 million over the year.

INVESTMENT PERFORMANCE

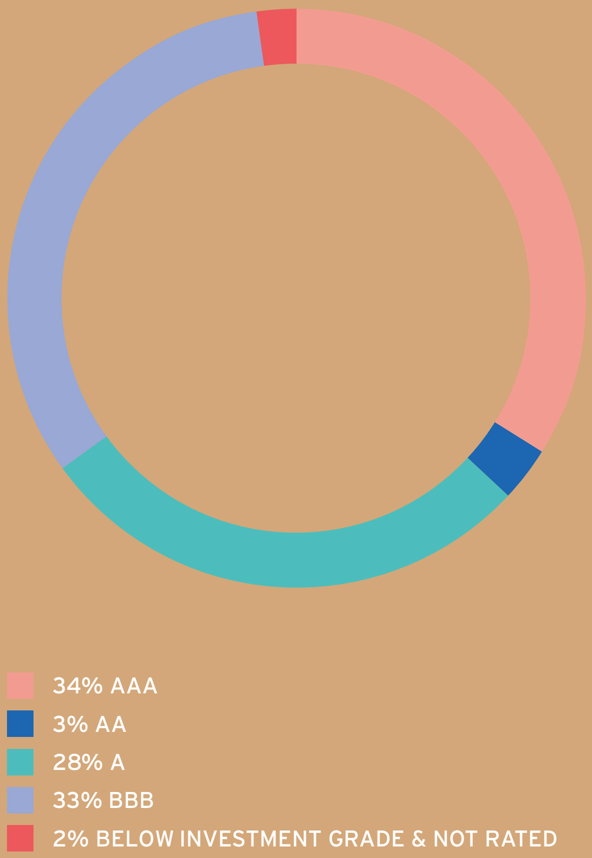
At the core of the Group's investment philosophy is our commitment to careful and diligent custodianship of policyholder and shareholder assets. The Argus Group's investment portfolio is designed to ensure funds are readily available to satisfy our obligation to policyholders and to enhance shareholder value by generating appropriate long-term, risk-adjusted yields. We have a clear objective to maximise returns without taking inappropriate levels of risk.

In the first three quarters of the fiscal year, financial markets made robust gains as trade uncertainty faded with the United States and China's phase one trade deal announcement, and stable economic data. The last fiscal quarter, however, saw the markets in turmoil as the impacts of COVID-19 unfolded globally at breakneck speed. Sovereign rates declined, credit spreads grew wider and equities plunged 30 percent from

INVESTMENT ASSETS AS AT 31 MARCH 2020



FIXED INCOME PORTFOLIO RATINGS 2020



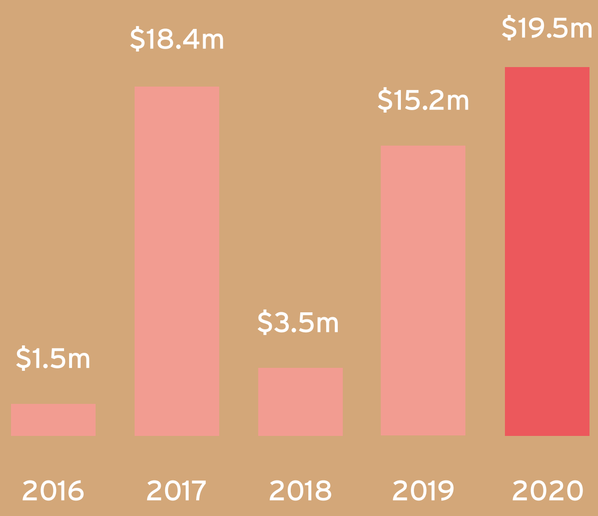
their February all-time highs by March, the fastest such reversal in history. Against this backdrop, the Argus Group's portfolio generated positive returns helped by defensive liquidity positioning and best-in-class investment managers.

The Argus Group has continued to increase its fixed income holdings. As can be seen from the charts on the previous page, 89 percent of the Group's investments are fixed income bonds, compared to 87 percent last year. Of these bonds, 98 percent are classified as investment grade.

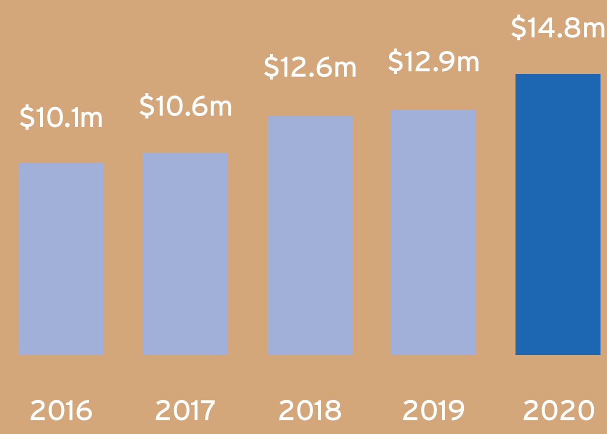
Core investments excludes the volatility of unrealised and realised movements and also one-off gains and impairment charges.

The charts to the right compare 2020 Reported Investment Income of $19.5 million with Core Investment Income of $14.8 million. Realised and unrealised gains and losses have created volatility in our reported income over

REPORTED INVESTMENT INCOME



CORE INVESTMENT INCOME



the years. Meanwhile, the core investment income shows a much more stable picture over the past five years.

OPERATING MODEL

At Argus, we are highly focused on providing integrated solutions for our clients, as we believe them to be more effective and efficient, and we have restructured our company to do just that. Effective April 1, 2020, the Group has moved to a regional operating model with two regions, the Americas and Europe. This regional model will enable us to better focus on growing and diversifying our business whilst continuing to deliver value to customers in existing markets. Crucially, our operating model puts our customer at the centre, allowing us to build deep, long-term relationships and provide relevant, integrated products and services.

We continue to build on our 70 years of experience by unleashing the significant talent of our staff to drive innovation across the Group. We have created a Centre of Excellence team that will deliver best-in-class research and innovation and act as a global, collaborative partner for the company.

Our Global Core team are positioned to lead and support the Group by focusing on the long-term sustainability and success of the Group. By simplifying and focusing our business, we have freed up our leaders and our capital to focus on profitable growth.

TRANSFORMATIONAL PARTNERSHIPS

Indeed, our ambitions are great. We have a clear strategy that provides direction and focus; we have changed our operating model to deliver innovation and value for our customers, and we will form partnerships to accelerate our agility for greater competitive advantage. Our partnership strategy will give us access to new markets, new channels and technological advances, and it will give us the agility to deliver in an ever-changing environment.

PETER DUNKERLEY, CHIEF FINANCIAL OFFICER, THE ARGUS GROUP

BUILDING AN ORGANISATION WITH BIG IDEAS AND A BIG HEART.

In conversation with Sheena Smith, Chief Human Capital, Change & Culture Officer.

Tell us about your current role & remit.

I have been with Argus for over 15 years leading the Finance team and have just moved into the role of Chief Human Capital, Change and Culture Officer in April of this year. This is a brand new role that means I have the flexibility to build it from the ground up, which is exciting. As it says in the title, I will be responsible for building the change management capability within the Group, which will be one of the enablers to driving success for our operations and strategic priorities. Additionally, this role allows me to help the Group build on the culture of Argus of putting people first. I can truly say during my 15 years with the company, that Argus cares deeply about their staff, clients, shareholders and the communities in which we do business. It is this innate desire to take care of people that makes Argus unique, and which gives a solid foundation from which we can build on our culture.

It's a new role for Argus. How is it different to what you've done before?

While Argus has always taken a keen interest and focus in its people, this role speaks to the Group's commitment to managing change for our staff and other stakeholders in a structured and systematic manner, always grounded by our culture. The saying goes that the only thing that's constant is change. In my previous role as Vice President of Finance, I managed a lot of change, such as system, regulatory and accounting standards changes. But ultimately, it's the people who have to adapt and sustain the changes.

"Change can only be effective if it's done together.

SHEENA SMITH, CHIEF HUMAN CAPITAL, CHANGE AND CULTURE OFFICER, THE ARGUS GROUP

How else is Argus "changing"?

It's an exciting time to be working at Argus, working towards the successful execution of our strategic plan, which involves change, always with a focus on our customers, staff, shareholders and the community. During the year we've changed how we're structured, moving from a product model to a regional model with two regions, Argus Americas and Argus Europe.

We are also changing the Healthcare model in Bermuda. With our recent acquisition of Island Health Services and the Family Practice Group, this Better Health Partnership will bring change not just to Argus, but to Bermuda. So it will be critical to bring people along in their awareness of the change, clearly communicating the benefits and what it means for our clients, staff and for the community.

With all this change happening, we have partnered with Prosci, a leading-edge company within change management, who are helping Argus build our change capabilities. Prosci's research has shown that 93 percent of initiatives with excellent change management meet or exceed their objectives compared with 15 percent with poor change management. Argus is always looking to meet or exceed its strategic objectives, hence this investment in change management.

How important is culture and how far does it reach?

I am a strong believer that your words should match your behaviours and that your behaviours are driven by your beliefs and values. Argus has strong values of building strong relationships and doing the right thing, the right way, for all, always. As we go along this journey, we'll take a deeper and more strategic look into how our culture drives our business with clear, easy-to-understand definitions. This is even more critical as we look to grow beyond the four countries in which we currently operate.

Now more than ever, diversity and inclusion within the corporate culture is rightly in the spotlight. The Black Lives Matter movement has forced the conversation globally and it is one of the first areas that my new role will oversee. Before we post a public banner of support, we will take a hard look at ourselves to make sure that our words **Our Interest is You** match our behaviours as they relate to racial equality.

So what does success look like for you and for Argus?

For me, it's about unleashing the talent within the Argus family. I see it everywhere; success is not just words on a piece of paper; it is seeing untapped talent and potential unleashed and thriving together.

DRIVING EFFECTIVENESS THROUGH OPERATING MODEL TRANSFORMATION.

In conversation with Tyrone Montovio, Chief Executive, Argus Europe.

Tell us about your role & remit.

In 2012, I became responsible for the Gibraltar operation. Last year, I took over our Malta operations. Going forwards, I will take responsibility for the whole European business as part of our operating model transformation, managing both Insurance and Broking across Malta and Gibraltar and driving our European expansion. It is a hugely exciting challenge and one where I see a lot of opportunity for the business, for my team and for myself.

How is the new operating model enabling opportunity?

The increased regional autonomy is crucial to our strategy because it means faster, leaner decision-making and a much more agile operation. By concentrating decision-making into the region, we ensure we are making absolutely the right decisions in the right way for those regions.

The new operating model has created new pathways for progression for my team. It's allowing them greater autonomy and responsibility, and enabling them to become true specialists. All of that has been incredibly motivating. It is also going to allow us to ultimately deliver a better experience for clients, putting them at the centre, and allowing us to use our deep insight and understanding of their needs to deliver effective solutions.

> "The key to our success will be our excellence in building really strong relationships.
>
> TYRONE MONTOVIO, CHIEF EXECUTIVE, ARGUS EUROPE

What experience and skills will you be bringing to your new role as Regional Head?

I believe two things are going to be crucial: experience of change management and relationship building.

I have delivered significant transformations in our European operations, creating a strong business in Gibraltar in the face of aggressive competition, diversifying from a predominantly direct operation, building a broker network and ultimately delivering additional revenue to the business.

We are looking to replicate that model across the European Region. The key to our success will be our excellence in building really strong relationships with partners, regulators and clients.

What changes have you made to the business over the last 12 months?

I'll focus on three key things: people, processes and capabilities. We've audited our European offices, looking at the structure of the whole operation. We're building a structure which is going to be more efficient, more productive, and will really allow us to push the strategy forward. We're focusing on getting the right people into the right places, building a European team, with specialist European knowledge and insight.

We've already made some great appointments, strengthening the team and bringing in some fantastic leadership talent. John Doherty will be Insurance Director, Europe for the carrier operations, bringing his 18 years' experience of building the P&C business in Bermuda with him.

We have reviewed, and will continue to review, procedures and processes in both Gibraltar, where we are already strong, and Malta, to ensure that we're as effective as possible as we expand further into Europe.

We need to ensure the smooth continuation of operations as a result of BREXIT are complete, with Malta established as a full branch of the Gibraltar business.

We will, of course, continue to evaluate this structure as we expand to ensure we can benefit from the freedom of services across Europe. And finally, we're implementing a plan to enhance our digital capabilities, to allow our brokers and intermediaries to write business to our systems in a much more efficient, effective way.

> "We're focusing on getting the right people into the right places.
>
> TYRONE MONTOVIO, CHIEF EXECUTIVE, ARGUS EUROPE

John Doherty,
Insurance Director, Argus Europe

What effect did COVID-19 have upon the business, its direction and ambition?

COVID-19 accelerated many of the transformations already underway. It has definitely pushed the business into the future, driven new ways of working and highlighted where change is still necessary. It has also changed our outlook on and criteria for evaluating potential growth markets. It has made our analysis even more robust and our strategic decisions even stronger.

What is your ambition for the European Business over the next 12 months?

Continue to optimise and drive Gibraltar. Drive profitability of our agency in Malta and grow within the limitations of our market. Continue the integration of FirstUnited and Island Insurance Brokers for a greater footprint within Malta, and

use the strength we have there as the base for further expansion through the creation of a European Broker network.

What have you learnt over the last year, and what will you be taking into your tomorrow?

The importance of team alignment and relationships and in being agile. Just how important the team is and relationships are in making things happen.

But also how important humanity and empathy is; something that I think Argus is uniquely rich in.

“Humanity and empathy is something that I think Argus is uniquely rich in.

TYRONE MONTOVIO, CHIEF EXECUTIVE, ARGUS EUROPE

WHAT MATTERS MOST #3

"It's shown the importance of looking to and preparing for the future so you can easily navigate the new normal. Whatever that may be and however often it may change.

Simon Giffen, Chief Investment & Governance Officer, The Argus Group

ARGUS TOMORROW

DOING RIGHT FOR ALL.
DRIVING EMPATHY, KEEPING HUMANITY AND HEART.

A LETTER FROM ALISON HILL, CEO, THE ARGUS GROUP

Turning adversity into opportunity together.

2020 has been an unprecedented year for us all. Adapting to the COVID-19 global pandemic and the humanitarian crisis it triggered; our business resilience and financial performance remained strong in 2020 against a backdrop of global economic uncertainty and human tragedy.

Our Management and Board could have been forgiven for having focused entirely on short-term crisis management. We didn't. We are continuing to balance care for the immediate needs of our people, with stability within the Argus Group and a strategy for long-term sustainable growth. We rapidly scrutinised our strategy to move towards a Digital Integrated Specialist, determined where we needed to slow down to protect and support our clients and colleagues and where we needed to speed up to prosper in the face of the COVID-19 'burning platform' we found ourselves on. But most critically, it allowed us to truly live out our brand values and to ensure **Our Interest Is You**.

I am so proud of my team who have worked tirelessly to do the right thing, the right way for our customers, our shareholders, our colleagues and our community. In the face of uncertainty and adversity, overnight we have taken great strides to move closer to becoming a Digital Integrated Specialist.

DIGITAL

Our investment in digital capabilities allows us to better serve the needs of our large and small business clients, enabling a more human customer interaction by reducing the burden of manual administration.

This is no longer a 'nice to have', it has been an essential factor in our ability to keep our doors open globally to support our clients throughout the COVID-19 lockdown. Within one week we were able to support 90 percent of our 300+ global colleagues to work remotely from home. We immediately used video conferencing technology to hold all of our client meetings, team meetings and Board meetings, adapting to new ways of working and staying connected.

Many of these new working practices have been so successful, we are planning to retain them and make them part of our new operating model post COVID-19 lockdown.

But this is only the start. We have proved that we can pivot our business almost overnight, so will seek partnership and investment opportunities to speed up the build out of our digital core, to support our global growth and diversification.

INTEGRATED

We have restructured our business. A new organisational structure, a new operating model, new leadership, new working practices, new ways of working. Over our 70-year history, we have adapted and evolved, continuously training and re-training to keep pace with a dynamic and uncertain world. Our new operating model will unleash the talent and capability within our organisation and create a strong foundation for growth. We will build on our successes over the next 70 years to become stronger, more resilient and more agile.

We will be restless and uncompromising in our quest to maximise customer value while minimising waste, creating more value for customers with fewer resources. Understanding that value is what a customer is willing to pay for, our goal is to provide perfect value to the customer through a perfect value creation process that has zero waste.

SPECIALIST

Being a 'Specialist' means we take time to understand what our clients need now as well as to preempt what will be needed in a rapidly changing and evolving future, to deliver the best value and growth for our clients, our shareholders, our colleagues and our community. Adapting shared adversity into opportunity together.

2020 saw us do this in a number of ways:

HEALTH REFORM

Our COVID-19 response initiatives saw us focus on financial and mental well-being. We are tailoring our approach to work one-on-one with our clients to design solutions to lessen the short-term financial burden whilst ensuring essential benefits are provided.

Rapid product and service development, launched within weeks of the pandemic, included coverages for mental health,

prescription drugs, access to lower-cost healthcare, free tele-nurse / tele-doctor helplines and financial relief packages. Turning adversity into opportunity together.

We have turned potentially calamitous health system reform in Bermuda into amazing and dynamic opportunities for our business. Last year we shared our vision of a tomorrow with an ever-closer relationship with healthcare providers to provide direct patient care.

In 2020 we have made this vision a reality. We recently launched our initiative to become a Value-Based Care Integrator, creating a Better Health Partnership with two local health providers in Bermuda, and our One Team Health business in Canada. This exciting new initiative creates a unique healthcare ecosystem in Bermuda; enabling holistic and integrated care management delivered via local primary care physicians and overseas care, funded by innovative insurance benefits solutions. Argus is practicing what we preach and leading the way in providing quality, integrated healthcare, prioritising and incentivising health outcomes whilst managing down health cost inflation and over-utilisation.

GLOBAL EXPANSION

The world in which we operate has changed. Changed in profound and permanent ways. The anticipated post-COVID-19 global economic crisis has fundamentally changed our macro-economic outlook. We are facing specific challenges in each of our territories, which require us to rapidly diversify and grow into other territories and other businesses. We are rapidly adapting to the ‘new normal’. We are driving globalisation through acquisitions and partnerships, growing our ability to take Argus’s unique services and approach to more clients around the world. By constantly adapting and transforming, we can take advantage of emerging opportunities that leverage our international footprint to generate growth and provide the geographical diversification that will build upon and strengthen our business resilience.

Where others see adversity we see opportunity, creating a better and stronger Argus for all our tomorrows, together.

"We celebrate our 70 year anniversary this year. It is our innate desire to take care of people that makes Argus the unique company that it is; driven through empathy and keeping humanity and heart that will ensure we continue to thrive for the next 70 years and beyond.

ALISON HILL, CHIEF EXECUTIVE OFFICER, THE ARGUS GROUP

OUR STRATEGY

DRIVING VALUE AND OPPORTUNITY FOR STAKEHOLDERS

FINANCIAL PERFORMANCE
Risk and financial discipline: balancing resilience and growth of earnings.

TALENT
Unleashing the potential of engaged and empowered employees.

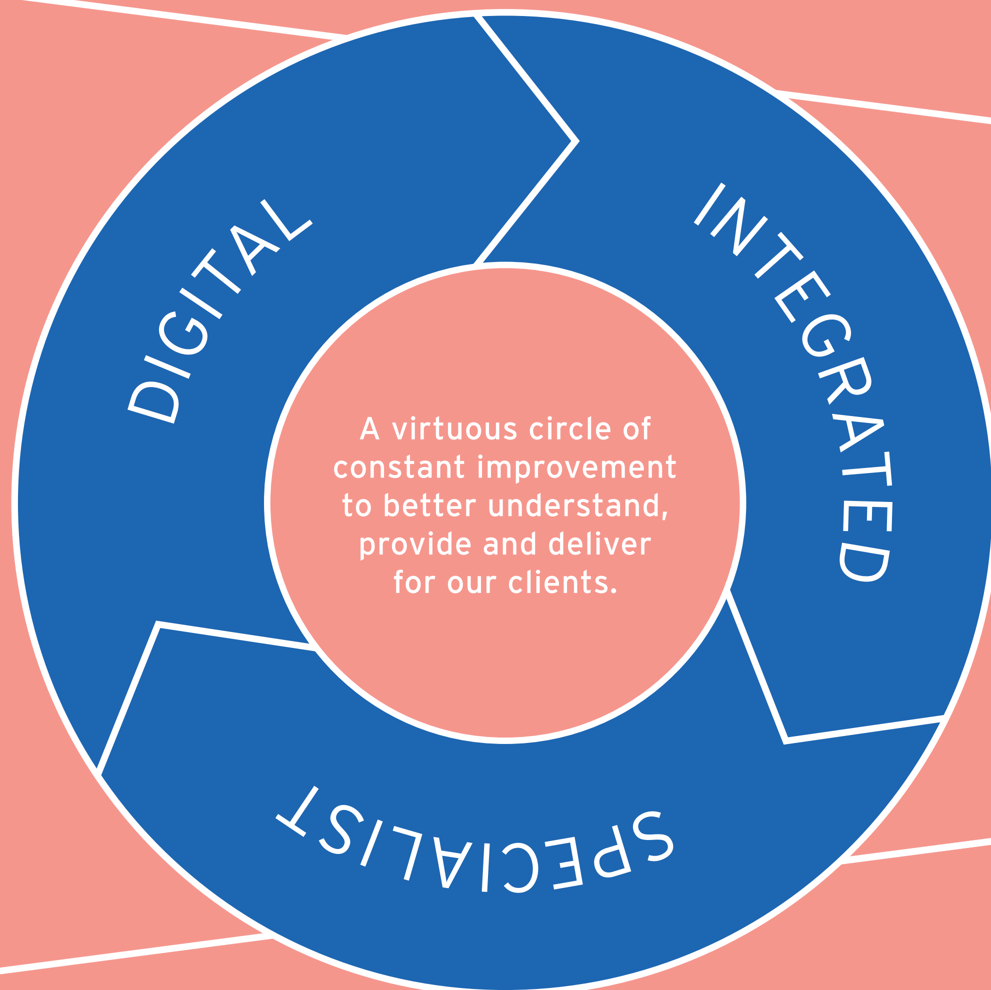
INNOVATION
Acquisition of two medical practices as the foundation of creating a Better Health Partnership for Bermuda.

GLOBAL
Successful expansion in Malta, Gibraltar and beyond.

DIVERSIFIED
Revenues from diverse geographies and business lines.

70 YEARS YOUNG
Trusted and respected brand values.

OPERATING MODEL
New structure driving autonomy, responsibility and agility.



STRONG FOUNDATIONS FOR AN AMBITIOUS FUTURE

REALISED BY OUR CORE STRATEGY

TRANSFORMATIONAL PARTNERSHIPS

Enabling game changing capabilities

BIONIC APPROACH

Refocusing our staff to deliver human interaction where and when it matters most

EFFECTIVE OPERATIONS FOR ORGANIC GROWTH

AGILE INNOVATION FOR ACCELERATED GROWTH

DRIVING OUR STRATEGIC IMPERATIVES

SHAREHOLDERS / INVESTORS

Together we strive to deliver dynamic, diversified and responsible long-term sustainable value.

$3.8m Dividends declared
6.1 percent Dividend yield

CUSTOMERS

Together we strive to better plan and provide solutions for our customers' current business and lifestyle protection needs and better anticipate tomorrow's needs.

$11.4bn Property covered | 16,850 Pension members
$107.6m Health benefits paid

EMPLOYEES

Together we strive to provide opportunities to develop and progress our talent, growing and innovating within the Argus family.

82 percent employee engagement
81 percent would recommend Argus as a great place to work

COMMUNITY

Together we strive to operate a responsible and sustainable business, working with local market partners to promote social and economic development for tomorrow's society and environment.

Supported over 50 non-profit organisations with $0.5m in donations

YIELDING VALUE TODAY AND OPPORTUNITY TOMORROW FOR ALL STAKEHOLDERS

DRIVING EFFICIENCY THROUGH TRANSFORMATIONAL PARTNERSHIP

In conversation with Peter Lozier, Chief Executive, Argus Americas.

Tell us about your current role & remit.

Argus was one of my first clients, over 20 years ago. I have always respected their drive for innovation and efficiency so it's nice to have finally joined the family.

I joined in 2018 as Executive Vice President of Group Insurance and set about transforming the business from a classic indemnification business to a future-proof health service provider. With the acquisition of One Team Health and our Better Health Partnership model launching, I am now excited to be taking on the role of Chief Executive Argus Americas, which includes Bermuda.

The world of financial services is changing, and I believe Argus can accelerate necessary change and lead the way with innovative and unique total health, wellness and financial solutions.

What experience do you have, that you will be bringing to help achieve this task?

My experience is primarily in health, 27 years working in healthcare and health insurance, most of it building deep knowledge of cost structures and interdependencies within the U.S. healthcare system. However, most relevant for our vision for health with Argus, is my experience building health networks from scratch in India, Germany, Angola and many other places, which showed me the importance of balancing cost containment and quality of accredited care.

How is Argus innovating its approach to Health?

Within the world of health insurance it's pretty radical. It completely changes the model; from a transactional premium and claim model, to viewing financing, healthcare and wellness together in a single ecosystem. This single member-centric view is the key to addressing the ever-escalating cost of medical care.

Some might ask if this approach creates a conflict of interest, but we believe it is quite the opposite. It puts the customer/ patient at the centre, working to improve general health, ultimately reducing the need for prescribed medication and medical intervention. This is good for the insurance company, the provider, the community, the employer and, most importantly, the individual. It aligns all of the stakeholders to one outcome, a healthier individual. Moreover, it's more efficient and effective. In 2016, our Diabetes reversal programme was a great example of where Argus led the way, helping break the cycle of reliance upon medication and instead providing a pathway to a better health outcome.

The Better Health Partnership is that next level of Getting Better Together. It's about getting better value for money together, by reducing healthcare costs through transparency and efficiency. It's about getting better at representing the needs of the population together, by seeking dynamic partnerships across the community.

"Argus can accelerate necessary change and lead the way with innovative solutions.

PETER LOZIER, CHIEF EXECUTIVE, ARGUS AMERICAS

Dr Louise White, Family Practice Group, Dr Basil Wilson & Dr Gerhard Boonstra, Island Health Services

It's about getting better outcomes together, by active participation in wellness programmes to reduce drug dependency and medical intervention.

It's about getting better returns for our shareholders, by mitigating the risk of healthcare reform and future-proofing the business.

This is a model we are launching now in Bermuda and we see real opportunity to transfer it into markets across the Americas in 2021 and beyond.

How does this transformational partnership model provide opportunity?

Transformational partnerships allow us to innovate and grow at pace. Argus has always been very good at working collaboratively in partnerships. It starts with trust and a common belief in changing something for the better for all parties. This trust enables faster change, and inspires greater opportunity through collaboration, openness and partnership.

The approach to the Better Health Partnership investment has enabled greater speed, efficiency and innovation.

How has COVID-19 changed the landscape for health in the medium to long-term?

There has been, and will still be, tremendous pain and hardship from the repercussions of COVID-19. It's devastating. However, it has forced change, it has forced a reappraisal of what truly matters and, personally, I believe it has made people more aware of their own actions and the implications of those actions. So, I hope that we will see people more actively participating in improving their own health and wellness.

I also think the health landscape will transform faster now. As COVID-19 has forced more familiarity and comfort with remote digital interfaces, I think we will see more digital coordination and consultation in healthcare. Ultimately, in the long term, we need health- care and wellness, providers and users, living in symbiosis.

And as a last thought, obviously 2020 has been a turbulent year. What have you learnt, and what will you be taking into your tomorrow?

COVID-19, the economic crisis, Black Lives Matter, have all led towards the need to re-evaluate not only what we do as a business but how we do it. Moreover, it has made me individually reflect on my personal role within our company and the community.

Right from the beginning of the COVID-19 lockdown and continuing to today, I wear a PPE mask in public, not for me but for those at high risk from this horrible virus. Literally, it can be the difference between life or death to some.

The individual can make a difference, and a small, very personal action can have a large, very personal impact.

> “Transformational partnerships allow us to innovate and grow at pace. Argus has always been very good at working collaboratively in partnerships. It starts with trust and a common belief in change.

PETER LOZIER, CHIEF EXECUTIVE, ARGUS AMERICAS

WHAT MATTERS MOST #4

> It's made me realise how important real human interaction is.

Tyrone Montovio,
Chief Executive, Argus Europe

GOVERNANCE

IN CONVERSATION WITH DAVID BROWN

Alison Hill, The Argus Group CEO, in conversation with David Brown, Argus's newest Board member.

Argus finds itself at a pivotal point. It was vital that we complemented our strong Board with experience and capabilities that matched our ambitious strategy, whilst being true to our culture of doing the right thing for our customers, shareholders, colleagues and our community. David has a valuable set of skills and insights: he has been a partner in an accountancy firm, a CEO and a Chair. He has led global insurance and reinsurance businesses, is an entrepreneur and is a well-respected and well-connected community advocate.

Above all, David has a reputation for supporting and challenging Management to deliver growth and long-term sustainable value to all of our stakeholders. We're very excited to have him on board.

Alison: Why are you excited about the opportunity to work with Argus?

David: Argus is a company with great potential but at the same time is undergoing some serious adjustments related to the changing healthcare system in Bermuda. This makes the work of the Board both challenging and interesting for directors like me. The Management team is energetic and has been creative in developing ideas to capitalise on the potential and also deal with the necessary adjustments in the healthcare business.

I was particularly attracted to the Argus ethos of always trying to do the right thing for its customers, its employees, the community and of course, its shareholders. In a small community such as ours, we know people from all of these groups and it is important to me that I believe we treat all of them equitably. A key part of achieving equity is to strive to correct the historic and systemic biases which have disadvantaged so many in our Bermuda community. I believe companies like Argus can be leaders in helping us all achieve this and I want to help.

Alison: What experience and skills do you hope to bring to Argus?

David: I have been in and around the insurance industry for almost 40 years. I've run a number of companies and served on the board of several more. During my time, I have purchased and sold insurance companies, raised substantial amounts of private equity and also taken a company public. I hope that my broad range of experience in the industry will be valuable at the board level and that my experience managing companies and their people will be a useful sounding board for Management.

> "David has a unique set of skills and is a well-respected community advocate.
>
> ALISON HILL, CHIEF EXECUTIVE OFFICER, THE ARGUS GROUP

IN CONVERSATION WITH DAVID BROWN

Alison: What does 'Our Interest is You' mean to you? How would you like to see it brought to life in the way Argus operates?

David: Not only in Bermuda, but throughout the world, there is an exciting movement to reevaluate the way companies operate. In the past it was all about maximising the return for shareholders as measured on a quarterly basis. This is changing as people recognise that companies need to address the needs of a wider group of stakeholders. This is not only morally correct, but I believe that companies who focus on caring for their customers, employees and community will ultimately prosper to the benefit of their shareholders.

Alison: What do you think the key opportunities are for Argus going forwards together?

David: Argus has a number of businesses in which it has recognised expertise and these can be replicated in other jurisdictions. The changes in Bermuda healthcare present a challenge but also an opportunity to 'change the game' and provide innovative ways to provide world-class healthcare solutions to our community.

Today, Argus has a really exciting combination of skills that can be leveraged: a 70-year record of deep connections in our communities, combined with profitability, financial strength, stability and performance.

> "The changes in Bermuda present an opportunity to 'change the game' and provide innovative ways to provide world-class healthcare solutions to our community.
>
> DAVID BROWN, BOARD MEMBER, THE ARGUS GROUP

Alison: I completely agree. The mindset today is one of energy and drive, of agility and innovation, something more akin to a 'start up'.

I think the stage is set for us to grow, diversify and deliver progressive solutions for the ever-changing needs of our rapidly expanding client base. I'm really excited about the future we're creating, together.

David: I am too, Alison. There are big things ahead!

OUR BOARD OF DIRECTORS

Our directors are dedicated to promoting collaboration and innovation throughout the company. They are focused on the goal of ensuring exceptional service for our customers and are committed to setting Argus apart as a leader in the industry.

Sheila E. Nicoll, FCII

CHIEF OPERATING OFFICER,
SIRIUS BERMUDA INSURANCE COMPANY, LTD.

Ms. Nicoll has been a member of the Argus Group Holdings Limited Board of Directors for 14 years, and Chairman since 2008. Ms. Nicoll has over 40 years of experience in the insurance/reinsurance industry in Bermuda, London and New York. She holds an MA in Chemistry from Oxford University and professional designation as a Fellow of the Chartered Institute of Insurance.

David A. Brown, CPA, FCA

INDEPENDENT DIRECTOR

David has almost 40 years' experience in the insurance industry including a number of CEO and Chairman roles. He recently stepped down after 20 years as Chairman of the Bermuda Stock Exchange, where he remains on the Board. He is currently the Chairman and interim CEO of Hamilton Re, Ltd. and also serves on the Board of Hamilton Insurance Group, where he is chair of the Governance and Finance Committee. In his career, David has served on the Boards of numerous private and public companies. David is a Fellow of the Institute of Chartered Accountants (UK) and a CPA (Bermuda).

Keith W. Abercromby, BSc FIA

NON-EXECUTIVE DIRECTOR OF CANADA LIFE LIMITED & OF LEEK UNITED BUILDING SOCIETY

Mr. Abercromby has been a member of the Argus Group Holdings Limited Board of Directors for two years. Mr. Abercromby is a non-executive director of Canada Life Limited and of Leek United Building Society, where he is Chairman of the audit committee. He has extensive board experience of regulated financial services companies in life assurance, general insurance, pensions and banking, having occupied roles as CEO or CFO in each of these areas for companies including Norwich Union, Clerical Medical and the Halifax. He is a Fellow of the Institute of Actuaries.

Peter R. Burnim, MBA

CHAIRMAN AND BOARD MEMBER OF VARIOUS COMPANIES

Mr. Burnim has been a member of the Argus Group Holdings Limited Board of Directors for 10 years. He currently serves as a Trustee of Allianz VIP Trust and Allianz VIP Fund of Fund Trust, Chairman of EGB Insurance, Emrys Technology, Sterling Bank & Trust Limited, and on the Board of Sterling Trust (Cayman) Limited and Turing Motor Company. He is founder and director of Stellar Energy Foundation. He serves on numerous education, artistic, and religious not-for-profit Boards. He previously worked for Citibank/Citicorp for over 25 years in the USA and Europe, where he served as Senior Credit, Senior Securities and Senior Corporate Officer, running U.S. Corporate Banking, European Corporate Finance, European Capital Markets and U.S. Private Banking. Mr. Burnim is an honors graduate of Harvard College and Harvard Business School.

Timothy C. Faries, BA, LLB, LLM

MANAGING PARTNER, APPLEBY (BERMUDA) LIMITED

Mr. Faries has been a member of the Argus Group Holdings Limited Board of Directors for six years. In addition to being the Managing Partner, Mr. Faries is also the Bermuda Group Head of the Corporate and Commercial department and the Insurance and Reinsurance sector leader for Appleby (Bermuda) Limited. Mr. Faries qualified as a barrister and solicitor in Alberta and was called to the Bermuda Bar in 1994. He serves as director on several other Boards.

OUR BOARD OF DIRECTORS

Alison S. Hill, FCMA, CGMA

CHIEF EXECUTIVE OFFICER,
ARGUS GROUP HOLDINGS LIMITED

Ms. Hill has been a member of the Argus Group Holdings Limited Board of Directors for eight years. Ms. Hill has more than 30 years of experience in the financial services sector, including 20 years of senior management experience in the financial services sector in Europe, prior to joining Argus Group Holdings Limited as Chief Operations Officer in 2009. She succeeded to Chief Executive Officer in 2011. She holds a BA (Hons) in Business Studies from Plymouth University and professional designations as a Fellow Chartered Management Accountant and Chartered Global Management Accountant. She serves as a director on several other Boards.

Barbara J. Merry

INDEPENDENT DIRECTOR

Ms. Merry has been a member of the Argus Group Holdings Limited Board of Directors since November 2017. She is a chartered accountant with over 30 years' experience in the London insurance market, most latterly as the CEO of a UK-listed Lloyd's managing agent. She has a deep understanding of risk management, assurance and governance and is a recognised role model and champion for aspiring professional women. She now has a portfolio of non-executive director roles including as the Chair of Ed Broking LLP and of its MGA platform, Globe Underwriting Limited.

Everard Barclay Simmons, MBA, LLB

ROSE INVESTMENT LIMITED

Mr. Simmons was a member of the Argus Group Holdings Limited Board of Directors for five years, from 2011 to 2015, and recently rejoined the Board in November 2018. Mr. Simmons qualified as a barrister in England and Wales and was called to the Bermuda Bar in 1998. Before returning to Bermuda in 2006, he completed an MBA at Harvard Business School and worked as an Investment Banker at Goldman Sachs in New York City. He serves as director on several other Boards in the Bermuda market focused on financial services regulation, banking, insurance and investments.

Kim R. Wilkerson, JP, CPCU

SENIOR VICE PRESIDENT, REGIONAL HEAD OF CLAIMS FOR AXA XL INSURANCE

Ms. Wilkerson has been a member of the Argus Group Holdings Limited Board of Directors for two years. Ms. Wilkerson is currently the Senior Vice President, Regional Head of Claims for AXA XL insurance operations in Bermuda and also served as General Counsel of XL Insurance (Bermuda) Ltd. She has a wealth of experience in the insurance industry. In 2016, Ms. Wilkerson was appointed to Bermuda's Senate, where she served until the dissolution of Parliament in June 2017.

Paul C. Wollmann, MBA, CPCU, ARe, ARM

CHIEF UNDERWRITING OFFICER, ESSENT REINSURANCE LTD.

Mr. Wollmann has been a member of the Argus Group Holdings Limited Board of Directors for six years. Mr. Wollmann has extensive (re) insurance and capital markets knowledge and has direct work experience with the most senior levels of large financial institutions. He holds a BA from Rollins College, Florida and an MBA from The School of Risk Management, Insurance and Actuarial Science, St. John's University, New York.

OFFICERS & COMMITTEES

ARGUS GROUP HOLDINGS LIMITED

Keith W. Abercromby
David A. Brown
Peter R. Burnim
Timothy C. Faries
Alison S. Hill
Barbara J. Merry
Sheila E. Nicoll (Chairman)
E. Barclay Simmons
Kim R. Wilkerson
Paul C. Wollmann

OFFICERS

Chairman – Sheila E. Nicoll
Deputy Chairman – Peter R. Burnim
Chief Executive Officer – Alison S. Hil
Chief Financial Officer – Peter J. Dunkerley

BOARD COMMITTEES

AUDIT COMMITTEE

Keith W. Abercromby (Chair)
Timothy C. Faries
Paul C. Wollmann
David A. Brown

PEOPLE, COMPENSATION & GOVERNANCE COMMITTEE

Sheila E. Nicoll (Chair)
Timothy C. Faries (Deputy Chair)
Barbara J. Merry
Kim R. Wilkerson

RISK COMMITTEE

E. Barclay Simmons (Chair)
Peter R. Burnim
Barbara J. Merry
Sheila E. Nicoll

OUR LEADERSHIP TEAM

PETER LOZIER
Chief Executive, Americas

TYRONE MONTOVIO
Chief Executive, Europe

SIMON GIFFEN
Chief Investment & Governance Officer

ONESIMUS NZABALINDA
Chief Global Compliance & Audit Officer

HANNAH ROSS
Chief Strategy & Capital Officer

SHEENA SMITH
Chief Human Capital, Change & Culture Officer

NIK SMALE
Chief Digital Officer

DAVID SIMONS
Managing Director, Argus Centre of Excellence

Management Level Committees

ASSET LIABILITY MANAGEMENT COMMITTEE

The Committee is appointed by the Board and tasked with the oversight of the management and control of all financial investments and corresponding liabilities, as defined in The Argus Group's Investment Policy.

EXECUTIVE RISK MANAGEMENT COMMITTEE

The Committee is appointed by the Board and tasked with establishing a sound and effective risk management framework, including developing policies, procedures and internal controls promoting the identification, evaluation, mitigation, monitoring and reporting of material risks in line with the Insurance Code of Conduct, the Investment Business Act, and any and all other relevant legislation and/or advisories as applicable in each jurisdiction, reviewing on a regular basis the risk management techniques employed in light of changing operational, regulatory, and market developments to ensure continued effectiveness and adoption of international best practice, and assessing and evaluating on a regular basis, The Argus Group's self assessment of compliance with regulatory requirements.

DATA PRIVACY & INFORMATION RISK SUB-COMMITTEE

The Sub-Committee is appointed by the Executive Risk Management Committee and tasked with reviewing the classification and security of The Argus Group's data, complying with data privacy regulations, preparing and monitoring The Argus Group's Data Breach Response Plan, and general security awareness.

CAPITAL & REGULATORY RISK SUB-COMMITTEE

The Sub-Committee is appointed by the Executive Risk Management Committee and tasked with reviewing the The Argus Group's Medium-Term Capital Plan and ongoing capital requirements, statutory returns and regulatory reporting, and general communication to and from regulators and rating agencies.

UNDERWRITING & CLAIMS RISK (PROPERTY & CASUALTY) SUB-COMMITTEE

The Sub-Committee is appointed by the Executive Risk Management Committee and tasked on behalf of The Argus Group's property and casualty businesses reviewing underwriting claims policies, procedure and manuals, underwriting authority limits, rate reviews and pricing changes, new product development, business developments or opportunities, claims trends and large loss reporting, reinsurance renewals and changes to reinsurance programmes, and reserving.

UNDERWRITING & CLAIMS RISK (EMPLOYEE BENEFITS) SUB-COMMITTEE

The Sub-Committee is appointed by the Executive Risk Management Committee and tasked on behalf of The Argus Group's employee benefits businesses reviewing underwriting/claims policies, procedures and manuals, underwriting authority limits, rate reviews and pricing changes, new product development, business developments or opportunities, claims trends and large loss reporting, reinsurance renewals and changes to reinsurance programmes, and reserving.

OPERATIONAL RISK MANAGEMENT SUB-COMMITTEE

The Sub-Committee is appointed by the Executive Risk Management Committee and tasked with reviewing and approving the risk management policies and procedures, and subsequent changes to them, providing a forum to review the various exposures to the business units and the strategies to mitigate material risks, overseeing the development and implementation of the risk, compliance and internal controls framework for The Argus Group, and reviewing management information systems reports, such as customer complaints, operational risk losses, and "near-miss" incidents.

OUR PRINCIPAL OPERATING SUBSIDIARIES

ARGUS AMERICAS

BERMUDA SUBSIDIARIES

Argus Insurance Company Limited

Paul C. Wollmann (Chair)
David A. Brown
John Doherty
Peter J. Dunkerley
Alison S. Hill

Bermuda Life Insurance Company Limited

Timothy C. Faries (Chair)
Peter J. Dunkerley
Alison S. Hill
Sheila E. Nicoll
Kim R. Wilkerson
E. Barclay Simmons

Centurion Insurance Services Limited

Alison S. Hill (Chair)
Andrew H. Bickham
Peter J. Dunkerley

Argus Wealth Management Limited

Peter R. Burnim (Chair)
Peter J. Dunkerley
Timothy C. Faries

Bermuda Life Worldwide Limited

Paul C. Wollmann (Chair)
Peter R. Burnim
Peter J. Dunkerley
Alison S. Hill

Argus International Life Bermuda Limited

Paul C. Wollmann (Chair)
Peter R. Burnim
Peter J. Dunkerley

Argus International Life Insurance Limited

Paul C. Wollmann (Chair)
Peter R. Burnim
Peter J. Dunkerley
Alison S. Hill

CANADA SUBSIDIARIES

One Team Health, Inc.

Alison S. Hill (Chair)
Peter J. Dunkerley
Peter Lozier
George N. H. Jones

ARGUS EUROPE

GIBRALTAR SUBSIDIARIES

Argus Insurance Company (Europe) Limited

Keith W. Abercromby (Chair)
Peter R. Burnim
Alison S. Hill
Costantinos Miranthis (subject to GFSC)
Tyrone Montovio
Sheila E. Nicoll

WestMed Insurance Services Limited

Alison S. Hill (Chair)
Tyrone Montovio
John L. Stagnetto

MALTA SUBSIDIARIES

Argus Insurance Agencies Limited

Charles Farrugia (Chair)
Alison S. Hill
Tyrone Montovio

Island Insurance Brokers Limited

Barbara J. Merry (Chair)
Dr. Carmel Cascun
Peter J. Dunkerley
Alison S. Hill
Lawrence Pavia
Sheila E. Nicoll

FirstUnited Insurance Brokers Limited

Alison S. Hill (Chair)
Salv Mifsud Bonnici
Peter J. Dunkerley
Kevin Galea Pace

OUR INVESTOR PROPOSITION

INVESTORS: SHARE IN OUR JOURNEY OF GROWTH AND EXPANSION

OUR HISTORY

During its 70-year history, Argus has grown into a company spanning multiple business lines and territories. Yet, we have never forgotten our roots; they have made us who we are today. Over 1,100 of our 1,380 shareholders are Bermudian. And about 90 percent of our dividends go back into the Bermuda community.

OUR PHILOSOPHY

Companies globally are re-assessing the way they conduct business. Historically, most public companies have focused on short-term profit maximisation measured on a quarterly basis. This is changing as companies now realise that focusing on a wider group of stakeholders will be of longer-term benefit to their shareholders. In fact, in late 2019, the Business Roundtable issued an open letter titled "Statement on the Purpose of a Corporation" embracing the move to greater stakeholder focus, signed by over 180 CEOs from the largest U.S. companies, from Apple to Visa. At Argus, we have always operated in a stakeholder-aware manner, trying to do the right thing for our customers, our employees, our community and, importantly, our shareholders. By striving to do right for all, always, and taking the longer-term perspective, we will benefit our shareholders.

OUR SHAREHOLDER PROPOSITION

Together we strive to deliver dynamic, diversified and responsible long-term sustainable value.

STRONG FINANCIAL PERFORMANCE

EXCEPTIONAL TALENT

PROVEN INNOVATORS

DIVERSIFIED

GLOBAL

AGILE & RESILIENT

Join us as we head into Tomorrow. Together.

OUR OUTLOOK

The COVID-19 pandemic has shown that the Argus Digital Integrated Specialist strategy is the right one. Our strategy will allow us to grow in and beyond Bermuda.

We will mitigate the financial impact of Bermuda health reform by diversifying Argus earnings with improved ways of working, new business models and expansion overseas.

We will remain vigilant on getting the right balance between risk and reward.

We will maintain and grow the dividends we pay to shareholders whenever possible.

We are acutely aware of the deep discount of our share price relative to our book value. Rest assured that the Board and Management are redoubling their efforts to close this gap and improve the share price.

Our Management team is strong and enjoys the support of our Board in driving long-term, sustainable value for the Argus Group.

The Board is introducing enhanced measures of success to align Management interests ever more closely with shareholders.

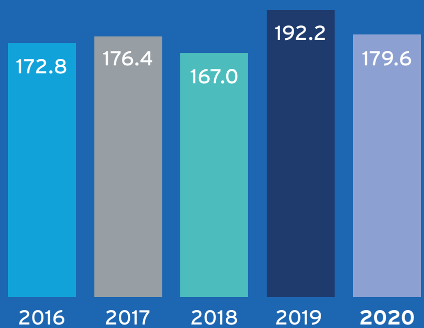
We thank you for the trust you have placed in us – we do not take that trust lightly. We're excited about the future of Argus and we hope you will share the journey with us.

"We will remain vigilant on getting the right balance between risk and reward.

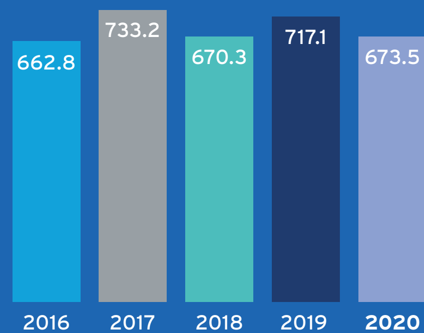
SUMMARY FOR SHAREHOLDERS

FIVE-YEAR SUMMARY

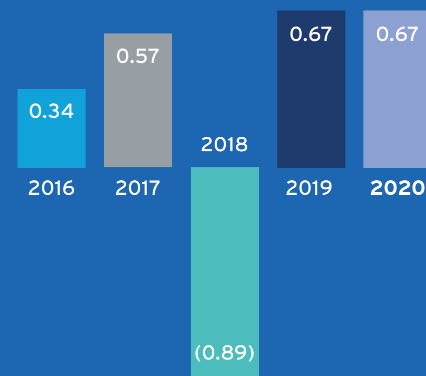
TOTAL REVENUE
(in millions)



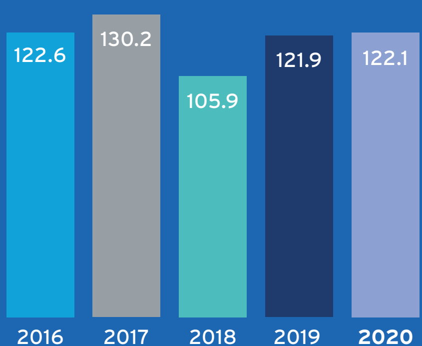
TOTAL GENERAL FUND ASSETS
(in millions)



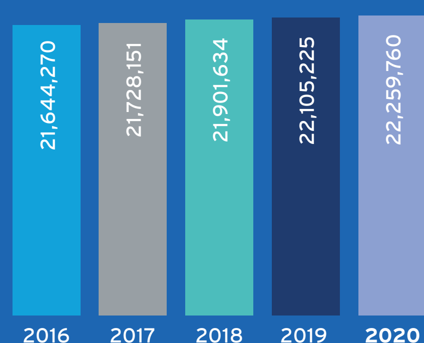
EARNINGS PER SHARE
Fully Diluted



SHAREHOLDERS' EQUITY
(in millions)

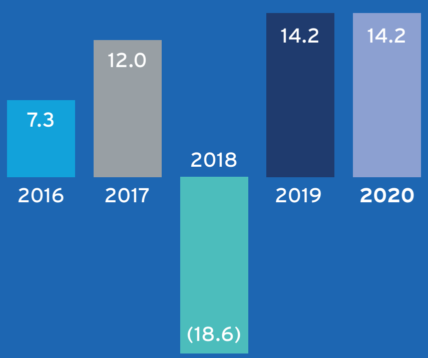


SHARES IN ISSUE

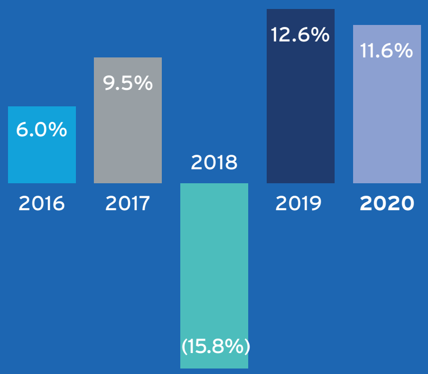


FIVE-YEAR SUMMARY

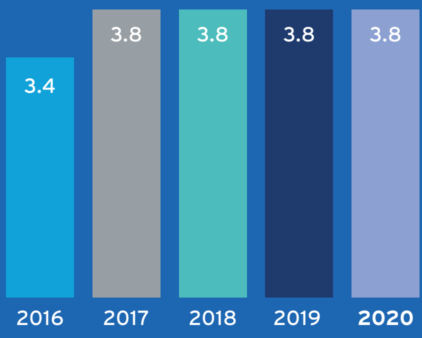
EARNINGS ATTRIBUTABLE TO SHAREHOLDERS
(in millions)



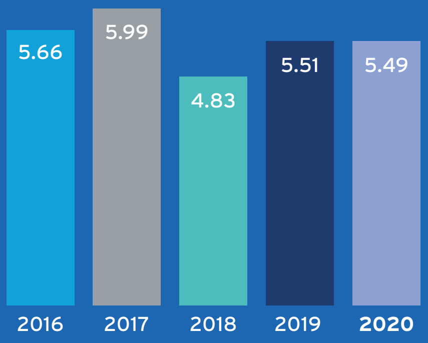
RETURN ON SHAREHOLDERS' EQUITY



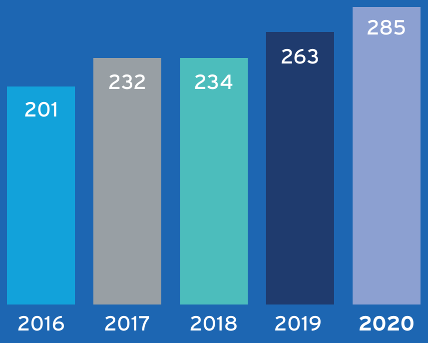
DIVIDENDS DECLARED
(in millions)



BOOK VALUE PER SHARE



EMPLOYEES



WHAT MATTERS MOST #5

"I am much more aware of what I can and should do to more actively take control of my health and well-being.

Lisa Philpott, Thrive Client

FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements and other financial information in this Annual Report have been prepared by the Group's Management, which is responsible for their integrity, consistency, objectivity and reliability. To fulfil this responsibility, the Group maintains policies, procedures and systems of internal control to ensure that its reporting practices, and accounting and administrative procedures are appropriate, such that relevant and reliable financial information is produced and assets are safeguarded. These controls include the careful selection and training of employees, the establishment of well-defined areas of responsibility and accountability for performance, and the communication of policies and a code of conduct throughout the Group. In addition, the Group maintains an Internal Audit Department that conducts periodic audits of the Group's operations. The Internal Audit Department reports directly to the Audit Committee.

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards and, where appropriate, reflect estimates based on Management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying consolidated financial statements.

KPMG Audit Limited, the independent chartered professional accountants appointed by the shareholders, have audited the consolidated financial statements set out on pages 66 through 126 in accordance with auditing standards generally accepted in the United States of America to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is shown opposite.

The consolidated financial statements have been further reviewed and approved by the Board of Directors acting through the Audit Committee, which is comprised of directors who are not officers or employees of the Group. The Audit Committee, which meets with the auditors and Management to review the activities of each and reports to the Board of Directors, oversees Management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee, both with and without Management present, to discuss their audit and related findings.

These consolidated financial statements were authorised for issue by the Board of Directors on August 12, 2020.

Alison S. Hill
Chief Executive Officer

Peter J. Dunkerley
Chief Financial Officer

August 12, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Argus Group Holdings Limited and its Subsidiaries

We have audited the accompanying consolidated financial statements of Argus Group Holdings Limited and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive operations, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Argus Group Holdings Limited and its subsidiaries as of March 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

OTHER MATTER

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information in the Annual Report from page 1 to 64 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subject to the auditing procedures applied in the audit of consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
August 12, 2020

CONSOLIDATED BALANCE SHEETS

(In $ thousands)	Note	MARCH 31 2020	MARCH 31 2019
Assets			
Cash and short-term investments	5	71,501	51,381
Interest and dividends receivable		2,741	3,061
Assets held-for-sale	4	31,549	35,355
Investments	6,7	445,586	463,695
Receivable for investments sold		74	29,810
Insurance balances receivable	8	19,941	17,310
Reinsurers' share of:			
Claims provisions	15	16,507	27,304
Unearned premiums	15	10,662	9,598
Other assets	9	5,813	6,123
Deferred policy acquisition costs	10	1,473	1,329
Investment properties	11	2,899	11,300
Investment in associates	12	2,831	2,874
Property and equipment	13,23	55,257	54,563
Intangible assets	14	6,617	3,387
TOTAL GENERAL FUND ASSETS		673,451	717,090
Segregated fund assets held-for-sale	4	460,449	594,436
Segregated fund assets from continuing operations	33	866,100	936,444
TOTAL SEGREGATED FUND ASSETS		1,326,549	1,530,880
TOTAL ASSETS		2,000,000	2,247,970

(In $ thousands)	Note	MARCH 31 2020	MARCH 31 2019
Liabilities			
Insurance balances payable	16	18,158	15,426
Payables arising from investment transactions	17	3,546	56,561
Liabilities held-for-sale	4	15,269	17,701
Taxes payable		345	156
Accounts payable and accrued liabilities	23	24,673	19,432
Insurance contract liabilities	15	231,969	240,762
Investment contract liabilities	18	253,555	241,782
Post-employment benefit liability	19	3,670	3,311
TOTAL GENERAL FUND LIABILITIES		551,185	595,131
Segregated fund liabilities held-for-sale	4	460,449	594,436
Segregated fund liabilities from continuing operations	33	866,100	936,444
TOTAL SEGREGATED FUND LIABILITIES		1,326,549	1,530,880
TOTAL LIABILITIES		1,877,734	2,126,011
Equity			
Attributable to shareholders of the Company			
Share capital		17,161	16,854
Contributed surplus		53,502	53,161
Retained earnings		63,493	53,270
Accumulated other comprehensive loss	24	(12,013)	(1,381)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		122,143	121,904
Attributable to non-controlling interests		123	55
TOTAL EQUITY		122,266	121,959
TOTAL EQUITY AND LIABILITIES		2,000,000	2,247,970

Approved by the Board of Directors

Sheila E. Nicoll
Chairman

Alison S. Hill
Chief Executive Officer

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended March 31 (In $ thousands)	Note	2020	2019
Revenue			
Gross premiums written		161,840	177,997
Reinsurance ceded		(38,230)	(38,331)
Net premiums written		123,610	139,666
Net change in unearned premiums	15.3	134	(431)
Net premiums earned		123,744	139,235
Investment income	6	19,516	15,457
Share of earnings of associates		25	(257)
Commissions, management fees and other	26	36,324	37,739
		179,609	192,174
Expenses			
Policy benefits		16,047	20,292
Claims and adjustment expenses		91,563	100,198
Reinsurance recoveries	27	(13,378)	(8,284)
Gross change in contract liabilities	28	(10,049)	(185)
Change in reinsurers' share of claims provisions	28	10,787	(613)
NET BENEFITS AND CLAIMS		94,970	111,408
Commission expenses		5,568	5,149
Operating expenses	29	57,801	55,326
Amortisation, depreciation and impairment	13,14,23	6,359	5,283
		164,698	177,166
EARNINGS BEFORE INCOME TAXES		14,911	15,008
Income tax expense	32	645	776
NET EARNINGS FOR THE YEAR		14,266	14,232
Attributable to:			
Shareholders of the Company		14,198	14,186
Non-controlling interests		68	46
		14,266	14,232
Earnings per share:	25		
Basic		*0.67*	*0.67*
Fully diluted		*0.67*	*0.67*

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE OPERATIONS

For the years ended March 31 (In $ thousands)	Note	2020	2019
Net Earnings for the Year		14,266	14,232
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified to net earnings:			
Post-employment medical benefit obligation remeasurement	19	(401)	29
Items that are or may subsequently be reclassified to net earnings:			
Change in unrealised gains/(losses) on available-for-sale investments		(9,628)	4,122
Change in unrealised gains/(losses) on translating financial statements of foreign operations		(603)	(1,195)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(10,632)	2,956
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		3,634	17,188
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		(10,632)	2,956
Non-controlling interests		-	-
		(10,632)	2,956
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the Company		3,566	17,142
Non-controlling interests		68	46
		3,634	17,188

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended March 31 (In $ thousands except the number of shares)	Note	2020	2019
Share Capital			
Authorised:			
25,000,000 common shares of $1.00 each (2019 – 25,000,000)		25,000	25,000
Issued and fully paid, beginning of year 22,105,225 shares (2019 – 21,901,634 shares)		22,105	21,901
Add: Shares issued under the dividend reinvestment plan 154,535 shares (2019 – 203,591 shares)		155	204
Deduct: Shares held in Treasury, at cost 934,760 shares (2019 – 930,795 shares)		(5,099)	(5,251)
BALANCE, NET OF SHARES HELD IN TREASURY, END OF YEAR		17,161	16,854
Contributed Surplus			
Balance, beginning of year		53,161	52,629
Stock-based compensation expense		176	163
Treasury shares granted to employees		(159)	(164)
Shares issued under the dividend reinvestment plan	22	324	533
BALANCE, END OF YEAR		53,502	53,161
Retained Earnings			
Balance, beginning of year		53,270	41,087
Impact of data validation and reconciliation adjustment	15.1	-	1,975
Net earnings for the year		14,198	14,186
Dividends		(3,829)	(3,791)
Loss on treasury shares granted to employees		(146)	(187)
BALANCE, END OF YEAR		63,493	53,270
Accumulated other Comprehensive Loss			
Balance, beginning of year		(1,381)	(4,337)
Other comprehensive income/(loss)		(10,632)	2,956
BALANCE, END OF YEAR		(12,013)	(1,381)
TOTAL ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		122,143	121,904
Attributable to Non-controlling Interests			
Balance, beginning of year		55	9
Net earnings/(loss) for the year		68	46
TOTAL EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		123	55
TOTAL EQUITY		122,266	121,959

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In $ thousands)	MARCH 31 2020	MARCH 31 2019
OPERATING ACTIVITIES		
Earnings before income taxes	14,911	15,008
Adjustments to reconcile net earnings to cash basis		
Bad debt expense	815	1,056
Interest income	(15,197)	(14,262)
Dividend income	(2,014)	(1,489)
Investment income related to deposit administration pension plans	1,764	1,713
Net realised and unrealised gains on investments	(9,967)	(2,280)
Amortisation of mortgages and net premium of bonds	1,281	1,310
Net impairment losses on investments	1,146	(148)
Share of earnings/(loss) of associates, including impairment	(25)	257
Net realised and unrealised (gains)/losses on investment properties	3,901	176
Amortisation, depreciation and impairment	6,359	5,283
Expense on vesting of stock-based compensation	178	163
Interest expense on leases	193	-
	(11,566)	(8,221)
Change in operating balances		
Insurance balances receivable	(149)	(1,209)
Reinsurers' share of:		
Claims provisions	10,692	(630)
Unearned premiums	(1,193)	(498)
Other assets	949	(2,006)
Deferred policy acquisition costs	(130)	(114)
Insurance balances payable	387	(861)
Accounts payable and accrued liabilities	(1,415)	2,288
Insurance contract liabilities	(9,153)	530
Investment contract liabilities	11,773	4,933
Post-employment benefit liability	(42)	(28)
	11,719	2,405
Interest income received	13,754	12,043
Dividend income received	2,014	1,489
Income tax paid	(540)	(557)
CASH GENERATED FROM OPERATING ACTIVITIES	30,292	22,167

(In $ thousands)	MARCH 31 2020	MARCH 31 2019
INVESTING ACTIVITIES		
Purchase of investments	(930,986)	(1,669,529)
Sale, maturity and paydown of investments	928,901	1,671,070
Purchase of subsidiary, net of cash acquired	(1,739)	(365)
Purchase of property and equipment	(2,002)	(4,424)
CASH USED IN INVESTING ACTIVITIES	(5,826)	(3,248)
FINANCING ACTIVITIES		
Dividends paid to shareholders	(3,507)	(3,061)
Acquisition of shares held in Treasury	(6)	(143)
Principal element of lease payments	(586)	-
CASH USED IN FINANCING ACTIVITIES	(4,099)	(3,204)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND SHORT-TERM INVESTMENTS	(471)	(1,165)
NET INCREASE IN CASH AND SHORT-TERM INVESTMENTS	19,896	14,550
CASH AND SHORT-TERM INVESTMENTS, beginning of year	54,355	39,805
CASH AND SHORT-TERM INVESTMENTS, end of year	74,251	54,355
Cash and short-term investments from continuing operations	71,501	51,381
Cash and short-term investments held-for-sale	2,750	2,974
	74,251	54,355

The accompanying notes form part of these consolidated financial statements.

CONTENTS

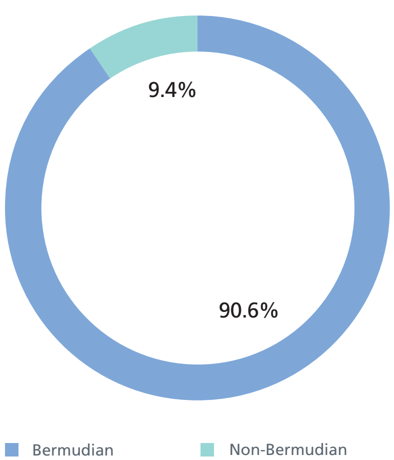
Notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

(Amounts in tables are expressed in thousands of Bermuda dollars, except for per share amounts and where otherwise stated)

SHARE OWNERSHIP



1 Operations

Argus Group Holdings Limited (the Company) was incorporated in Bermuda with limited liability on May 26, 2005, as a holding company and has its registered office at the Argus Building, 14 Wesley Street, Hamilton HM 11, Bermuda. The Company's shares are traded on the Bermuda Stock Exchange. At March 31, 2020, it has 1,380 shareholders, 84.5 percent of whom are Bermudian, holding 90.6 percent of the issued shares.

The Company and its subsidiaries (the Group) operates predominantly in Bermuda, Gibraltar, Malta and Canada underwriting life, health, property and casualty insurance (P&C). The Group also provides investment, savings and retirement products, administrative services and insurance broker services. Refer to Note 20 for details on the composition of the Group and Note 34 on Operating Segments.

2 Significant Accounting Policies

The significant accounting policies used in the preparation of the consolidated financial statements are discussed below and are applied consistently.

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with the provisions of the Bermuda Companies Act 1981, as amended.

These consolidated financial statements, as at and for the year ended March 31, 2020, were authorised for issue by the Board of Directors on August 12, 2020.

2.2 BASIS OF PRESENTATION

2.2.1 Basis of measurement

The consolidated financial statements have been compiled on the going concern basis and prepared on the historical cost basis except for the following material items on the Consolidated Balance Sheets:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL) are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Derivative financial instruments are measured at fair value;
- Investment properties are measured at fair value;
- Segregated fund assets and liabilities are measured at fair value based on net asset values reported by third parties, such as fund managers or independent custodians;
- Life and annuity policy reserves are based on actuarial valuation using the Canadian Asset Liability Method (CALM);
- Provision for unpaid and unreported claims are actuarially determined and represents the best estimate of the ultimate costs of claims in the course of settlement and claims incurred but not yet reported; and
- Post-employment benefit liability is measured at the present value of the defined benefit obligation.

The Consolidated Balance Sheets are presented in order of decreasing liquidity.

2.2.2 Presentation currency

All amounts are in Bermuda dollars, which is the Group's presentation currency, and which are on par with United States (U.S.) dollars.

2.2.3 Use of critical estimates, judgments and assumptions

The preparation of the consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:
Note 2.10 – Insurance, Investment and Service Contracts;
Note 11 – Investment Properties; and
Note 12 – Investment in Associates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:
Note 2.8 – Impairment of Assets;
Note 6 and Note 18 – Investments and Investment Contract Liabilities; and
Note 15 – Insurance Contract Liabilities.

2.3 BASIS OF CONSOLIDATION

2.3.1 Business combinations

The Group uses the acquisition method to account for the acquisition of subsidiaries. At the date of acquisition, the Group recognises the identifiable assets acquired and liabilities assumed as part of the overall business combination transaction at their fair value. Recognition of these items is subject to the definitions of assets and liabilities in accordance with the IASB's Framework for the Preparation and Presentation of Financial Statements. The Group may also recognise intangible items not previously recognised by the acquired entity, such as customer lists.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

Amalgamation transactions

Under a business combination where entities under common control are amalgamated, the carrying values of the assets and liabilities of the entities are combined. Transactions arising from the amalgamation of the entities under common control are eliminated in the Group's consolidated financial statements.

2.3.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results and financial position of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group's consolidated financial statements include the financial statements of the Company and its subsidiaries after all intercompany accounts and transactions have been eliminated. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

2.3.3 Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Losses applicable to the non-controlling interest in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2.3.4 Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operational policies. Significant influence is normally presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Other indicators that may provide evidence of significant influence include representation on the board of directors of the investee, participation in policy-making processes and provision of technical information.

Investment in associates is initially recognised at cost, which includes transaction costs. Thereafter, these investments are measured using the equity method. Under the equity method, the Group records its proportionate share of income and loss from such investments on the Consolidated Statements of Operations and its proportionate share of Other Comprehensive Income on the Consolidated Statements of Comprehensive Operations. Certain associates have different accounting policies from the Group and, as a result, adjustments have been made to align the associate's accounting policies with the Group.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in Share of earnings in associates on the Consolidated Statements of Comprehensive Operations.

2.4 FOREIGN CURRENCY REMEASUREMENT AND TRANSLATION

2.4.1 Remeasurement of transactions in foreign currencies

The individual financial statements of the Company and its subsidiaries are prepared in the currency in which they conduct their ordinary course of business, which is referred to as the functional currency. Monetary assets and liabilities denominated in currencies other than the functional currency of the Company or its subsidiaries are remeasured into the functional currency using rates of exchange at the balance sheet date. Income and expenses are translated at average rates of exchange.

Foreign exchange gains and losses are reflected in Operating expenses on the Consolidated Statements of Operations.

2.4.2 Translation to the presentation currency

The financial statements of foreign operations are translated from their respective functional currencies to Bermuda dollars, the Group's presentation currency. Assets and liabilities are translated at the rates of exchange at the balance sheet date, and income and expenses are translated using the average rates of exchange. The accumulated gains or losses arising from translation of functional currencies to the presentation currency are included in Other Comprehensive Income on the Consolidated Statements of Comprehensive Operations.

2.5 CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments include cash balances, cash equivalents, time deposits and other short-term highly liquid financial assets with original maturities of three months or less, and bank overdrafts. Interest on these balances is recorded on the accrual basis and included in Investment income.

Cash includes restricted cash being held on behalf of clients in order to comply with regulatory requirements in Malta. These amounts are not available for use in the Group's daily operations.

2.6 ASSETS AND LIABILITIES HELD-FOR-SALE

Disposal groups, which are comprised of assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale. The sale is highly likely if, on the reporting date, Management has committed to detailed sales plans, is actively looking for a buyer, has set a reasonable selling price, and the sale is highly likely to occur within a year. Disposal groups are measured at the lower of their carrying amount and fair value less costs to sell, except for assets and liabilities arising from insurance contracts that are measured on the same basis as the insurance assets and liabilities from continuing operations. Once classified as held-for-sale, these assets will no longer be depreciated.

See Note 4, Assets and liabilities held-for-sale for more details.

2.7 FINANCIAL INSTRUMENTS

2.7.1 Financial assets

2.7.1(a) Classification and recognition of financial assets

The Group has the following financial assets: (i) financial assets at FVTPL, (ii) available-for-sale financial assets, (iii) held-to-maturity financial assets and (iv) loans and receivables. Management determines the classification of financial assets at initial recognition and is dependent on the nature of the assets and the purpose for which the assets were acquired.

All financial assets are required to be measured at fair value with the exception of loans and receivables, debt securities classified as held-to-maturity, and available-for-sale equity instruments whose fair value cannot be reliably measured. The Group recognises loans and receivables at their date of inception. All other financial assets (including assets designated at FVTPL) are recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Balances pending settlement as a result of sales and purchases are reflected on the Consolidated Balance Sheets as Receivable for investments sold and Payable arising from investment transactions.

(i) Financial assets at FVTPL

A financial asset is classified as FVTPL if it is determined to be held-for-trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Group manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Group's documented risk management and investment strategies.

Attributable transaction costs upon initial recognition are recognised in Investment income on the Consolidated Statements of Operations as incurred. FVTPL financial instruments are measured at fair value, and changes therein are recognised in Investment income on the Consolidated Statements of Operations. Interest or dividend income earned from these financials assets is recorded in Investment income on the Consolidated Statements of Operations. Interest income is net of investment management fees.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity investments and debt securities. Equity securities classified as available-for-sale are carried at fair value except unquoted equities, which are carried at cost. Debt securities in this category are carried at fair value and are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity, in response to changes in market conditions, or in response to stay within investment guidelines.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in Other comprehensive income and presented on the Consolidated Statements of Comprehensive Operations. When an investment is derecognised, the cumulative gain or loss in

Other comprehensive income is transferred to the Consolidated Statements of Operations.

Amortisation and accretion of premiums and discounts and interest income on available-for-sale debt securities are calculated using the effective interest rate method and are recognised in current period net investment income. The carrying value of accrued interest income approximates estimated fair value due to its short-term nature and high liquidity. Interest income is net of investment management fees.

(iii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative debt securities with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Amortisation of premiums and accretion of discounts are included in Investment income on the Consolidated Statements of Operations.

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

(iv) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses. Amortisation of interest is included in Investment income on the Consolidated Statements of Operations.

For the purposes of this classification, loans and receivables are comprised of mortgages and loans, Interest and dividends receivable and other receivables included in Other assets on the Consolidated Balance Sheets.

2.7.1(b) Derecognition and offsetting

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, which is normally the trade date. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented on the Consolidated Balance Sheets when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7.2 Financial Liabilities

2.7.2(a) Classification and recognition of financial liabilities

The Group has the following financial liabilities: (i) financial liabilities at FVTPL and (ii) other financial liabilities. Management determines the classification of financial liabilities at initial recognition.

(i) Financial liabilities at FVTPL

The Group's financial liabilities at FVTPL relate to deposit accounted annuity policies shown under Investment contract liabilities on the Consolidated Balance Sheets. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. Changes in fair value of investment contract liabilities are recorded in Gross change in contract liabilities on the Consolidated Statements of Operations (Note 2.10.2).

(ii) Other financial liabilities

All remaining financial liabilities are classified as other financial liabilities, which include Investment contract liabilities related to the deposit administration pension plans and self-funded group health policies (Note 2.10.2), Payables arising from investment transactions, Insurance balances payable and Accounts payable and accrued liabilities. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Payables arising from investment transactions and Accounts payable and accrued liabilities are considered short-term payables with no stated interest.

All other financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

2.7.2(b) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.7.3 Derivative financial assets

Investments in derivative instruments are measured at FVTPL and are considered to be held-for-trading. Derivatives are initially recognised at estimated fair value on the date into which a contract is entered. The attributable transaction costs are recognised in Investment income on the Consolidated Statements of Operations as incurred. These investments in derivative instruments are subsequently carried at estimated fair value. Changes in the estimated fair value of instruments that do not qualify for hedge accounting are recognised in Investment income on the Consolidated Statements of Operations. The Group does not hold any derivatives classified as hedging instruments. Derivative financial assets and liabilities are reported net under Investments on the Consolidated Balance Sheets.

2.7.4 Investment income

Interest is recorded in Investment income on the Consolidated Statements of Operations as it accrues, using the effective interest method. Dividend income is recognised on the date the Group's right to receive payment is established, which, in the case of quoted securities, is normally the ex-dividend date.

2.8 IMPAIRMENT OF ASSETS

2.8.1 Impairment of financial assets

The carrying amounts of the Group's financial assets, except those classified under FVTPL, are reviewed at each reporting date for impairment and reversal of previously recognised impairment losses. These assets are considered impaired if there is objective evidence of impairment as a result of one or more loss events that have an impact that can be reliably determined based on estimated future cash flows of the asset. Objective factors that are considered when determining whether a financial asset or group of financial assets may be impaired include, but are not limited to, the following:

- negative rating agency announcements in respect of investment issuers and debtors;
- significant reported financial difficulties of investment issuers and debtors;
- actual breaches of credit terms, such as persistent late payments or actual default;
- the disintegration of the active market(s) in which a particular asset is traded or deployed;
- adverse economic or regulatory conditions that may restrict future cash flows and asset recoverability;
- the withdrawal of any guarantee from statutory funds or sovereign agencies implicitly supporting the asset; and
- significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2.8.1(a) Held-to-maturity financial assets and Loans and receivables

The Group considers evidence of impairment for held-to-maturity investment assets and loans and receivables at both a specific asset and collective level. All individually significant held-to-maturity financial assets and loans and receivables are assessed individually for impairment. Those found not to be impaired are then collectively assessed for impairment. Held-to-maturity financial assets and loans and receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for Management's judgments as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. If there is objective evidence that an impairment loss on held-to-maturity financial assets or loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The impairment loss is recognised in Investment income on the Consolidated Statements of Operations and reflected in an allowance account against the held-to-maturity financial assets or loans and receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in Investment income on the Consolidated Statements of Operations.

2.8.1(b) Available-for-sale financial assets

When there is objective evidence that an Available-for-sale asset is impaired, the loss accumulated in Other comprehensive income is reclassified to the Consolidated Statements of Operations in Investment income. The cumulative loss that is reclassified from Other comprehensive income to Investment income is the difference between the amortised cost and the current fair value less any impairment loss recognised previously in Investment income on the Consolidated Statements of Operations. Impairment losses on Available-for-sale equity securities are not reversed.

2.8.1(c) Investment in associates

When there is objective evidence that an Investment in an associate is impaired, an impairment loss is measured by comparing the recoverable amount of the investment with its carrying value. The recoverable amount is determined in accordance with Note 2.8.2.

An impairment loss is recognised in Share of earnings of associates on the Consolidated Statements of Operations. Reversal of a previously recognised impairment loss is made if there has been a favourable change in the estimates used to determine the recoverable amount.

2.8.2 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets comprised of Property and equipment and Intangible assets are reviewed at each reporting date to determine if there is objective evidence of impairment. Objective factors that are considered when determining whether a non-financial asset may be impaired include, but are not limited to, the following:

- adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability;
- the likelihood of accelerated obsolescence arising from the development of new technologies and products; and
- the disintegration of the active market(s) to which the asset is related.

If objective evidence of impairment exists, then the asset's recoverable amount is estimated. An impairment loss is recognised in Amortisation, depreciation and impairment on the Consolidated Statements of Operations if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

2.9 INVESTMENT PROPERTIES

Investment properties are real estate and real estate fractional units primarily held to earn rental income or held for capital appreciation. Properties that do not meet these criteria are classified as Property and equipment (Note 2.12). Rental income from investment properties is recognised on a straight-line basis over the term of the lease. Expenditures related to ongoing maintenance of properties subsequent to acquisition are expensed as incurred. Investment properties are initially recognised at the transaction price including acquisition costs on the Consolidated Balance Sheets. These properties are subsequently measured at fair value with changes in values recorded in Investment income on the Consolidated Statements of Operations.

Fair values are evaluated regularly by an accredited independent valuation specialist, who holds a recognised and relevant professional qualification and who has recent experience in the valuation of properties in Bermuda.

2.10 INSURANCE, INVESTMENT AND SERVICE CONTRACTS

2.10.1 Insurance contracts

Insurance contracts are those contracts where the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

2.10.1(a) Premiums and acquisition costs

Premiums written on most life, annuity and health insurance contracts are recognised as revenue when due from the policyholder. For short-term insurance contracts, premiums written are earned on a pro-rata basis over the terms of the policies. The reserve for unearned premiums represents that portion of premiums written that relates to the unexpired terms of the policies and is included in Insurance contract liabilities on the Consolidated Balance Sheets.

Costs related to the acquisition of insurance premiums are charged to the Consolidated Statements of Operations over the period of the policy. Acquisition costs are comprised of commissions and those associated with unearned premiums are deferred and amortised to income over the periods in which the premiums are earned. This is shown as Deferred policy acquisition costs on the Consolidated Balance Sheets. Policy acquisition costs related to unearned premiums are only deferred to the extent that they can be expected to be recovered from the unearned premiums. If the unearned premiums are insufficient to pay expected claims and expenses, a premium deficiency is recognised initially by writing down the deferred acquisition cost asset and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision). Deferred policy acquisition costs written off as a result of this test cannot subsequently be reinstated.

2.10.1(b) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognised when due and measured on initial recognition at the fair value of the consideration receivable or payable. Subsequent to initial recognition, Insurance balances receivable and Insurance balances payable are measured at amortised cost. The carrying value of Insurance balances receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in Operating expenses on the Consolidated Statements of Operations.

Insurance balances receivable and Insurance balances payable are derecognised when the derecognition criteria for financial assets and financial liabilities, as described in Note 2.7.1(b) have been met.

2.10.1(c) Reinsurance

Reinsurance ceded premiums comprise the cost of reinsurance contracts into which the Group has entered. Reinsurance ceded is recognised from the date the reinsurer has contracted to accept the risks and the amount of premium can be measured reliably. The Reinsurers' share of unearned premiums represents that part of reinsurance premiums ceded, which are estimated to be earned in future financial periods. Unearned reinsurance commissions are recognised as a liability using the same principles and are shown under Insurance balances payable on the Consolidated Balance Sheets. The Reinsurers' share of claims provisions is estimated using the same methodology as the underlying losses. These represent the benefit derived from reinsurance agreements in force at the financial statements reporting date. Amounts due to or from reinsurers with respect to premiums or claims are included in Insurance balances payable or Insurance balances receivable on the Consolidated Balance Sheets.

The Group periodically assesses any reinsurance assets for impairment, with any impairment loss recognised in Operating expenses on the Consolidated Statements of Operations in the period in which any impairment is determined.

2.10.1(d) Insurance contract liabilities

Insurance contract liabilities shown on the Consolidated Balance Sheets include (i) life and annuity policy reserves and (ii) provision for unpaid and unreported claims.

(i) Life and annuity policy reserves

Life and annuity policy reserves are determined by the Group's actuaries and represent the amounts, which, together with future premiums and investment income, are required to discharge the obligations under life and annuity contracts and to pay expenses related to the administration of these contracts. These reserves are determined using generally accepted actuarial practices according to standards established by the Canadian Institute of Actuaries (CIA). The CIA requires the use of the Canadian Asset Liability Method (CALM) for the valuation of actuarial liabilities for all lines of business. The policy actuarial liability reserves under CALM are calculated by projecting asset and liability cash flows under a variety of interest rate scenarios using best-estimate assumptions, together with margins for adverse deviations with respect to other contingencies pertinent to the valuation. The policy actuarial liability reserves make provision for the expected experience scenario and for adverse deviations in experience.

(ii) Provision for unpaid and unreported claims

Provision for unpaid and unreported claims arising from Health and P&C contracts represents the best estimate of the ultimate cost of claims in the course of settlement and claims incurred but not yet reported. The provision is continually reviewed and updated by Management and the Group's actuaries. Any adjustments resulting from the review process, as well as differences between estimates and ultimate payments, are reflected in Claims and adjustment expenses and Gross change in contract liabilities on the Consolidated Statements of Operations in the year in which they are determined.

Provision for unpaid and unreported claims are not discounted.

2.10.2 Investment contracts

Contracts issued that do not transfer significant insurance risk, but do transfer financial risk from the policyholder, are financial liabilities and are accounted for as investment contracts. Service components of investment contracts are treated as service contracts. Fees earned from the service components of investment contracts are included on the Consolidated Statements of Operations under Commissions, management fees and other.

Liabilities for investment contracts are measured at FVTPL or amortised cost (Note 2.7.2).

The following contracts are the investment contract liabilities of the Group:

(i) Deposit administration pension plans are plans where the Group's liability is linked to contributions received, plus a predetermined and guaranteed rate of return. The liability related to these plans is carried at amortised cost.

(ii) Self-funded group health policies are refund accounting agreements that provide for the retroactive adjustment of premiums based upon the claims experience of the policyholder. Under these agreements, any surplus arising is set off against future deficits or returned to the policyholder. Any deficit that may arise is set off against future surpluses or may be recovered in full, or in part, by lump sum payments from policyholders. As these agreements do not transfer insurance risk, funds received under these agreements are accounted for as investment contracts. Assets and liabilities arising from these types of policies are measured at amortised cost.

(iii) Deposit accounted annuity policies relate to policies that do not transfer significant insurance risk but do transfer financial risk from the policyholders and are measured at FVTPL.

2.10.3 Other service contracts

Fee income from service contracts is recognised as revenue when services are rendered at either a point in time or over time. The Group's performance obligations are generally satisfied over time as the customer simultaneously receives and consumes the benefits of the services rendered.

Fee income from pension administration, policyholder administration under segregated fund arrangement and investment management services are recognised based on a percentage of assets under management or another variable metric. Asset-based fees vary with assets under management, which are subject to market conditions and investor behaviours beyond the Group's control.

Certain service contracts in the Group's brokerage business include profit commission, which is recognised on the underlying performance of the covered policies at the end of the underwriting cycle. Revenue is recognised when it is highly probable that a significant reversal in the amount of the revenue recognised will not occur.

2.11 SEGREGATED FUNDS

Segregated funds are lines of business in which the Group issues a contract where the benefit amount is directly linked to the reported net asset values of the investments held in the particular segregated fund. Although the underlying assets are registered in the name of the Group and the segregated fund policyholder has no direct access to the specific assets, the contractual arrangements are such that the segregated fund policyholder bears the risks and rewards of the fund's investment performance. The Group derives fee income, which is included within Commissions, management fees and other on the Consolidated Statements of Operations. Deposits to segregated funds are reported as increases in Segregated funds liabilities and are not reported on the Consolidated Statements of Operations.

For certain entities within the International Life Division, which are registered segregated accounts companies, a segregated account is linked to each variable universal life insurance policies issued to policyholders who require U.S. compliant private placement life insurance and annuity products (Note 4). Insurance premiums arising from these policies are treated as deposits and are not recorded as revenue on the Consolidated Statements of Comprehensive Operations. Fees charged to policyholders, related to insured risk and associated administrative costs are recorded in Commissions, management fees and other on the Consolidated Statements of Comprehensive Operations. These fees are recognised as revenue from each period in accordance with the terms of the contract.

Segregated fund assets are recorded at fair value based on net asset values reported by third parties, such as investment managers and fund administrators. Segregated fund assets may not be applied against liabilities that arise from any other business of the Group. The investment results are reflected directly in segregated fund assets and liabilities.

2.12 PROPERTY AND EQUIPMENT

Owner-occupied properties and all other assets classified as Property and equipment are stated at cost less accumulated depreciation and impairment. Subsequent costs are included in the assets' carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of Property and equipment are included in Operating expenses on the Consolidated Statements of Operations.

Depreciation is calculated so as to write the assets off over their estimated useful lives at the following rates per annum:

Buildings	2.5%
Computer equipment	10% – 33%
Furniture, equipment and leasehold improvements	10% – 20%

The assets' residual values, useful lives and method of depreciation are reviewed regularly, at minimum at the end of each fiscal year, and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is considered to be impaired and is written down immediately to its recoverable amount. In the event of an improvement in the estimated recoverable amount, the related impairment may be reversed. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount, and are recognised in Commissions, management fees and other on the Consolidated Statements of Operations.

2.13 INTANGIBLE ASSETS

Intangible assets refer to customer lists and goodwill. Customer lists are initially measured at fair value by estimating the net present value of future cash flows from the contracts in force at the date of acquisition. These are amortised on a straight-line basis over their estimated useful lives, which range from 3 to 16 years. Goodwill is measured at cost less accumulated impairment losses.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in Operating expenses on the Consolidated Statements of Operations as incurred.

Annually, Management reviews the remaining portion of Intangible assets based upon estimates of future earnings and recognises any permanent impairment in Amortisation, depreciation and impairment on the Consolidated Statements of Operations in the year in which it is identified.

2.14 EMPLOYEE BENEFITS

Post-employment benefits

The Group operates a post-employment medical benefit plan for the benefit of its employees. The plan is closed to new entrants effective April 1, 2011. The Group accrues the cost of these defined benefits over the periods in which the employees earn the benefits. The post-employment benefit liability is calculated using the projected unit credit actuarial cost method. The present value of the defined benefit liability is determined by discounting the estimate of future cash flows using interest rates of AA-rated corporate bonds that have terms to maturity that approximate the terms of the related post-employment benefit liability. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in Other comprehensive income on the Consolidated Statements of Comprehensive Operations. Interest expense and other expenses related to the post-employment medical benefit plan are recognised in Operating expenses on the Consolidated Statements of Operations.

Pensions

The Group operates a defined contribution plan. On payment of contributions to the plan there are no further legal or constructive obligations to the Group. Contributions are recognised as employee benefits on the Consolidated Statements of Operations under Operating expenses in the period to which they relate.

Stock-based compensation

The Restricted Stock Plan is accounted for under the fair value method. The fair value of each share granted under the Restricted Stock Plan is based upon the market price at the date of grant. The estimated fair value is recognised as an expense pro rata over the vesting period, adjusted for the impact of any non-market vesting conditions. This is included in the Operating expenses on the Consolidated Statements of Operations and in the Contributed surplus on the Consolidated Statements of Changes in Equity.

At each reporting date, the Group reviews its estimate of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, on the Consolidated Statements of Operations, and a corresponding adjustment is made to Contributed surplus over the remaining vesting period.

2.15 TAXATION

Current and deferred taxes are recognised on the Consolidated Statements of Operations, except when they relate to items recognised in Other comprehensive income, in which case the current and deferred taxes are also recognised in Other comprehensive income.

Current taxes are based on the taxable result for the period. The taxable result for the period differs from the result as reported on the Consolidated Statements of Operations because it excludes items that are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are generally recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

2.16 SHARE CAPITAL

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity.

Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes direct attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified and presented under Treasury Shares on the Consolidated Statements of Changes in Equity. When Treasury Shares are subsequently sold or reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in Contributed surplus on the Consolidated Statements of Changes in Equity.

2.17 LEASES

Right-of-use assets are recognised in Property, plant and equipment and Lease liabilities are recognised in Accounts payable and accrued liabilities in the Consolidated Balance Sheets.

The following new accounting policies were applied effective April 1, 2019 (Note 2.20.1):

2.17.1 Right-of-use assets

Right-of-use assets are recorded at cost, which is the initial amount of the lease liability, less accumulated amortisation. Right-of-use assets consist of fixed assets such as rental space and other assets arising from leases recognised at the commencement date of the contract, which is when the leased asset is made available for the Group. The Group calculates depreciation using the straight-line method and is presented in Amortisation, depreciation and impairment on the Consolidated Statements of Operations.

The depreciation period is based on the estimated useful life, which is the lease period. Right-of-use assets are amortised over periods ranging from two to 10 years.

2.17.2 Lease liabilities

At the commencement date of the contract, lease liabilities are recognised based on the discounted value of the outstanding lease payments. The discount rate used in the valuation is the interest rate implicit in the lease, or if this rate is not available, at the incremental borrowing rate. Subsequently, lease liabilities are recorded at amortised cost using the effective interest method and the related interest expense is recognised in Operating expenses on the Consolidated Statements of Operations. The Group has elected to recognise lease payments for short-term and low-value contracts on a straight-line basis over the lease term in Operating expenses.

2.18 EARNINGS PER SHARE

Basic earnings per share is presented on the Consolidated Statements of Operations and is calculated by dividing net earnings by the time-weighted average number of shares in issue during the year.

2.19 SEGMENT REPORTING

The Group is organised into operating segments based on their products and services. These operating segments mainly operate in the financial services industry. The Chief Executive Officer and the Board of Directors review the business and make strategic decisions primarily by operating segments.

The Group's reportable segments are as follows:

(i) Employee benefits – comprised of health insurance, pensions, annuities, local life and long-term disability insurance;
(ii) Wealth management – including investment and asset management, financial planning and private placement life insurance;
(iii) Global property and casualty insurance (P&C) – including fire and windstorm (home and commercial property), all risks, liability, marine, motor coverage, insurance brokerage services and employer's indemnity coverage in Bermuda, Gibraltar and Malta; and
(iv) All other – representing the combined operations of the remaining components of the Group comprising management companies and a holding company.

The Group evaluates performance of operating segments on the basis of profit or loss from operations. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment operating revenue is derived primarily from insurance premium and fees and commission income.

2.20 APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

2.20.1 New and revised standards effective April 1, 2019

The Group has applied the following new and revised standards, relevant to the Group and which are issued by IASB, that are mandatorily effective for the accounting period beginning April 1, 2019.

2.20.1(a) IFRS 16 Leases

IFRS 16 *Leases* (IFRS 16) was issued in January 2016, and should be applied retrospectively or on a modified retrospective basis. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). The standard brings most leases on-balance sheet for lessees under a single model, eliminating the previous classifications of operating and finance leases.

The Group applied IFRS 16 on a modified retrospective basis as at April 1, 2019. As a result, the comparative balances are not restated. The Group has made the following elections in the application of the standard:

- IFRS 16 has been applied to leases previously identified as such in accordance with IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.
- The Group has elected to use the exemption for lease periods with a term of 12 months or less, or those contracts where underlying assets are considered low-value. As a result, these leases are recognised in Operating expenses.

On April 1, 2019, the Group recognised Right-of-use assets of $2.6 million and Lease liabilities of $2.6 million, which are valued using a weighted average incremental borrowing rate of 5.7 percent.

2.20.1(b) IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

Effective April 1, 2019, the Group adopted IFRIC 23 *Uncertainty over Income Tax Treatments*, which was issued in June 2017. IFRIC 23 was applied retrospectively. IFRIC 23 provides guidance on applying the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments including whether uncertain tax treatments should be considered together or separately based on which approach better predicts resolution of the uncertainty. Adoption of IFRIC 23 did not have a significant impact on the Group's Consolidated Financial Statements.

2.20.1(c) Annual Improvements 2015–2017 Cycle

Effective January 1, 2019, the Group adopted amendments issued within the Annual Improvements 2015 – 2017 Cycle which was issued in December 2017. The IASB issued four minor amendments to different standards as part of the Annual Improvements process, with the amendments to be applied prospectively. Adoption of these amendments did not have a significant impact on the Group's Consolidated Financial Statements.

2.21 FUTURE ACCOUNTING AND REPORTING CHANGES

There are a number of accounting and reporting changes issued under IFRS including those still under development by the IASB. A summary of the recently issued new accounting standards that will impact the Group in 2020 and beyond is as follows:

TOPIC	EFFECTIVE DATE FOR THE COMPANY	EXPECTED IMPACT
2018 Conceptual Framework	April 1, 2020	No significant impact
Amendments to IFRS 3 *Business Comination*	April 1, 2020	No significant impact
Amendments to IAS 1 *Presentation of Financial Statements and* IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	April 1, 2020	No significant impact
IFRS 9 *Financial Instruments*	April 1, 2023*	Impact assessment in progress
IFRS 17 *Insurance Contract*	April 1, 2023	Impact assessment in progress

* Deferral option was exercised, refer to discussion in 2.21.5

2.21.1 *2018 Conceptual Framework*

In March 2018, the IASB issued a revised Conceptual Framework for Financial Reporting (*2018 Conceptual Framework*), which replaces the Conceptual Framework for Financial Reporting issued in 2010. The 2018 Conceptual Framework includes revised definitions of an asset and a liability, as well as new guidance on measurement, derecognition, presentation and disclosure. Adoption of these amendments is not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.21.2 Amendments to IFRS 3 *Business Combinations*

Amendments to IFRS 3 *Business Combinations* were issued in October 2018 and are effective for business combinations occurring on or after January 1, 2020, with earlier application permitted. The amendments revise the definition of a business and provide a simplified assessment of whether an acquired set of activities and assets qualifies as a business. Application of the amendments are expected to result in fewer acquisitions qualifying as business combinations. Adoption of these amendments is not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.21.3 Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments clarify the definition of material and provide guidance to improve consistency in its application in IFRS standards. Adoption of these amendments is not expected to have a significant impact on the Group's Consolidated Financial Statements.

2.21.4 IFRS 9 *Financial Instruments*

In July 2014, the final version of IFRS 9 *Financial Instruments* (IFRS 9) was issued, which replaces IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39), and will be applied retrospectively or on a modified retrospective basis. The project has been divided into three phases: classification and measurement, impairment of financial assets and hedge accounting. IFRS 9 provides that financial assets are classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 also introduces an impairment model for financial instruments not measured at fair value through profit or loss that requires recognition of expected losses at initial recognition of a financial instrument and the recognition of full lifetime expected losses if certain criteria are met.

A new model for hedge accounting aligns hedge accounting with risk management activities. Revisions issued in July 2014 replace the existing incurred loss model used for measuring the allowance for credit losses with an expected loss model. In October 2017, the IASB issued narrow-scope amendments to IFRS 9. The amendments clarify the classification of certain prepayable financial assets and the accounting of financial liabilities following modification. Management is assessing the impact of this standard on the consolidated financial statements.

To address concerns about differing effective dates of IFRS 9, which is effective on January 1, 2018, and IFRS 17 *Insurance Contracts*, which is effective on January 1, 2023, amendments to IFRS 4 *Insurance Contracts* was issued, which provide companies whose activities are predominantly related to insurance an optional temporary exemption from applying IFRS 9 until the effective date of IFRS 17. Based on an analysis performed as of March 31, 2019, the Group applied the temporary exemption as the predominance ratio reflecting the share of liabilities connected with insurance to total liabilities exceeds 90 percent. For the purpose of calculating the predominance ratio, liabilities connected with insurance include segregated fund liabilities of $1.5 billion (Note 33).

The Group will continue to apply IAS 39 until April 1, 2023. To enable a comparison with entities applying IFRS 9, entities that apply the deferral approach are required to disclose the following information:

- Fair value and changes in fair value separately for: (a) those financial assets that pass the solely payments of principal and interest (SPPI) test, excluding any financial asset that meets the definition of held-for-trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis and (b) all other financial assets, including financial assets that are managed and whose performance is evaluated on a fair value basis. Refer to Note 6.1.
- Credit ratings of financial assets that pass the SPPI test. Financial assets which pass the SPPI test are assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Refer to Note 6.1.

2.21.5 IFRS 17 *Insurance Contracts*

In May 2017, the IASB issued IFRS 17, which replaces IFRS 4. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 provides comprehensive guidance on accounting for insurance contracts. For non-life insurance contracts, IFRS 17 introduces mandatory discounting of loss reserves as well as a risk adjustment for non-financial risk. Further, IFRS 17 will change the presentation of insurance contract revenue. Gross written premium will no longer be presented on the Statement of Comprehensive Income.

For long-duration life insurance and annuity contracts, IFRS 17 is expected to have a significant impact on actuarial modelling, as more granular cash flow sprojections and regular updates of all assumptions will be required, either resulting in profit or loss or impacting the "contractual service margin", a separate component of the insurance liability representing unearned profits from in-force contracts.

In order to evaluate the effects of adopting IFRS 17 in the consolidated financial statements, a joint IFRS 17 and IFRS 9 *Group Implementation Programme* was set up and a third-party advisory team was hired. A steering committee comprising senior management from Finance, Actuarial, Risk, Operations and Investment Management oversees the work performed by the third-party advisory team and the working group. The third-party advisory team works with the technical committee in the assessment of the Group's accounting policies and methodologies and for assessment of systems implications and data flows.

The Group is evaluating the impact of adopting IFRS 17 on the financial statements which includes:

- drafting the initial accounting policy position papers
- performing a PAA eligibility assessment on a group of (re)insurance contracts with a coverage period of more than one year;

The Group's implementation programme is progressing in line with expectations. IFRS 17 is currently expected to be effective for the Group on April 1, 2023, and is to be applied retrospectively to each group of insurance contracts unless impracticable. If, and only if, it is impracticable to apply IFRS 17 retrospectively for a group of insurance contracts, an entity shall apply IFRS 17 using a modified retrospective approach or a fair value approach.

In November 2018, the IASB deferred the effective date of IFRS 17 and IFRS 9 by one year, to April 1, 2022. In March 2020, IASB decided to further defer the effective date by another year, to April 1, 2023.

The Group is expecting that adoption of this standard will have a significant impact on the Group's consolidated financial statements.

3 Acquisitions

In line with the Group's growth strategy on geographical diversification outside of Bermuda, the Group acquired the following companies:

Effective May 15, 2019, One Team Health Inc. (OTH) became a wholly-owned subsidiary of the Argus Group Holdings Limited. OTH is domiciled in Canada and is a provider of overseas healthcare management and network services. The purchase consideration is $0.8 million.

Effective September 27, 2019, FirstUnited Insurance Brokers Limited (FirstUnited) became a wholly-owned subsidiary of the Argus Group Holdings Limited. FirstUnited is a licensed insurance brokerage company operating in Malta. The purchase consideration is €2.9 million ($3.3 million).

The fair value of the identifiable net assets as at the acquisition dates were as follows:

	As at Acquisition Date
Customer lists	3,080
Net assets	273
Total identifiable net assets at fair value	3,353
Goodwill arising on acquisition	756
TOTAL CONSIDERATION	4,109

The Group incurred acquisition-related costs of $0.2 million on legal fees and due diligence costs which are shown in Operating expenses on the Consolidated Statements of Operations.

As at March 31, 2020, OTH's revenues were generated from a service contract with an affiliate. Total operating expenses incurred by OTH from date of acquisition to March 31, 2020 was $2.7 million.

Meanwhile, FirstUnited's results of operations from date of acquisition to March 31, 2020 is $0.2 million profit.

4 Assets and Liabilities Held-For-Sale

In March 2018, Management committed to a plan to sell the International Life Division, including the related assets and liabilities. As at March 31, 2020, the sale is pending submission for regulatory approval.

Management also committed to a plan for the settlement of an outstanding mortgage loan receivable, which is fully collateralised via a first mortgage over a property in receivership and is situated in Bermuda. The settlement of the outstanding loan is dependent upon the sale of the collateral property. As at March 31, 2020, the sale is subject to the usual regulatory and court approvals.

In February 2020, Management entered into discussions with an interested party for the potential sale of NBHH (Keepsake) Limited, including the related assets and liabilities. Discussions remain ongoing.

The following table shows the assets and liabilities held-for-sale measured at carrying value.

AS AT MARCH 31	2020	2019
Cash and short-term investments	2,750	2,974
Insurance balances receivable	-	1,574
Investments	18,969	24,611
Reinsurers' share of:		
Claims provisions	2,972	3,462
Unearned premium	67	71
Other assets	1,426	1,798
Investment properties	4,500	-
Intangible assets	865	865
Total General fund assets held-for-sale	31,549	35,355
Segregated fund assets held-for-sale	460,449	594,436
	491,998	629,791
LIABILITIES		
Life and annuity policy reserves	10,454	11,997
Insurance balances payable	4,576	4,663
Accounts payable and accrued liabilities	239	1,041
Total General fund liabilities held-for-sale	15,269	17,701
Due to related parties – net (1)	660	1,872
Segregated fund liabilities held-for-sale	460,449	594,436
	476,378	614,009

(1) The divestment plan of the International Life Division includes the settlement of the Due (to)/from related parties – prior to the effective date of sale.

5 Cash and Short-term Investments

AS AT MARCH 31	2020	2019
Cash at bank and in hand	62,129	42,387
Short-term investments	9,372	8,994
	71,501	51,381

Included in Cash at bank and in hand is restricted cash of €3.3 million ($3.7 million) (2019 – €2.3 million ($2.5 million)). Certain subsidiaries have arrangements in place on behalf of clients in order to comply with regulatory requirements in Malta.

$7.7 million (2019 – $nil) of cash at bank and in hand is held to support the investment contract liabilities associated with deposit administration pension plans (Note 18), while $1.7 million (2019 – $0.9 million) is held as collateral related to derivatives transactions.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of Cash at bank and in hand. As of March 31, 2020 and 2019, the Group's bank overdraft position is not material.

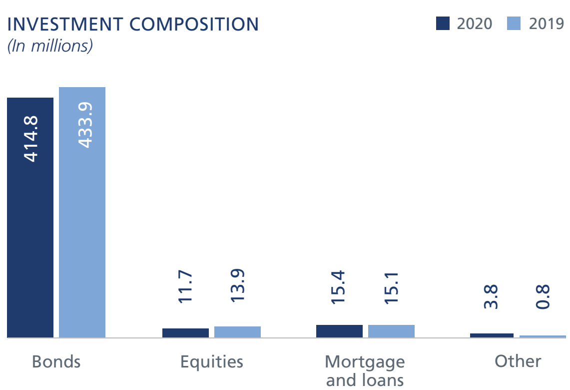
6 Investments

6.1 CARRYING VALUES AND ESTIMATED FAIR VALUES OF INVESTMENTS

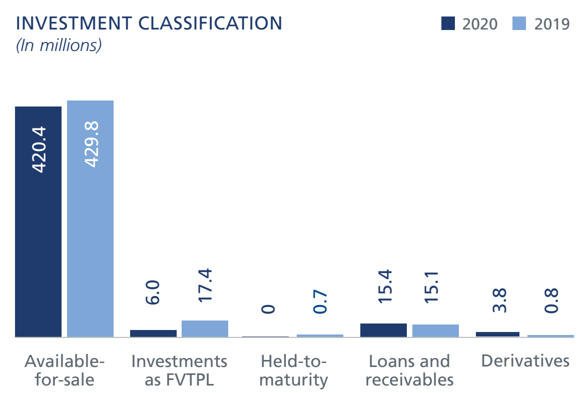
	MARCH 31, 2020		MARCH 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Available-for-sale				
Bonds	409,985	409,985	418,933	418,933
Equities	10,402	10,402	10,840	10,840
	420,387	420,387	429,773	429,773
Investments at FVTPL (1)				
Bonds	4,769	4,769	14,265	14,265
Equities	1,254	1,254	3,091	3,091
	6,023	6,023	17,356	17,356
Held-to-maturity				
Bonds	-	-	651	666
	-	-	651	666
Loans and receivables				
Mortgages and loans	15,332	16,270	15,086	15,445
Policy loans	43	43	40	40
	15,375	16,313	15,126	15,485
Derivatives				
Other (2)	3,731	3,731	707	707
Foreign currency forward contracts	70	70	82	82
	3,801	3,801	789	789
TOTAL INVESTMENTS	445,586	446,524	463,695	464,069

(1) Fair value through profit or loss (FVTPL)
(2) Other consists of interest rate swaps, credit default swaps, options and futures

INVESTMENT COMPOSITION
(In millions)



INVESTMENT CLASSIFICATION
(In millions)



During the period, certain fixed income and equity investments classified under the held-for-trading category were sold due to portfolio reallocations, as the Group seeks to simplify and diversify its investment holdings. All investments purchased during the period were classified under available-for-sale. This is in consideration of Management's intent to hold the investments for an indefinite period of time and use the investments for tactical asset/liability management purposes, which may be sold from time to time to effectively manage interest rate exposure, prepayment risk and liquidity needs.

Included in Bonds are investments that support the investment contract liabilities associated with deposit administration pension plans (Note 18) of $230.3 million (2019 – $227 million). These investments are maintained under a separate account to provide the policyholders certain protections from creditors of the Group.

Equities include investment in certain companies domiciled in Bermuda of $2.5 million (2019 – $2.9 million) where the Group has more than 20 percent interest. However, there is no significant influence over the investee's operational and financial policies. This is due to restrictive voting rights and limited access to the technical information of these investees.

Investments that meet the SPPI criterion

As discussed in Note 2.21.4, the Group has investments of $378.6 million (2019 – $365.6 million) that meet the SPPI criterion. This refers to bonds, mortgages and loans, and policy loans. The change in the fair value of these invested assets during the year is a loss of $6.2 million (2019 – gain of $4.0 million). In terms of credit quality of such assets (excluding mortgages), 98 percent (2019 – 99 percent) investments are above investment grade assets and the remaining 2 percent (2019 – 1 percent) are below investment grade assets.

Investments with a carrying value of $51.5 million (2019 – $83.4 million) do not have SPPI qualifying cash flows as at March 31, 2020. The change in the fair value of these invested assets during the year is a loss of $1.6 million (2019 – $0.1 million).

Derivatives and equities with a carrying value of $15.5 million (2019 – $14.7 million) do not meet the SPPI criterion as at March 31, 2020.

Investments presented as assets held-for-sale with a carrying value of $19.0 million (2019 – $27.8 million), refer to mortgages and loans and bond funds, do not have SPPI qualifying cash flows as at March 31, 2020. The change in the fair value of these invested assets during the year is a gain of $0.8 million (2019 – $0.04 million).

6.2 DERIVATIVE FINANCIAL INSTRUMENTS

The Group's investment guidelines permit the investment managers to utilise exchange-traded futures and options contracts, over-the-counter (OTC) instruments including interest rate swaps, credit default swaps, swaptions and forward foreign currency contracts. Derivatives are used for yield enhancement, duration management, interest rate and foreign currency exposure management, or to obtain an exposure to a particular financial market. These positions are monitored regularly. The Group principally has exposure to derivatives related to the following types of risks: foreign currency risk, interest rate risk and credit risk.

The Group has the following transactions and balances related to its derivative activities:

AS AT MARCH 31	Note	2020	2019
Derivative assets		3,801	789
Derivative liabilities	17	(3,546)	(332)
Collateral (1)		1,783	914

(1) Collateral refers to cash held in favour of third parties.

The net earnings/(losses) arising from the Group's derivative financial instruments, recognised as Investment income on the Consolidated Statements of Operations, are as follows:

AS AT MARCH 31	2020	2019
Derivative financial instruments		
Foreign currency forward	315	372
Other derivatives (1)	2,400	606
TOTAL NET INCOME/(LOSSES) FROM DERIVATIVE FINANCIAL INSTRUMENTS	**2,715**	**978**

(1) Other derivatives consist of futures, options, interest rate swaps, credit default swaps and swaptions.

6.2.1 Futures

Futures provide the Group with participation in market movements, determined by the underlying instrument on which the futures contract is based, without holding the instrument itself or the individual securities. This approach allows the Group more efficient and less costly access to the exposure than would be available by the exclusive use of individual fixed income and money market securities. Futures contracts may also be used as substitutes for ownership of the physical securities. All futures contracts are held on a non-leveraged basis. An initial margin is provided, which is a deposit of cash and/or securities in an amount equal to a prescribed percentage of the contract value. The fair value of futures contracts is estimated daily and the margin is adjusted accordingly with unrealised gains and/or losses settled daily in cash and/or securities. A realised gain (loss) is recognised when the contract is closed.

Futures contracts expose the Group to credit, market and liquidity risks. The Group is exposed to credit risks to the extent that the counterparties are not able to perform under the terms of the contract. Market risk arises when adverse changes occur in the estimated fair values of the underlying securities.

Liquidity risk represents the possibility that the Group may not be able to rapidly adjust the size of its forward positions at a reasonable price in times of high volatility and financial stress. Exchange-traded futures are, however, subject to a number of safeguards to ensure that obligations are met, including the use of clearing houses, the posting of margins and the daily settlement of unrealised gains and losses and counterparty credit risk evaluation. Credit, market and liquidity risks and how these risks are mitigated are disclosed in Note 21.3.

At March 31, 2020, the Group has outstanding futures with long positions of $65.4 million and short positions of $54.3 million based on notional values (2019 – long positions of $18.5 million and short positions of $18.0 million).

6.2.2 Options

The Group's investment guidelines permit the use of exchange-traded and OTC options, which are used to manage exposure to interest rate risk and also to hedge duration. Exchange-traded options are held on a similar basis to futures and are subject to similar safeguards. Options are contractual arrangements that give the purchaser the right, but not the obligation, to either buy or sell an instrument at a specific set price at a predetermined future date. The Group may enter into option contracts that are secured by holdings in the underlying securities or by other means which permit immediate satisfaction of the Group's obligations.
At March 31, 2020, the Group has options with long positions of $nil and short positions of $6.3 million based on notional values (2019 – long positions of $nil and short positions of $7.2 million).

6.2.3 Interest Rate Swaps

Swaps are used to manage interest rate exposure, portfolio duration or capitalise on anticipated changes in interest rate volatility without investing directly in the underlying securities. Swaps are recorded at estimated fair values at the end of each period with unrealised gains and losses recorded in Investment income on the Consolidated Statements of Operations.

Interest rate swap agreements entail the exchange of commitments to pay or receive interest, such as an exchange of floating rate payments for fixed rate payments, with respect to a notional amount of principal. These agreements involve elements of credit and market risk. Such risks include the possibility that there may not be a liquid market, that the counterparty may default on its obligation to perform or that there may be unfavourable movements in interest rates.
Credit risk is mitigated by making collateral calls to mitigate exposure and counterparty credit risk evaluation. Credit, market and liquidity risks and how these risks are mitigated are disclosed in Note 21.3.

At March 31, 2020, the Group has open interest rate swaps with long positions of $nil million and short positions of $13.2 million based on notional values (2019 – long positions of $nil million and short positions of $30.8 million).

6.2.4 Credit Default Swaps

Credit default swaps (CDS) are used to manage exposure to the market or certain sectors of the market. A CDS contract provides protection against the decline in the value of the underlying assets as a result of specified credit events, such as default or bankruptcy. CDS requires the purchaser to pay a premium to the seller of the CDS contract in return for payment contingent on the occurrence of a credit event. The protection purchaser has recourse to the protection seller for the difference between the face value of the CDS contract and the fair value of the underlying asset at the time of the settlement. Neither the purchaser nor the seller under the CDS contract has recourse to the entity that issued the reference assets. At March 31, 2020, the Group has opened these CDS contracts with long positions of $5.8 million and short positions of $8.4 million based on notional values (2019 – long positions of $7.5 million and short positions of $7.3 million).

6.2.5 Foreign Currency Forward

A foreign currency forward contract is a commitment to purchase or sell a foreign currency at a future date, at a defined rate. The Group may utilise currency forward contracts to gain exposure to a certain currency or market rate or manage the impact of fluctuations in foreign currencies on the value of its foreign currency denomination investments.

The notional amount of a derivative contract is the underlying quantity upon which payment obligations are calculated. A long position is equivalent to buying the underlying currency, whereas a short position is equivalent to having sold the underlying currency.

The Group had the following open foreign currency forward contracts expressed in originating currency:

MARCH 31, 2020	Notional Short	Notional Long
South Korean Won	514,577	521,005
Japanese Yen	49,501	49,700
Indian Rupee	25,996	25,649
Sterling	3,637	1,808
Euro	1,867	353
Australian Dollar	596	602
Swiss Franc	335	332

MARCH 31, 2019	Notional Short	Notional Long
Argentine Peso	11,273	22,546
Australian Dollar	693	-
Euro	384	3,403
Indian Rupee	-	25,649
Mexican Peso	-	6,826
Russian Rouble	-	39,347
Sterling	1,154	1,648

At March 31, 2020, the U.S. dollar equivalent and notional value of these outstanding foreign currency forward contracts with long positions and short positions amounted to $4.6 million and $8.5 million respectively (2019 – $7.4 million and $2.3 million).

The Group also held foreign currency forward contracts denominated in European, Asian and South American currencies as of March 31, 2020. The U.S. dollar equivalent of notional value of these outstanding foreign currency forward contracts with long positions and short positions amounted to $1.3 million and $1.4 million, respectively (2019 – long positions of $0.8 million and short positions of $0.8 million).

6.3 REVERSE SALE AND REPURCHASE AGREEMENTS

During the year, the Group entered into reverse sale and repurchase agreements (reverse repos) on investments. The money received from these agreements where the Group is the borrower (i.e. where the Group is under an obligation to take the securities back) is shown on the Consolidated Balance Sheets as a Payable arising from reverse repos. The securities delivered to the lender continue to be reported in Investments on the Consolidated Balance Sheets in accordance with their relevant category.

During the year, cash flows arising from these agreements amounted to sales and purchases of $304.0 million (2019 – $1.1 billion) which are shown net in cash flows used in investing activities in the Consolidated Statement of Cash Flows.

Transactions arising from these agreements are subject to a master netting agreement that creates a contingent right of offset that does not qualify for offsetting.

As of March 31, 2020 and 2019, the Group does not hold any outstanding balances arising from reverse repos.

6.4 INVESTMENT INCOME

AS AT MARCH 31	2020	2019
Interest income		
Bonds – available-for-sale	13,730	12,928
Bonds – at FVTPL	131	182
Bonds – held-to-maturity	24	30
Mortgages and loans	626	712
Cash and other	686	410
	15,197	14,262
Dividend income		
Equities – available-for-sale	2,012	1,359
Equities – at FVTPL	2	130
	2,014	1,489
Net realised and unrealised gains/(losses) on investments		
Bonds – available-for-sale	7,411	(1,793)
Bonds – at FVTPL	389	(134)
Equities – at FVTPL	(503)	1,666
Equities – available-for-sale	94	1,579
Derivative financial instruments	2,576	962
Investment properties	(3,901)	(176)
	6,066	2,104
Other		
Amortisation of mortgages and net premium on bonds	(1,281)	(1,310)
Rental income and other	430	477
Impairment (charges)/reversal on mortgages and loans (1)	(1,146)	148
	(1,997)	(685)
INVESTMENT INCOME BEFORE DEDUCTIONS	21,280	17,170
Deductions		
Investment income relating to Deposit administration pension plans	(1,764)	(1,713)
INVESTMENT INCOME	19,516	15,457

(1) The Group recorded an impairment on certain non-residential mortgages, classified under Assets-held-for-sale (Note 4). The impairment recognised is the difference between the carrying value and the recoverable value, which is determined based on market value of the underlying collateral property.

6.5 INVESTMENT CLASSIFICATION

Effective April 1, 2016, the Group redesignated certain fixed-income investments with a carrying value and fair value of $318.6 million from the held-for-trading to the available-for-sale category. The valuation of these investments is based on Level 2 and 3 inputs in the fair value hierarchy, as defined in Note 7.

To the extent possible, Management intends to hold the investments for an indefinite period of time, taking into consideration the use of the assets for strategic asset/liability management. These investments are not held for the purpose of being sold or repurchased in the near term, with the intention of profiting from short-term price changes. Management believes that the users of the financial statements are better served by redesignating these investments to available-for-sale.

Management redesignated these investments to the available-for-sale category as allowed by IAS 39 *Financial Instruments*. The investments were redesignated at their fair values as of April 1, 2016 and the effect of the change was applied prospectively in these financial statements from the date of redesignation.

The carrying value of the redesignated investments as of March 31, 2020 is $42.2 million (2019 – $73.1 million).

The adjacent table sets out the amounts recognised as Investment income (interest/dividend income and amortisation) on the Consolidated Statements of Operations and Other comprehensive income in respect of investments redesignated out of the held-for-trading category.

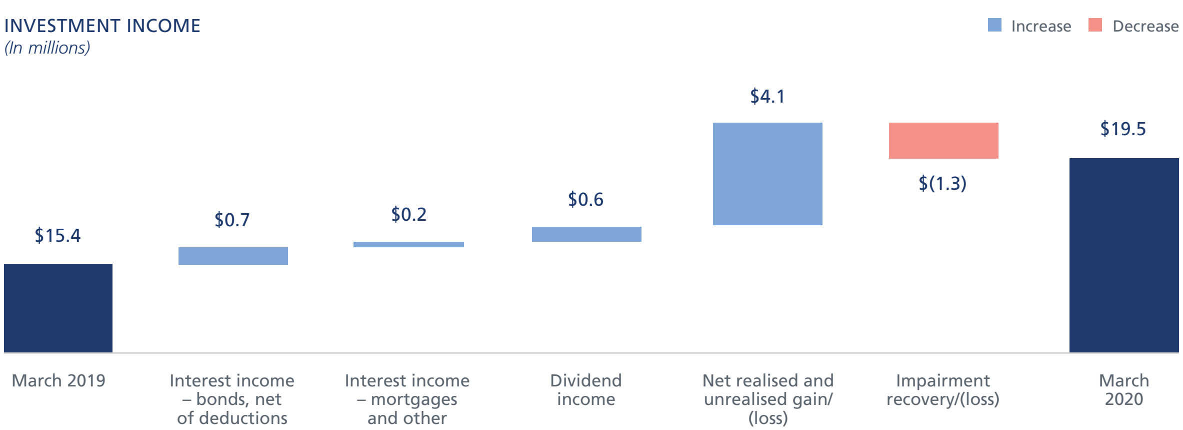
AS AT MARCH 31	2020 Consolidation Statements of Operations	Other Comprehensive Income
Investment Income	2,144	-
Net unrealised gains/(losses) on investments	-	(339)
	2,144	(339)

AS AT MARCH 31	2019 Consolidation Statements of Operations	Other Comprehensive Income
Investment Income	3,080	-
Net unrealised gains on investments	-	767
	3,080	767

If the investments had not been redesignated, $0.3 million (2019 – $0.8 million) would have been recognised as Investment loss on the Consolidated Statements of Operations.

The effective interest rates on trading investments redesignated as available-for-sale investments at April 1, 2016 and still held at the reporting date ranged from 3.0 percent to 5.3 percent (2019 – 3.6 percent to 6.6 percent), with expected recoverable cash flows of $72.1 million (2019 – $114.9 million).

INVESTMENT INCOME
(In millions)



7 Fair Value Measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group determines the estimated fair value of each individual security utilising the highest level inputs available. Prices for the majority of the Group's investment portfolio are provided by a third-party investment accounting firm whose pricing processes and the controls thereon are subject to an annual audit on both the operation and the effectiveness of those controls. The audit reports are available to clients of the firm and the report is reviewed annually by Management. In accordance with their pricing policy, various recognised reputable pricing sources are used, including broker-dealers and pricing vendors. The pricing sources use bid prices where available, otherwise indicative prices are quoted based on observable market-trade data. The prices provided are compared to the investment managers' pricing. The Group has not made any adjustments to any pricing provided by independent pricing services or its third-party investment managers for either year ending March 31, 2020 and 2019.

Level 1 investments are securities with quoted prices in active markets. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group determines securities classified as Level 1 to include highly liquid U.S. treasuries, certain highly liquid short-term investments and quoted equity securities.

Level 2 investments are securities with quoted prices in active markets for similar assets or liabilities or securities valued using other valuation techniques for which all significant inputs are based on observable market data. Instruments included in Level 2 are valued via independent external sources using modelled or other valuation methods. Such methods are typically industry-accepted standard and include:

- broker-dealer quotes;
- pricing models or matrix pricing;
- present values;
- future cash flows;
- yield curves;
- interest rates;
- prepayment speeds; and
- default rates.

Other similarly quoted instruments or market transactions may be used.

The Group determines securities classified as Level 2 to include short-term and fixed maturity investments and certain derivatives, such as:

- U.S. corporate bonds;
- Municipal, other government and agency bonds;
- Foreign corporate bonds;
- Mortgage/asset-backed securities;
- Bond and Equity Funds with listed underlying assets; and
- Derivatives, such as options, forward foreign exchange contracts, interest rate swaps and credit default swaps.

The fair value of investment properties was determined by external independent property valuers, having appropriate, recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment properties annually. Fair value is based on market data from recent comparable transactions. These assets are classified as Level 2.

Fair value of the Investment contract liabilities (Deposit accounted annuity policies) is determined by using valuation techniques, such as discounted cash flow methods. A variety of factors are considered in the valuation techniques, including yield curve, credit spread and default assumptions, which have market observable inputs. Accordingly, Investment contract liabilities are classified under Level 2.

The fair value of the majority of the investments for accounts of segregated fund holders is based on net asset values reported by third parties, such as investment managers and fund administrators. The fair value hierarchy of direct investments within investments for accounts of segregated fund holders, such as short-term securities, local equities and corporate debt securities, is determined according to valuation methodologies and inputs described above in the respective asset type sections.

The Group determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing the categorisation at the end of each reporting period, based on the lowest level input that is significant to the fair value measurement as a whole.

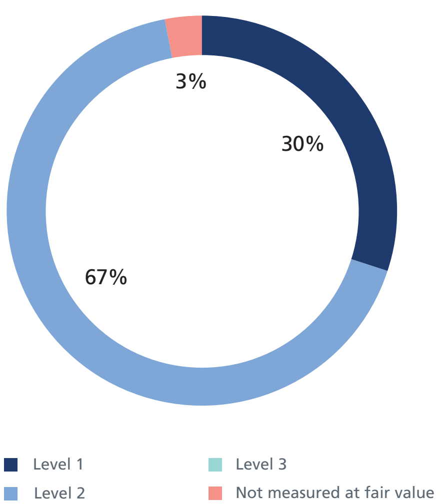
Level 3 investments are securities for which valuation techniques are not based on observable market data. The Group classifies unquoted/private equities as Level 3, as the valuation technique incorporates both observable and unobservable inputs. These investments may be subject to certain lock-up provisions. The type of underlying investments held by the investee, which form the basis of the net asset valuation, include assets such as private business ventures, to which the Group does not have access. The Group considers net assets value as a reasonable approximate of fair value.

The Group has an established control framework with respect to the measurement of fair values. This includes an investment validation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The Group's investment validation process includes a review of price movements relative to the market. Any significant discrepancies are investigated and discussed with investment managers and a valuation specialist. The process also includes regular reviews of significant observable inputs and valuation adjustments. Significant valuation issues are reported to the Board of Directors.

7.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table presents fair value of the Group's assets and liabilities measured at fair value in the Consolidated Balance Sheets, categorised by level under the fair value hierarchy.

ASSET FAIR VALUE LEVELLING 2020



MARCH 31, 2020	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	71,501	-	-	71,501
Interest and dividends receivable	-	2,741	-	2,741
Available-for-sale investments				
Bonds				
U.S. government	79,921	-	-	79,921
U.S. corporates	-	196,980	-	196,980
Municipal, other government and agency	-	41,015	-	41,015
Foreign corporates	-	14,197	-	14,197
Mortgage/asset-backed securities	-	47,967	-	47,967
Other (1)	-	29,905	-	29,905
Total Available-for-sale bonds	79,921	330,064	-	409,985
Equities				
Global listed equities	1,529	-	-	1,529
Investment in equity funds	-	6,882	-	6,882
Private equity funds and unquoted equities	-	-	791	791
Total Available-for-sale equities	1,529	6,882	791	9,202
TOTAL AVAILABLE-FOR-SALE INVESTMENTS	81,450	336,946	791	419,187
FVTPL				
Bonds				
U.S. government	4,769	-	-	4,769
Equities				
Private equity funds and unquoted equities	-	-	1,254	1,254
TOTAL INVESTMENTS AT FVTPL	4,769	-	1,254	6,023
Derivatives	-	3,799	-	3,799
Receivable for investments sold	-	74	-	74
Other financial assets under Other assets	-	3,619	-	3,619
Investment properties	-	2,899	-	2,899
TOTAL ASSETS AT FAIR VALUE	157,720	350,078	2,045	509,843
LIABILITIES				
Investment contract liabilities	-	526	-	526
Payables arising from investment transactions	-	3,546	-	3,546
TOTAL LIABILITIES AT FAIR VALUE	-	4,072	-	4,072
SEGREGATED FUNDS				
From continuing operations	3,571	862,529	-	866,100
Held-for-sale	64,483	232,735	163,231	460,449
	68,054	1,095,264	163,231	1,326,549

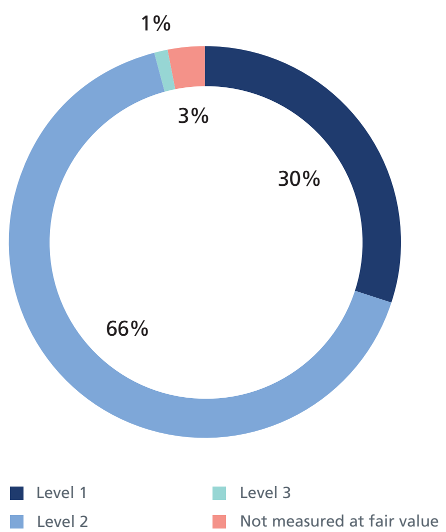
(1) Investment in bond funds.

7.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE – *continued*

MARCH 31, 2019	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	51,381	-	-	51,381
Interest and dividends receivable	-	3,061	-	3,061
Available-for-sale investments				
Bonds				
U.S. government	86,177	-	-	86,177
U.S. corporates	-	207,913	-	207,913
Municipal, other government and agency	-	50,079	-	50,079
Foreign corporates	-	8,719	-	8,719
Mortgage/asset-backed securities	-	36,863	-	36,863
Other (1)	-	29,182	-	29,182
Total Available-for-sale bonds	**86,177**	**332,756**	-	**418,933**
Equities				
Global listed equities	1,149	-	-	1,149
Investment in equity funds	-	7,413	-	7,413
Private equity funds and unquoted equities	-	-	1,062	1,062
Total Available-for-sale equities	1,149	7,413	1,062	9,624
TOTAL AVAILABLE-FOR-SALE INVESTMENTS	**87,326**	**340,169**	**1,062**	**428,557**
FVTPL				
Bonds				
U.S. government	14,265	-	-	14,265
Total Bonds at FVTPL	**14,265**	-	-	**14,265**
FVTPL				
Equities				
Global listed equities	1,215	-	-	1,215
Private equity funds and unquoted equities	-	-	1,876	1,876
Total Equities at FVTPL	1,215	-	1,876	3,091
TOTAL INVESTMENTS AT FVTPL	**15,480**	-	**1,876**	**17,356**
Derivatives	-	789	-	789
Receivable for investments sold	-	29,810	-	29,810
Other financial assets under Other assets	-	3,008	-	3,008
Investment properties	-	11,300	-	11,300
TOTAL ASSETS AT FAIR VALUE	**154,187**	**388,137**	**2,938**	**545,262**
LIABILITIES				
Investment contract liabilities	-	704	-	704
Payables arising from investment transactions	-	56,561	-	56,561
TOTAL LIABILITIES AT FAIR VALUE	-	**57,265**	-	**57,265**
SEGREGATED FUNDS				
From continuing operations	1,678	934,766	-	936,444
Held-for-sale	34,193	404,254	155,989	594,436
	35,871	**1,339,020**	**155,989**	**1,530,880**

(1) Investment in bond funds.

ASSET FAIR VALUE LEVELLING 2019



The following table provides a roll forward for the General fund assets measured at fair value for which significant unobservable inputs (Level 3) are used in the fair value measurement.

MARCH 31, 2020	At FVTPL Bonds	At FVTPL Equities	Available-for-sale Bonds	Available-for-sale Equities	Total
Balance, beginning of year	-	1,876	-	1,062	2,938
Included in Investment income	-	(520)	-	(128)	(648)
Included in Other comprehensive income	-	-	-	(48)	(48)
Purchases	-	-	-	26	26
Sales/Write Off	-	(102)	-	(121)	(223)
	-	1,254	-	791	2,045

MARCH 31, 2019	At FVTPL Bonds	At FVTPL Equities	Available-for-sale Bonds	Available-for-sale Equities	Total
Balance, beginning of year	-	1,946	-	961	2,907
Included in Investment income	-	(70)	-	-	(70)
Included in Other comprehensive income	-	-	-	101	101
	-	1,876	-	1,062	2,938

7.2 ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

For assets and liabilities not measured at fair value in the Consolidated Balance Sheets, the adjacent table discloses summarised fair value information categorised by the level in the preceding hierarchy, together with the related carrying values.

7.3 TRANSFERS OF ASSETS AND LIABILITIES WITHIN THE FAIR VALUE HIERARCHY

The Group's policy is to record transfers of assets and liabilities between levels at their fair values as at the end of each reporting period, consistent with the date of determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. There were no transfers between Levels 1, 2 and 3 during the year ended March 31, 2020 and 2019.

MARCH 31, 2020	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
ASSETS					
Held-to-maturity bonds (1)	-	-	-	-	-
Mortgages and loans (2)	-	16,270	-	16,270	15,332
Private equities	-	-	1,200	1,200	1,200
Policy loans	-	43	-	43	43
TOTAL ASSETS DISCLOSED AT FAIR VALUE	-	16,313	1,200	17,513	16,575
LIABILITIES					
Investment Contract liabilities (3)	-	251,609	-	251,609	253,029
TOTAL LIABILITIES DISCLOSED AT FAIR VALUE	-	251,609	-	251,609	253,029

MARCH 31, 2019	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
ASSETS					
Held-to-maturity bonds (1)	-	667	-	667	652
Mortgages and loans (2)	-	15,445	-	15,445	13,473
Private equities	-	-	1,216	1,216	1,216
Policy loans	-	40	-	40	40
TOTAL ASSETS DISCLOSED AT FAIR VALUE	-	16,152	1,216	17,368	15,381
LIABILITIES					
Investment Contract liabilities (3)	-	232,048	-	232,048	241,078
TOTAL LIABILITIES DISCLOSED AT FAIR VALUE	-	232,048	-	232,048	241,078

(1) Fair value of bonds – refer to Note 7 for valuation techniques used to measure fair value.
(2) Fair value of mortgages and loans is determined by discounting expected future cash flows using current market rates.
(3) Fair value of Investment contract liabilities is based on the following methods:

- Deposit administration pension plans – based on a discounted cash flow method. Factors considered in the valuation include current yield curve, plus appropriate spreads which have market observable inputs; and
- Self-funded group health policies – the carrying value approximates the fair value due to the short-term nature of these investment contract liabilities.

8 Insurance Balances Receivable

Insurance balances receivable is comprised of:

MARCH 31, 2020	Employee Benefits	Wealth Management	Global Property and Casualty	Total
Due from policyholders, agents and brokers	2,450	48	12,988	15,486
Due from reinsurers	3,558	-	897	4,455
TOTAL INSURANCE BALANCES RECEIVABLE	6,008	48	13,885	19,941

MARCH 31, 2019	Employee Benefits	Wealth Management	Global Property and Casualty	Total
Due from policyholders, agents and brokers	1,926	48	12,053	14,027
Due from reinsurers	3,283	-	-	3,283
TOTAL INSURANCE BALANCES RECEIVABLE	5,209	48	12,053	17,310

9 Other Assets

AS AT MARCH 31	2020	2019
Other financial assets		
Fees receivable	1,849	1,702
Notes and other receivables	1,770	1,306
TOTAL OTHER FINANCIAL ASSETS	3,619	3,008
Income taxes receivable	13	3
Prepaid expenses	2,181	3,112
TOTAL OTHER ASSETS	5,813	6,123

10 Deferred Policy Acquisition Costs

The reconciliation between opening and closing Deferred policy acquisition costs is shown below:

AS AT MARCH 31	2020	2019
Balance, beginning of year	1,329	1,351
Deferral during the year	4,622	4,292
Expense for the year	(4,492)	(4,178)
Foreign exchange rate movements	14	(136)
BALANCE, END OF YEAR	1,473	1,329

11 Investment Properties

	Fair Value
Balance, April 1, 2018	11,476
Unrealised gains/(losses) on investment properties	(176)
BALANCE, MARCH 31, 2019	11,300
Unrealised gains/(losses) on investment properties	(3,901)
Reclassified as held-for-sale	(4,500)
BALANCE, MARCH 31, 2020	2,899

Investment properties are held primarily for resale and for rental income under operating lease agreements. All other investment properties are stated at fair value. Included in the Group's investment properties are condominium units, fractional apartment units and a residential property.

The Group has entered into operating leases for certain investment properties. The rental income arising during the year amounted to $0.5 million (2019 – $0.6 million), which is included in Investment income on the Consolidated Statements of Operations. Direct operating expenses included within Investment income arising in respect of such properties during the year were $1.0 million (2019 – $1.0 million).

There are no restrictions on the investment properties. The Group has no contractual obligations to purchase, construct or develop the investment properties other than normal service charge arrangements.

In 2020, the Group recorded $3.9 million unrealised losses from change in fair value on its investment properties flowing through the Consolidated Statement of Operations.

12 Investment in Associates

The Group's investment in associates of $2.8 million (2019 – $2.8 million) comprised of equity interests in a number of individually immaterial associates. The Group's share in earnings of associates as at March 31, 2020 amounts to $0.03 million (2019 – $0.3 million loss).

12.1 CONTINGENCIES AND RESTRICTIONS

Included in Investment in associates is a 40.7 percent interest (2019 – 40.5 percent) in a private company domiciled in Bermuda. The carrying value of this investment as at March 31, 2020, is $2.6 million (2019 – $2.7 million). The Group has issued a guarantee in respect of its proportionate share of a term bank loan facility totalling $4.9 million (2019 – $5.2 million).

13 Property and Equipment

	Land and buildings	Computer equipment	Furniture and other equipment	Total
Gross carrying amount				
Balance, March 31, 2018	78,422	35,947	6,968	121,337
Additions	137	4,214	73	4,424
Foreign exchange rate movements	(47)	(6)	(34)	(87)
BALANCE, MARCH 31, 2019	**78,512**	**40,155**	**7,007**	**125,674**
Additions	178	1,498	326	2,002
Acquisition of subsidiary	133	56	282	471
Retirements (1)	(295)	(26,134)	-	(26,429)
Disposal	-	(134)	(35)	(169)
Foreign exchange rate movements	(30)	(13)	(17)	(60)
BALANCE, MARCH 31, 2020	**78,498**	**15,428**	**7,563**	**101,489**
Accumulated depreciation				
Balance, March 31, 2018	32,435	27,750	6,319	66,504
Depreciation charge for the year	2,364	1,983	317	4,664
Foreign exchange rate movements	(33)	(4)	(20)	(57)
BALANCE, MARCH 31, 2019	**34,766**	**29,729**	**6,616**	**71,111**
Depreciation charge for the year	2,368	2,255	201	4,824
Acquisition of subsidiary	125	38	232	395
Retirements (1)	(295)	(26,134)	-	(26,429)
Disposals	-	(30)	(35)	(65)
Impairment	202	-	-	202
Foreign exchange rate movements	(28)	(14)	(14)	(56)
BALANCE, MARCH 31, 2020	**37,138**	**5,844**	**7,000**	**49,982**
Net carrying amount:				
As at March 31, 2019	43,746	10,426	391	54,563
AS AT MARCH 31, 2020	**41,360**	**9,584**	**563**	**51,507**

(1) Certain computer, furniture and other equipment were retired. These assets were fully depreciated and were no longer used by the Group.

Right-of-use assets (Note 23) with net carrying amount of $3,750 were also recorded under property, plant and equipment.

14 Intangible Assets

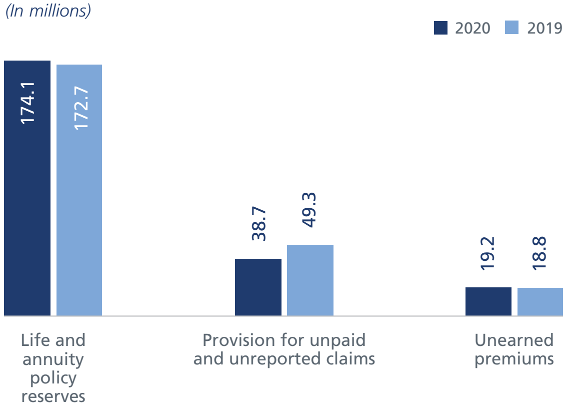
	Note	Customer List	Goodwill	Total
Gross carrying amount				
Balance, March 31, 2018		15,605	-	15,605
Foreign exchange adjustments		(276)	-	(276)
BALANCE, MARCH 31, 2019		15,329	-	15,329
Additions	3	3,080	756	3,836
Foreign exchange adjustments		(34)	-	(34)
BALANCE, MARCH 31, 2020		18,375	756	19,131
Accumulated amortisation and impairment losses				
Balance, March 31, 2018		11,599	-	11,599
Amortisation charge for the year		619	-	619
Foreign exchange adjustments		(276)	-	(276)
BALANCE, MARCH 31, 2019		11,942	-	11,942
Amortisation charge for the year		619	-	619
Foreign exchange adjustments		(47)	-	(47)
BALANCE, MARCH 31, 2020		12,514	-	12,514
Net carrying amount:				
As at March 31, 2019		3,387	-	3,387
AS AT MARCH 31, 2020		5,861	756	6,617

The remaining useful lives of the customer lists range from one to 10 years.
There was no impairment of intangible assets and goodwill for the years ended March 31, 2020 and 2019.

15 Insurance Contract Liabilities

The Group's Insurance contract liabilities and Reinsurers' share of claims provisions and unearned premiums are comprised of:

INSURANCE CONTRACT LIABILITY COMPOSITION – GROSS
(In millions)



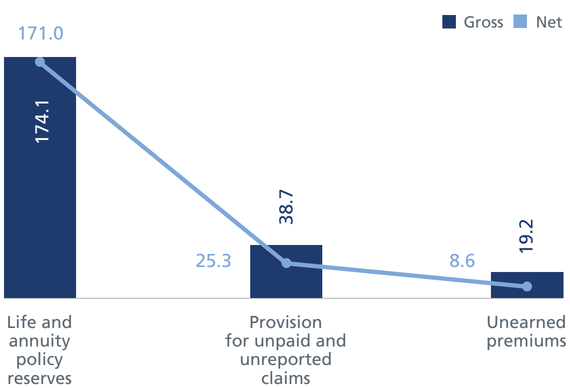
MARCH 31, 2020	Note	Gross	Ceded	Net
Life and annuity policy reserves	15.1	174,073	3,110	170,963
Provision for unpaid and unreported claims	15.2	38,679	13,397	25,282
		212,752	16,507	196,245
Unearned premiums	15.3	19,217	10,662	8,555
TOTAL INSURANCE CONTRACT LIABILITIES		231,969	27,169	204,800

MARCH 31, 2019	Note	Gross	Ceded	Net
Life and annuity policy reserves	15.1	172,619	5,433	167,186
Provision for unpaid and unreported claims	15.2	49,312	21,871	27,441
		221,931	27,304	194,627
Unearned premiums	15.3	18,831	9,598	9,233
TOTAL INSURANCE CONTRACT LIABILITIES		240,762	36,902	203,860

15.1 LIFE AND ANNUITY POLICY RESERVES

The adjacent table sets out the Group's Life and annuity policy reserves shown by type of product within the Employee Benefits operating segment:

INSURANCE CONTRACT LIABILITY COMPOSITION – NET
(In millions)



MARCH 31, 2020	Group Insurance	Life and Pensions	Total
Annuities	-	167,266	167,266
Long-term disability	4,396	-	4,396
Life	-	2,411	2,411
Life and annuity policy reserves	4,396	169,677	174,073
Reinsurers' share of claims provisions	(3,326)	216	(3,110)
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	1,070	169,893	170,963

MARCH 31, 2019	Group Insurance	Life and Pensions	Total
Annuities	-	163,688	163,688
Long-term disability	6,584	-	6,584
Life	-	2,347	2,347
Life and annuity policy reserves	6,584	166,035	172,619
Reinsurers' share of claims provisions	(5,624)	191	(5,433)
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	960	166,226	167,186

A data validation and reconciliation exercise conducted during fiscal year 2020 identified $2.0 million in excess reserves for a subset of policyholders who annuitised during fiscal years 2013 and 2018. The opening retained earnings for 2019 was adjusted to account for these.

The majority of the Life and annuity policy reserves relate to policies issued to individuals domiciled in Bermuda. The Reinsurer's share of claims provisions were assessed for impairment at year end and no impairment were identified.

The composition of the assets supporting the net liabilities is as follows:

MARCH 31, 2020	Cash	Bonds	Mortgage and loans	Equities	Land and buildings	Total
Annuities	6,571	136,090	9,018	3,855	11,732	167,266
Long-term disability	180	806	-	84	-	1,070
Life	442	1,979	-	206	-	2,627
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	7,193	138,875	9,018	4,145	11,732	170,963

MARCH 31, 2019	Cash	Bonds	Mortgage and loans	Equities	Land and buildings	Total
Annuities	6,312	126,632	11,227	4,064	15,454	163,689
Long-term disability	-	765	-	196	-	961
Life	564	1,477	-	495	-	2,536
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	6,876	128,874	11,227	4,755	15,454	167,186

The Group examines the assumptions used in determining the Life and annuity policy reserves on an ongoing basis to ensure they appropriately reflect emerging experience and changes in risk profile. Annually, the Group conducts a comprehensive review of all actuarial methods and assumptions. Changes to actuarial methods and assumptions used in determining Insurance contract liabilities will result in a change to the projected value of policy cash flows and, therefore, to the Life and annuity policy reserves.

The net impact of changes in actuarial methods and assumptions was a decrease in reserves backing policy-holder liabilities of $6.7 million (2019 – $nil). These amounts are net of the impact of the reinsurance assets on policyholder liabilities of $3.1 million (2019 – $5.4 million).

The changes in the net Life and annuity policy reserves for the year are as follows:

AS AT MARCH 31	2020	2019
Balance, beginning of year	167,186	167,625
Data validation and reconciliation adjustment	-	(1,975)
Adjusted balance, beginning of year	167,186	165,650
Changes due to:		
Issuance of new policies	10,350	10,364
Normal in-force movement	(13,178)	(8,853)
Mortality/morbidity assumptions	(360)	(162)
Interest rate assumptions	7,057	(316)
Expense assumptions	-	503
Other	(92)	-
BALANCE, END OF YEAR	170,963	167,186

15.1.1 Key Assumptions – Life and annuity policy reserves

ASSUMPTION, METHODOLOGY AND SENSITIVITIES	RISK MANAGEMENT
The risks associated with insurance contracts and in particular with life and annuity insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. To recognise the uncertainty involved in determining the best estimate assumptions, a Provision for Adverse Deviation (PfAD) is established. The PfAD is determined by including a margin for conservatism for each key assumption to allow for possible deterioration in experience and to help ensure the policy reserves will be adequate to pay for future benefits.	In conjunction with prudent business practices to manage both business and investment risks, the selection and monitoring of appropriate assumptions are designed to minimise the Group's exposure to measurement uncertainty.
(a) Mortality and morbidity risk Mortality refers to the likelihood of death. The mortality assumption is based on industry standard life insurance and standard annuity past and emerging experience. The volume of the Group's life insurance and annuity business is not sufficient to use company specific mortality tables. A five percentage basis decrease in the best estimate assumption for annuitant mortality is estimated to increase the policy reserves by $3.9 million, 2.4 percent (2019 – $3.9 million, 2.3 percent). Morbidity refers to the incidence of accident and sickness as well as the recovery from the incidence. The morbidity assumptions are based on the industry standard morbidity tables for the long-term disability business. The frequency of claims is low and the risk is substantially reinsured.	The Group maintains underwriting standards to determine the insurability of applicants. Claim trends are monitored on an ongoing basis. To offset some of the mortality risk, the Group cedes a proportion of the risk to reinsurers. Mortality and morbidity are monitored regularly.
(b) Investment returns and interest rate risk Assets are allocated to the different operating segments. For each significant operating segment, CALM is used to project the cash flows from the supporting assets and the cash flows from the liabilities. The projected asset cash flows are combined with the projected cash flows from future asset sales and purchases to determine the expected investment returns for all future years. The CIA prescribes several representative reinvestment scenarios for use in CALM to determine the sensitivity of the Group's business to possible reinvestment risk. These represent a wide variety of interest rate scenarios. To provide a representative example, a 100 basis points increase in the best estimate investment return assumption decreases the total Life and annuity policy reserves by $14.2 million (2019 – $13.3 million). A 100 basis points decrease in the best estimate assumption increases the total Life and annuity policy reserves by $16.6 million (2019 – $15.6 million).	The Group's policy of closely matching the cash flows of assets with those of the corresponding liabilities is designed to mitigate the Group's exposure to future changes in interest rates. The interest rate risk positions in business segments are monitored on an ongoing basis. Under CALM, the reinvestment rate is developed using interest rate scenario testing and reflects the interest rate risk positions. Bonds, equities, real estate and other non-fixed income assets are used to support long-dated obligations in the Group's annuity and pensions businesses, and for long-dated insurance obligations on contracts where the investment return risk is borne by the Group.

ASSUMPTION, METHODOLOGY AND SENSITIVITIES	RISK MANAGEMENT
(c) Credit risk Credit risk is provided for by reducing investment yields assumed in the calculation of the policy reserves. Past Group and industry experience over the long term, in addition to ongoing reviews of the current portfolio, are used to project credit losses. In addition to the allowances for losses on invested assets due to interest rate risk, the policy reserves include a provision of \$2.2 million (2019 – \$2.1 million) to provide for future asset defaults and loss of asset value on current assets and future purchases.	For certain policies, the premiums and benefits reflect the Group's assumed level of future credit losses at contract inception or most recent contract adjustment date. The Group holds explicit provisions in actuarial liabilities for credit risk including PfAD.
(d) Expenses Operating expense assumptions reflect the projected costs of servicing and maintaining the in-force policies. The assumptions are derived from internal reviews of operating costs and include an allowance for inflation. A 10 percent increase in the best estimate assumption for unit expenses is estimated to increase the policy reserves by approximately \$0.7 million (2019 – \$0.6 million).	The Group prices its products to cover the expected costs of servicing and maintaining them. In addition, the Group monitors expenses quarterly, including comparisons of actual expenses to expense allowances used in pricing and valuation.

15.2 PROVISION FOR UNPAID AND UNREPORTED CLAIMS

The table below sets out the Provision for unpaid and unreported claims shown by type of product and by reportable segment. The majority of these insurance contracts are of a short-term nature.

MARCH 31, 2020	Employee Benefits	Global Property and Casualty	Total
Healthcare	8,733	1,278	10,011
Property	-	2,754	2,754
Motor	-	21,124	21,124
Accident and liability	-	4,215	4,215
Marine	-	575	575
Provision for unpaid and unreported claims, gross	8,733	29,946	38,679
Reinsurers' share of claims provisions	-	(13,397)	(13,397)
PROVISION FOR UNPAID AND UNREPORTED CLAIMS, NET OF REINSURANCE	8,733	16,549	25,282

MARCH 31, 2019	Employee Benefits	Global Property and Casualty	Total
Healthcare	12,563	1,329	13,892
Property	-	2,380	2,380
Motor	-	27,981	27,981
Accident and liability	-	4,612	4,612
Marine	-	447	447
Provision for unpaid and unreported claims, gross	12,563	36,749	49,312
Reinsurers' share of claims provisions	(356)	(21,515)	(21,871)
PROVISION FOR UNPAID AND UNREPORTED CLAIMS, NET OF REINSURANCE	12,207	15,234	27,441

The reconciliation of the Provision for unpaid and unreported claims is as follows:

MARCH 31, 2020	Provisions for unpaid and unreported claims	Reinsurers' share of claims provisions	Net
Balance, beginning of year	49,312	21,871	27,441
Claims and adjustment expenses incurred			
Current year	94,013	13,700	80,313
Prior years	(10,102)	(8,593)	(1,509)
Total Claims and adjustment expenses incurred	83,911	5,107	78,804
Claims and adjustment expenses paid			
Current year	(72,908)	(10,062)	(62,846)
Prior years	(20,986)	(3,018)	(17,968)
Total Claims and adjustment expenses paid	(93,894)	(13,080)	(80,814)
Foreign exchange adjustments	(650)	501	(149)
BALANCE, END OF YEAR	38,679	(13,397)	25,282

MARCH 31, 2019	Provisions for unpaid and unreported claims	Reinsurers' share of claims provisions	Net
Balance, beginning of year	49,838	23,420	26,418
Claims and adjustment expenses incurred			
Current year	100,169	7,474	92,695
Prior years	1,790	(901)	2,691
Total Claims and adjustment expenses incurred	101,959	6,573	95,386
Claims and adjustment expenses paid			
Current year	(76,886)	(4,815)	(72,071)
Prior years	(23,312)	(1,853)	(21,459)
Total Claims and adjustment expenses paid	(100,198)	(6,668)	(93,530)
Foreign exchange adjustments	(2,287)	(1,454)	(833)
BALANCE, END OF YEAR	49,312	21,871	27,441

15.2.1 Key Assumptions – Provision for unpaid and unreported claims

ASSUMPTION, METHODOLOGY AND SENSITIVITIES	RISK MANAGEMENT
The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Uncertainty over the timing and amount of future claim payments necessitate the holding of significant reserves for liabilities that may only emerge a number of accounting periods later. The key assumptions underlying the application of the actuarial methods and the estimate of unpaid claim liabilities are the expected development of paid and reported losses and the derivation of initial expected losses. Paid and reported loss development patterns are based on the Group's historical claims experience. These patterns are updated as of each annual valuation to incorporate and reflect the most recent claims experience. The estimate of initial expected losses is most significant for immature policy periods, where it is given the greatest weight in determining unpaid claim liabilities. Initial expected losses are derived based on the Group's historical experience adjusted for the impact of inflationary trends on claims costs. As the experience in each policy year matures, the weight assigned to the initial expected losses decreases with greater weight assigned to actual loss experience. The actuarial analysis performed by the Group's actuaries employs commonly used actuarial techniques for estimating the Group's provision for unpaid and unreported claims. These include the Paid and Reported Loss Development Methods, the Bornhuetter-Ferguson Method (applied to both paid and reported losses), and the Estimated Loss Ratio Method. The particular methods employed in the analysis of each reserve segment are judgmentally selected based on the applicability of each method and the availability of data to use each particular method. There have been no significant changes in the assumptions or methodology underlying the actuarial analysis in the year under review.	The Group has policies and procedures in place to reduce the risk exposure, which includes strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims. Further, the Group enforces a policy of actively managing and promptly pursuing claims in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes, flood damage and pandemics). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as determined by Management. Estimates of losses are continually reviewed and modified to reflect current conditions. Although Management believes, based on the recommendations of the Group's actuaries, that the provision for unpaid and unreported claims will be adequate to cover the ultimate cost of losses to the balance sheet date, the provision is necessarily an estimate and claims may ultimately be settled for greater or lesser amounts. It is reasonably possible that Management will revise this estimate significantly in the near term. Any subsequent differences are recorded in the Gross change in contract liabilities on the Consolidated Statements of Operations in the period in which they are determined.

15.2.2 Claims Development Table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported (IBNR) reserves for each successive accident year at each reporting date, together with cumulative payments to date.

Gross claims:

Accident year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Estimate of gross ultimate liability (1)											
as at end of accident year	88,006	88,488	91,442	93,442	123,513	87,993	91,066	96,509	98,187	94,013	-
one year later	84,440	83,820	81,473	87,543	120,027	90,464	88,765	95,564	94,001	-	-
two years later	83,264	82,272	80,750	87,300	119,690	90,517	92,298	96,130	-	-	-
three years later	83,158	82,185	80,855	86,454	135,041	90,738	92,196	-	-	-	-
four years later	83,151	82,443	80,890	86,273	135,281	90,557	-	-	-	-	-
five years later	83,017	82,350	80,931	85,997	127,388	-	-	-	-	-	-
six years later	83,058	82,159	80,891	85,862	-	-	-	-	-	-	-
seven years later	83,328	82,087	80,427	-	-	-	-	-	-	-	-
eight years later	83,356	82,013	-	-	-	-	-	-	-	-	-
nine years later	83,287	-	-	-	-	-	-	-	-	-	-
Current estimate of cumulative liability	83,287	82,013	80,427	85,862	127,388	90,557	92,196	96,130	94,001	94,013	925,874
Cumulative payments to date	(83,278)	(81,828)	(80,148)	(85,655)	(119,979)	(89,915)	(90,914)	(93,337)	(89,339)	(72,908)	(887,301)
Reserves in respect of prior years	-	-	-	-	-	-	-	-	-	-	106
Total gross liability	**9**	**185**	**279**	**207**	**7,409**	**642**	**1,282**	**2,793**	**4,662**	**21,105**	**38,679**

Net claims:

Accident year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Estimate of net ultimate liability (1)											
as at end of accident year	82,347	83,469	85,713	85,313	83,103	82,613	82,560	89,636	92,686	80,313	
one year later	78,938	78,681	75,961	78,967	80,447	85,905	80,636	89,266	87,367	-	-
two years later	77,877	77,093	75,059	79,057	80,142	85,902	84,164	90,017	-	-	-
three years later	77,751	77,031	75,192	78,889	80,569	86,035	84,017	-	-	-	-
four years later	77,481	76,875	75,193	78,808	80,392	86,006	-	-	-	-	-
five years later	77,795	76,825	75,197	78,648	80,138	-	-	-	-	-	-
six years later	77,746	76,816	75,328	78,778	-	-	-	-	-	-	-
seven years later	77,749	76,806	74,998	-	-	-	-	-	-	-	-
eight years later	77,838	76,732	-	-	-	-	-	-	-	-	-
nine years later	77,793	-	-	-	-	-	-	-	-	-	-
Current estimate of net cumulative liability	77,793	76,732	74,998	78,778	80,138	86,006	84,017	90,017	87,367	80,313	816,159
Cumulative payments to date	(77,782)	(76,586)	(74,761)	(78,577)	(79,880)	(85,654)	(83,176)	(87,902)	(83,740)	(62,846)	(790,904)
Reserves in respect of prior years	-	-	-	-	-	-	-	-	-	-	27
Total net liability	**11**	**146**	**237**	**201**	**258**	**352**	**841**	**2,115**	**3,627**	**17,467**	**25,282**

(1) Adjusted for revaluation of foreign currencies at the exchange rate as at year end.

15.3 UNEARNED PREMIUMS

AS AT MARCH 31	2020 Unearned premiums	2020 Reinsurer's share of Unearned premiums	2020 Net	2019 Unearned premiums	2019 Reinsurer's share of Unearned premiums	2019 Net
Balance, beginning of year	18,830	9,598	9,232	18,772	9,273	9,499
Premiums written during the year	161,840	38,230	123,610	177,997	38,332	139,665
Net premiums earned	(161,109)	(37,365)	(123,744)	(177,092)	(37,858)	(139,234)
Movement from Assets held-for-sale	-	5	(5)	-	11	(11)
Change in unearned premiums	731	870	(139)	905	485	420
Foreign exchange movement	(344)	194	(538)	(846)	(160)	(686)
BALANCE, END OF YEAR	19,217	10,662	8,555	18,831	9,598	9,233

Movement in the unearned premiums include foreign exchange movement arising from the translation of Sterling and Euro denominated balances to Bermuda dollars.

The Group is exposed to a pricing risk to the extent that unearned premiums are insufficient to meet the related future policy cost. Evaluations are performed regularly to estimate future claim costs, related expenses, and expected profit in relation to unearned premiums. There were no premium deficiencies identified at March 31, 2020 or 2019.

16 Insurance Balances Payable

Insurance balances payable is comprised of:

MARCH 31, 2020	Employee Benefits	Property and Casualty	Total
Due to policyholders, agents and brokers	2,851	8,222	11,073
Due to reinsurers	1,647	1,304	2,951
Deferred commission income	-	4,134	4,134
TOTAL INSURANCE BALANCES PAYABLE	4,498	13,660	18,158

MARCH 31, 2019	Employee Benefits	Property and Casualty	Total
Due to policyholders, agents and brokers	1,495	7,233	8,728
Due to reinsurers	1,118	1,806	2,924
Deferred commission income	-	3,774	3,774
TOTAL INSURANCE BALANCES PAYABLE	2,613	12,813	15,426

A reconciliation of the change in deferred commission income is shown below:

AS AT MARCH 31	2020	2019
Balance, beginning of year	3,774	3,607
Deferral during the year	12,977	13,382
Income for the year	(12,657)	(13,310)
Foreign exchange rate movements	40	95
BALANCE, END OF YEAR	4,134	3,774

17 Payables Arising from Investment Transactions

AS AT MARCH 31	Note	2020	2019
Derivatives	6.2	3,546	332
Investment trades awaiting settlement		-	56,229
		3,546	56,561

18 Investment Contract Liabilities

Carrying values and estimated fair values of the Investment contract liabilities are as follows:

AS AT MARCH 31	2020		2019	
	Carrying value	Fair value	Carrying value	Fair value
At amortised cost:				
Deposit administration pension plans	238,166	236,746	227,164	218,134
Self-funded group health policies	14,863	14,863	13,914	13,914
	253,029	251,609	241,078	232,048
At FVTPL:				
Deposit accounted annuity policies	526	526	704	704
TOTAL INVESTMENT CONTRACT LIABILITIES	253,555	252,135	241,782	232,752

18.1 INVESTMENT CONTRACT LIABILITIES AT AMORTISED COST

The change in Investment contract liabilities measured at amortised cost is a result of the following:

AS AT MARCH 31	2020	2019
Balance, beginning of year	241,078	234,333
Deposits	81,290	128,831
Withdrawals	(65,720)	(121,453)
Transfers to Segregated funds	(128)	103
Fees deducted	(3,744)	(3,727)
Interest	2,384	1,375
Other	(2,131)	1,616
BALANCE, END OF YEAR	253,029	241,078

For the year ended March 31, 2020, the net gain relating to investment contracts measured at amortised cost is $4.6 million (2019 – net gain of $3.4 million).

18.2 INVESTMENT CONTRACT LIABILITIES AT FVTPL

The change in investment contract liabilities at FVTPL is a result of the following:

AS AT MARCH 31	2020	2019
Balance, beginning of year	704	2,516
Included in net earnings (1)	23	298
Deposits	143	442
Withdrawals	(344)	(2,552)
BALANCE, END OF YEAR	526	704

(1) Amount is recorded under Change in contract liabilities on the Consolidated Statements of Operations.

19 Post-Employment Benefit Liability

The Group operates a post-employment medical benefit plan in Bermuda, which provides medical benefits to eligible retired employees and their spouses. The amount of benefits provided depends on future cost escalation and the Company meeting the benefit payment obligation as it falls due. Actuarial valuation to determine the defined benefit obligation is performed quarterly.

The plan exposes the Group to risks, such as longevity risk, interest rate risk and healthcare cost inflation risks. Responsibility for governance of the plan lies with the Company. Risks are managed through plan design and eligibility changes, which limit the size and growth of the defined benefit obligation.

The movement in the defined benefit liability is as follows:

AS AT MARCH 31	2020	2019
Balance, beginning of year	3,311	3,339
Movements during the year recognised in Operating expense:		
Current service cost	35	41
Interest cost on benefit liability	82	101
	117	142
Remeasurement during the year included in Other comprehensive income:		
Actuarial gain arising from experience adjustment	401	(29)
Benefit payments	(159)	(141)
BALANCE, END OF YEAR	3,670	3,311

As at March 31, 2020, the present value of the defined benefit obligation was comprised of $0.7 million (2019 – $0.9 million) relating to active employees and $3.0 million (2019 – $2.4 million) relating to members in retirement.

Components of the change in benefit liabilities year-on-year and other employee future benefit expense are as follows:

(i) Current service cost represents benefits earned in the current year. These are determined with reference to the current workforce eligible for benefits and the amount of benefits to which they will be entitled upon retirement, based on the provisions of the Group's benefit plan.

(ii) Interest cost on benefit liability represents the increase in the liability that results from the passage of time.

(iii) Each quarter, the actuaries recalculate the benefit liability and compare it to that estimated as at the prior period end. Any differences resulting from changes in assumptions, or from plan experience being different from expectations of Management at the previous year end, are considered actuarial gains or losses.

The significant actuarial assumptions in measuring the Group's accrued benefit liability are estimated as follows:

AS AT MARCH 31	2020	2019
Discount rate	2.6%	3.5%
Healthcare cost trend rate	5.5%	5.5%

The discount rate assumption has a significant impact on the value of the obligation. A one percent increase in this rate would reduce the present value of the defined benefit obligation by $0.4 million (2019 – $0.4 million).

Healthcare cost calculations are based on trend rate assumptions which may differ from actual results. Changes in trend rate assumptions by one percent in either direction will change the healthcare cost as follows:

MARCH 31, 2020	Increase	Decrease
Aggregate of current service cost and interest cost	6	(5)
Accrued benefit liability	483	(405)

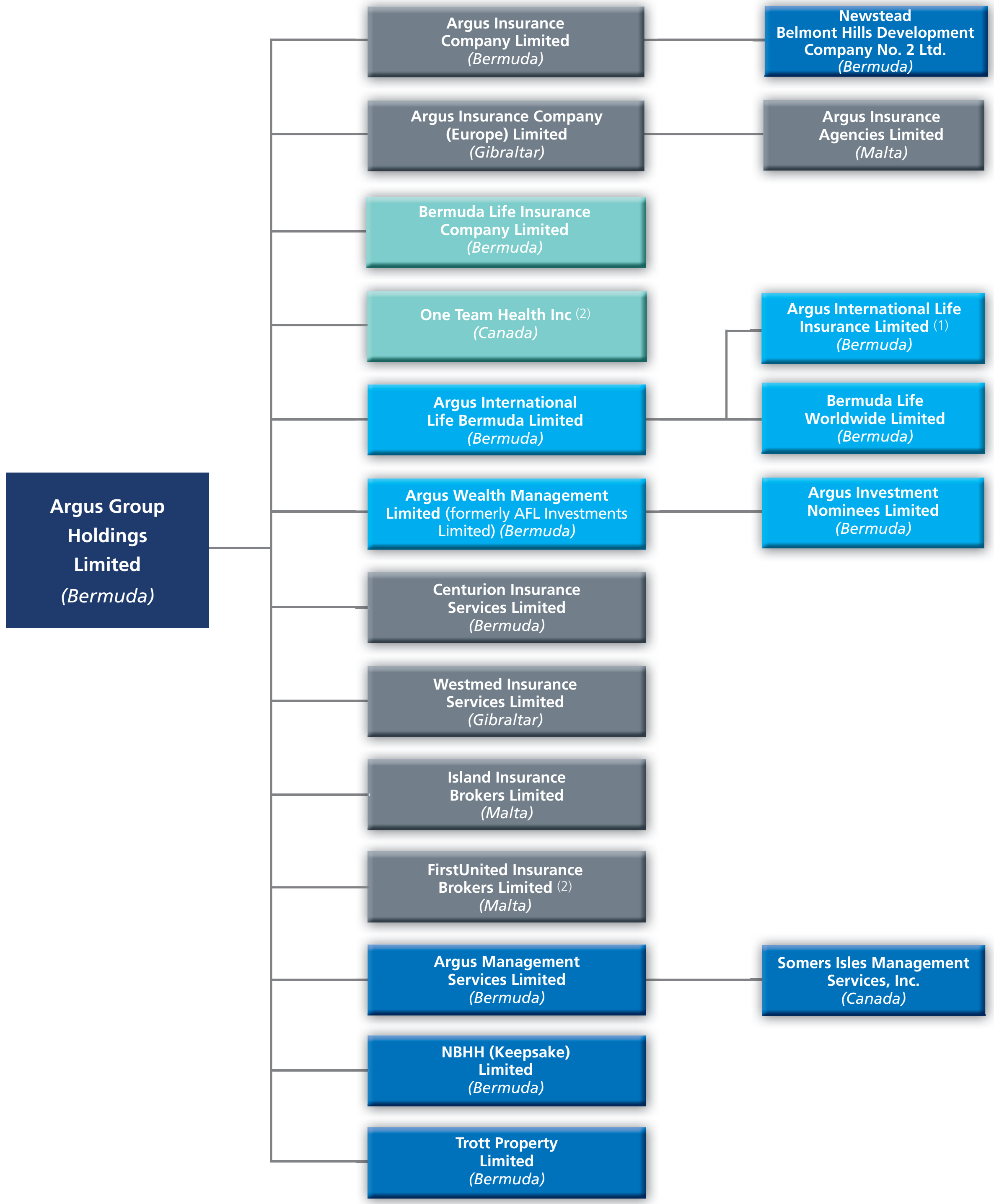
MARCH 31, 2019	Increase	Decrease
Aggregate of current service cost and interest cost	8	(5)
Accrued benefit liability	424	(357)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

20 Group Composition

20.1 LIST OF SIGNIFICANT SUBSIDIARIES AS AT MARCH 31, 2020

All subsidiaries are included in the Group consolidated financial statements. The Group's voting rights percentages are the same as the ownership percentages. All entities are 100 percent owned except for Argus International Life Insurance Limited, as specified below.



Nature of business:

- Global P&C
- Employee benefits
- Wealth Management
- All others

(1) Argus International Life Insurance Limited (AILIL) is 74 percent owned by the Group with the remaining 26 percent owned by the non-controlling interests. Argus International Life Bermuda Limited also owns 100 percent of AILIL's preference shares.

(2) During the period, the Group acquired One Team Health Inc. and FirstUnited Insurance Brokers Limited.

20.2 SIGNIFICANT RESTRICTIONS

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory requirements within the jurisdiction in which they operate. See Note 5 and Note 21.

The carrying amounts of the insurance subsidiaries' General Fund Assets and General Fund Liabilities are as follows:

AS AT MARCH 31	2020	2019
General fund assets	651,384	648,205
General fund liabilities	538,018	584,522

20.3 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

A subsidiary of the Company acts as investment manager to Argus Investment Strategic Fund Ltd. (AISFL), an investment fund that is a structured entity not consolidated by the Group. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

In its capacity as investment manager to AISFL, the Group earned $nil of investment management fees income during the year (2019 – $nil). AISFL and the Group also share common directors and officers. Although the Group has power to govern AISFL's financial and operating policies by virtue of the investment management contract, it does not have significant variable returns from AISFL. Accordingly, AISFL was not consolidated as part of the Group.

AISFL's net assets as at March 31, 2020, of $659.6 million (2019 – $718.0 million) include the Group's Segregated Funds of $646.9 million (2019 – $703.9 million). However, the Group does not have exposure to loss on these Segregated Funds as the contractual arrangements for these funds are such that the Segregated Funds' policyholder bears the risk and rewards of AISFL's investment performance. The Group does not bear the risks and rewards. Refer to Note 33 for Segregated Fund disclosures.

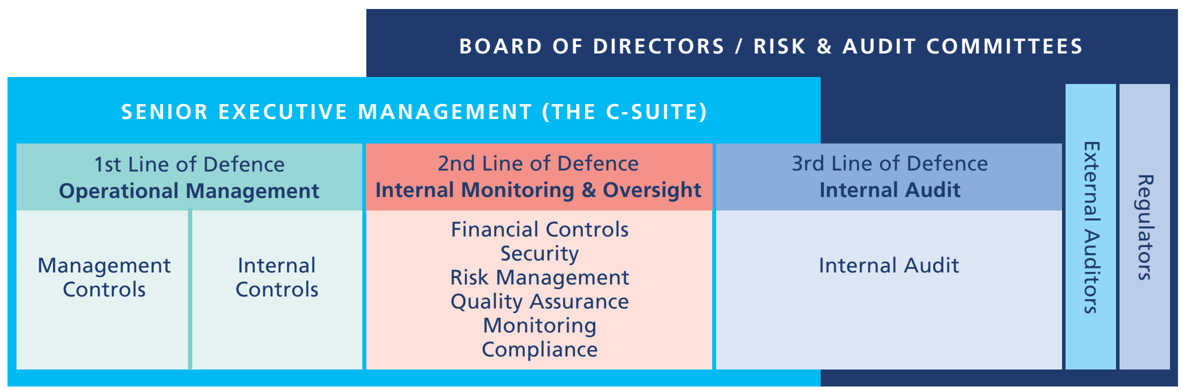
21 Risk Management

21.1 GOVERNANCE FRAMEWORK

The Group prioritises the development of a forward-looking risk management framework to deal appropriately with changes in the economic, social and regulatory environment in which it operates. The risk management deployed by the Group is based on the principles set down below, which are aligned with the Group's strategy and take into account the regulatory requirements, as well as the best market practices.

- **A comprehensive risk management policy, with a forward-looking approach.**
  The Board of Directors approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Group's identification of risk and its interpretation, and set out the risk profiles for the Group to ensure the appropriate quality and diversification of assets and alignment of underwriting and reinsurance strategy to the corporate goals.

- **Three Lines of Defence model.**
  The Group has adopted the Three Lines of Defence model as shown below, which addresses how specific duties related to risks and controls are managed and coordinated within the Group.



21.2 CAPITAL MANAGEMENT

Capital Management

The Group's capital base is structured so as to exceed regulatory targets, maintain satisfactory credit ratings, align the profile of assets and liabilities taking account of risks inherent in the businesses, provide flexibility to take advantage of growth opportunities and provide an adequate return to shareholders. Capital is managed on a consolidated basis under principles that consider all the risks associated with the businesses. It is also managed at the operating segment level under the principles appropriate to the jurisdiction in which it operates. The Group's capital base consists of Share capital, Contributed surplus, Retained earnings and Accumulated other comprehensive income/(loss) as disclosed on the Consolidated Balance Sheets.

The Bermuda Monetary Authority (BMA) is the regulator of the Group. The laws and regulations of Bermuda require that the Group maintain a minimum amount of statutory capital and surplus based on the enhanced capital requirement. As of March 31, 2020 and 2019, the amount of group statutory capital and surplus exceeds this regulatory requirement.

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which they operate. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the regulated entities and to meet unforeseen liabilities as these arise.

Management monitors the adequacy of the insurance subsidiaries' capital from the perspective of Bermuda, Gibraltar and Malta statutory requirements. The Bermuda Insurance Act 1978 and Related Regulations, the Gibraltar Insurance Companies Act 1987 and the Malta Insurance Intermediaries Act 2006 (the Acts) require the Group's insurance subsidiaries to file an audited annual statutory financial return and meet minimum solvency margins and minimum liquidity ratios.

The statutory capital and surplus and minimum solvency margin of the Group's insurance subsidiaries are shown below:

MARCH 31, 2020	Bermuda	Europe	Total
Statutory capital and surplus	91,063	11,834	102,897
Minimum solvency margin	28,038	3,958	31,996

MARCH 31, 2019	Bermuda	Europe	Total
Statutory capital and surplus	79,947	11,397	91,344
Minimum solvency margin	26,135	4,556	30,691

The Bermuda Solvency Capital Requirement (BSCR) is the prescribed form of capital and solvency reporting in Bermuda, which was revised under new legislation enacted in 2008. The BSCR includes a standardised model used to measure the risk associated with an insurance subsidiary's assets, liabilities and premiums, and a formula to take account of catastrophe risk exposure. The BMA requires all insurers to maintain their statutory capital and surplus at a target level which is 120 percent of the amount calculated in accordance with the BSCR. As of March 31, 2020 and 2019, the statutory capital and surplus of the insurance subsidiaries exceeded this regulatory requirement.

In addition, minimum liquidity ratios must be maintained by Bermuda entities writing general business, whereby relevant assets, as defined by the Acts, must exceed 75 percent of relevant liabilities. The Bermuda Insurance Act 1978 and Related Regulations limits the maximum amount of annual dividends and distributions that may be paid by the Group's insurance subsidiaries. Before reducing by 15 percent or more of statutory capital, and surplus by 25 percent or more, as set out in the prior year's financial statements, these insurance subsidiaries shall request the approval of the BMA. In addition, the Bermuda Companies Act 1981 limits the Group's ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that the Group would be unable to pay its liabilities as they become due, or if the realisable value of its assets would be less than the aggregate of its liabilities, issued share capital and contributed surplus accounts.

Argus Insurance Company (Europe) Limited (AICEL) is regulated by the Financial Services Commission (FSC) in Gibraltar. On January 1, 2016, the Solvency II capital requirements came into force. The Solvency Capital Requirement (SCR) is the amount of funds that insurance and reinsurance undertakings are required to hold in the European Union. The SCR should reflect a level of eligible own funds that enables insurance undertakings to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. AICEL is in compliance with the Solvency I and Solvency II requirements and exceeds the Required Minimum Margin and SCR. The Solvency II return and SCR were not audited.

The BMA has been declared by the European Commission to be fully equivalent to Solvency II. Consequently, Bermuda shall be considered by all European Member States as applying an equivalent statutory insurance regime in accordance with the requirements of Solvency II. The FSC in Gibraltar has confirmed that it recognises the BMA as the Group's Supervisor and the FSC will focus its supervision on AICEL as a solo entity.

Each one of the Group's insurance subsidiaries meets all requirements of the Acts and there are no additional restrictions on the distribution of retained earnings.

21.3 FINANCIAL INSTRUMENT RISK MANAGEMENT

The Group has policies relating to the identification, measurement, monitoring, mitigation, and control of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risks, which include currency, interest rate and other price risks, including equity risk.

21.3.1 Investment Risk

Investment policy is established by the Risk Committee of the Board of Directors to manage this risk. Investment policy sets parameters within which the Group's external investment managers must operate. Important parameters include guidelines on permissible asset classes, duration ranges, credit quality, currency, maturity, sectors, geographical, sovereign and issuer exposures. Compliance with guidelines is monitored on a quarterly basis. Any adjustments to the investment policy are approved by the Risk Committee and the Board of Directors.

The Group's fixed maturity portfolios are managed by two external investment managers. The Group also has a diversified low volatility multi-strategy portfolio of bond and equity funds and a small equity portfolio. The performance of the managers is monitored on an ongoing basis.

All portfolios' duration is matched to the duration of the insurance liabilities within an agreed range. The portfolios are invested in fixed maturity securities, fixed maturity funds and cash and cash equivalents. The portfolios may, at times, contain assets significantly in excess of those required to meet insurance liabilities or other defined funding needs.

The Group reviews the composition, duration and asset allocation of its investment portfolio on a regular basis in order to respond to changes in interest rates and other market conditions. If certain asset classes are anticipated to produce a higher return within Management's risk tolerance, an adjustment in asset allocation may be made. Conversely, if the risk profile is expected to move outside of tolerance levels, adjustments may be made to reduce the risks in the portfolio.

The Risk Committee meets quarterly to ensure that the Group's strategic and tactical investment actions are consistent with investment risk preferences, appetite, risk and return objectives and tolerances.

21.3.1(a) Credit Risk

The Group has exposure to credit risk, which is the risk that a counterparty will suffer a deterioration in financial strength or be unable to pay amounts in full when due. The concentration of credit risk exposures held by insurers may be expected to be greater than those associated with other industries, due to the specific nature of reinsurance markets and the extent of investments held in financial markets. By the nature of the business, reinsurers interact with similar customers in similar markets. However, the Group uses a panel of reinsurers with global operations and diversified portfolios and limits its exposure to any one reinsurer.

Reinsurance is placed with counterparties that have a strong credit rating. Management regularly monitors and performs an assessment of creditworthiness of reinsurers.

21.3.1(b) Maximum Exposure to Credit Risk

The following table summarises the Group's maximum exposure to credit risk related to financial instruments and insurance contracts. The maximum credit exposure is the carrying value of the financial assets and insurance assets net of any allowances for losses.

AS AT MARCH 31	Note	2020	2019
Cash and short-term investment		71,501	51,381
Interest and dividends receivable		2,741	3,061
Bonds – at Available-for-sale, FVTPL and Held-to-maturity	6.1	414,754	433,850
Mortgages and loans	6.1	15,332	15,086
Policy loans	6.1	43	40
Derivative financial instruments	6.1	3,801	789
Receivable for investments sold		74	29,810
Insurance balances receivable	8	19,941	17,310
Other financial assets included in Other assets	9	3,619	3008
Reinsurers' share of claims provisions	15	16,507	27,304
TOTAL CONSOLIDATED BALANCE SHEET MAXIMUM CREDIT EXPOSURE		548,313	581,639

Credit risk is mitigated by entering into collateral agreements for mortgages and loans. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Management monitors the value of the collateral, requests additional collateral when needed and performs an impairment evaluation on a regular basis. The Group manages credit risk by its specific investment diversification requirements, such as investing by asset class, geography and industry, review of credit quality ratings for portfolio investments and an active credit risk governance, including independent monitoring and review and reporting to Senior Management and the Board.

21.3.1(c) Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics, such as operating in the same geographical region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due.

The following tables provide details of the carrying value of bonds and derivative financial instruments by industry sector and geographical distribution.

AS AT MARCH 31	2020	2019
Bonds issued or guaranteed by:		
Government and Agency	106,678	118,742
Banking and Finance	103,978	97,507
Asset-backed Securities	60,770	63,940
Communications and Technology	22,595	28,061
Oil and Gas	18,329	20,020
Manufacturing	13,802	14,181
Pharmaceutical	11,507	11,358
Transportation	9,983	9,036
Utilities and Energy	9,624	8,479
Insurance	5,913	7,133
SupraNational	3,336	3,081
Mining	2,193	2,591
Other (1)	46,046	49,721
TOTAL BONDS	414,754	433,850
Derivative financial instruments issued or guaranteed by:		
Other (1)	3,801	789
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	3,801	789

(1) Includes Investment with less than $2.0 million of concentration of credit risk by industry sector and investment in bond funds of $29.9 million as disclosed in Note 7.1 (2019 – $29.2 million).

AS AT MARCH 31	2020	2019
Geographical distribution of bonds is as follows:		
United States of America	288,638	318,306
United Kingdom	23,362	25,115
Cayman Islands	12,704	7,232
France	6,286	7,092
Netherlands	6,005	6,553
Canada	5,379	4,738
Ireland	4,895	4,516
Switzerland	3,685	3,876
Mexico	5,242	3,372
Japan	4,183	1,538
SupraNational	3,336	3,081
Australia	1,373	2,588
India	1,029	1,661
Other (1)	48,637	44,182
TOTAL BONDS	414,754	433,850
Geographical distribution of derivative financial instruments is as follows:		
United States of America	3,801	789
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	3,801	789

(1) Includes Investment with less than $2.0 million of concentration of credit risk by geographical distribution and bond funds of $29.9 million as disclosed in Note 7.1 (2019 – $29.2 million)

Mortgages comprise first mortgages on real property situated in Bermuda. Residential mortgages include mortgages for both single and multiple family dwellings. As at March 31, 2020, the Group's mortgages and loans amount to $15.3 million (2019 – $15.1 million).

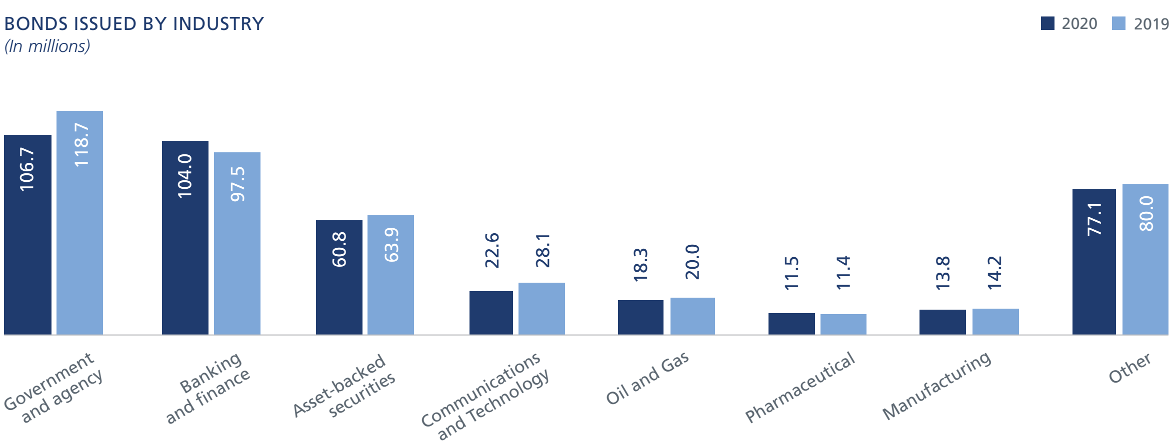
21.3.1(d) Asset Quality

21.3.1(d)(i) Bonds and derivative financial instruments by credit rating

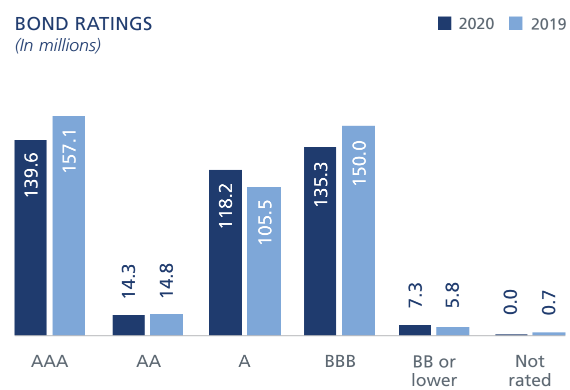
The following table provides an analysis of the carrying value of bonds and derivative financial instruments by rating.

AS AT MARCH 31	2020	2019
Bond portfolio quality:		
AAA	139,613	157,064
AA	14,334	14,800
A	118,222	105,530
BBB	135,259	149,993
BB or lower	7,322	5,811
Not rated	4	652
TOTAL BONDS	414,754	433,850
Derivative financial instruments quality:		
Not rated	3,801	789
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	3,801	789

BONDS ISSUED BY INDUSTRY
(In millions)



BOND RATINGS
(In millions)



21.3.1(d)(ii) Allowance for credit losses on impaired investments

Mortgage and loans

Changes in the allowance for credit losses in the Group's Mortgages and loans, including assets classified as held-for-sale, are as follows:

AS AT MARCH 31	2020	2019
Balance, beginning of year	1,771	11,622
Net provision made in year –		
Mortgage and loans	1,146	-
Provision written off during the year	-	(9,851)
BALANCE, END OF YEAR	2,917	1,771

21.3.1(d)(iii) Age analysis of financial assets past due

MARCH 31, 2020	Past due but not impaired			
	Less than 90 days	90 to 179 days	180 days or more	Total
Mortgage and loans and certain mortgages and loan included in Assets held-for-sale	-	-	12,069	12,069
Other receivables included in Other assets	11	17	236	264
BALANCE, END OF YEAR	11	17	12,305	12,333

MARCH 31, 2019	Past due but not impaired			
	Less than 90 days	90 to 179 days	180 days or more	Total
Mortgage and loans and certain mortgages and loan included in Assets held-for-sale	-	-	13,169	13,169
Other receivables included in Other assets	6	18	286	310
BALANCE, END OF YEAR	6	18	13,455	13,479

Past due financial assets have an allowance of $1.1 million (2019 – $nill) because the fair value of the collateral or the expected future cash flows are below the carrying value of these financial assets.

21.3.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet all cash outflow obligations as they come due. The Group's asset-liability management process allows it to maintain its good financial position by ensuring that sufficient liquid assets are available to cover its expected funding requirements. The Group invests in various types of assets with a view to matching them with its liabilities. To strengthen its liquidity further, the Group actively manages and monitors its capital and asset levels, the diversification and credit quality of its investments, cash forecasts and actual amounts against established targets.

The short-term (less than one year) liquidity needs are adequately met by maturing bonds, mortgages and loans, as well as by current operating cash flows. Historically, the Deposit administration pension plan liabilities renew for further periods upon maturity and remain with the Group. Longer duration cash flows are also backed by a broader range of asset classes, including equity and other non-fixed income assets.

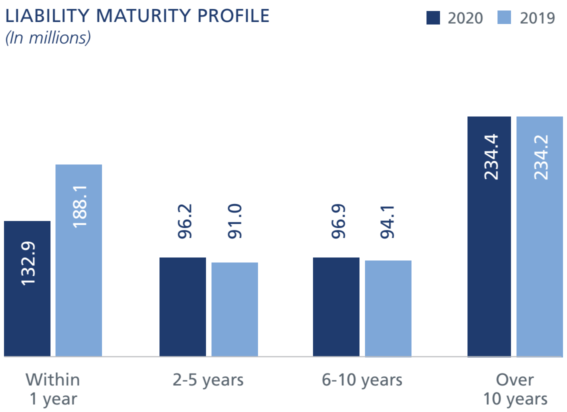
Reinvestment strategies and policies are in place for maturing assets backing longer-term liabilities and are reflected in the Life and annuity policy reserves. Based on the Group's historical cash flows and current financial performance, Management believes that the cash flow from the Group's operating activities will continue to provide sufficient liquidity for the Group to meet its contractual obligations and to pay other expenses as they fall due.

Liability maturity profile:
The following is an analysis by liability type of the estimated timing of net cash flows based on the Group's liabilities. The settlement profile is based on current estimates and historical trends and the actual timing of future cash flows may differ materially from the following disclosure.

MARCH 31, 2020	Within 1 year	2-5 years	6-10 years	Over 10 years	Total
Life and annuity policy reserves					
– net of reinsurance	14,394	53,668	57,283	120,004	245,349[1]
Provision for unpaid and unreported claims					
– net of reinsurance	17,188	6,363	1,449	196	25,196
Insurance balances payable	18,158	-	-	-	18,158
Payables arising from investment transactions	3,546	-	-	-	3,546
Investment contract liabilities	54,410	35,484	37,267	111,541	238,702[1]
Taxes payable	345	-	-	-	345
Accounts payable and accrued liabilities	24,673	-	-	-	24,673
Post-employment benefit liability	156	690	886	2,667	4,399[1]
TOTAL FROM GENERAL FUND LIABILITIES	132,870	96,205	96,885	234,408	560,368

(1) The amounts shown above are based on estimated net cash flows, which differ from the amounts shown on the Consolidated Balance Sheets, which are based on discounted cash flows.

LIABILITY MATURITY PROFILE
(In millions)



MARCH 31, 2019	Within 1 year	2-5 years	6-10 years	Over 10 years	Total
Life and annuity policy reserves					
– net of reinsurance	15,054	55,910	59,029	126,095	256,088[1]
Provision for unpaid and unreported claims					
– net of reinsurance	20,515	5,346	1,382	197	27,440
Insurance balances payable	15,426	-	-	-	15,426
Payables arising from investment transactions	56,561	-	-	-	56,561
Investment contract liabilities	60,773	29,116	32,788	105,450	228,127[1]
Taxes payable	156	-	-	-	156
Accounts payable and accrued liabilities	19,433	-	-	-	19,433
Post-employment benefit liability	150	656	859	2,424	4,089[1]
TOTAL FROM GENERAL FUND LIABILITIES	188,068	91,028	94,058	234,166	607,320

(1) The amounts shown above are based on estimated net cash flows, which differ from the amounts shown on the Consolidated Balance Sheets, which are based on discounted cash flows.

21.3.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

21.3.3(a) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The following policies and procedures are in place to mitigate the Group's exposure to currency risk:

- The Group regularly monitors the effect of currency translation fluctuations;
- Investments are normally made in the same currency as the liabilities supported by those investments;
- The majority of the Group's assets, liabilities and earnings are denominated in Bermuda or U.S. dollars; and
- The assets and liabilities of the foreign operations are held in their appropriate functional currency. The net currency exposure arising from the net equity within these operations amounts to £12.2 million and €3.7 million (2019 – £10.9 million and €3.5 million).

MARCH 31, 2020	Change in variables	Impact on equity
Currency:		
Sterling	+/- 10%	+/- 1,220
Euro	+/- 10%	+/- 371
CAD	+/- 10%	+/- 23

MARCH 31, 2019	Change in variables	Impact on equity
Currency:		
Sterling	+/- 10%	+/- 1,091
Euro	+/- 10%	+/- 346

The previous analysis shows the impact on equity due to changes in the fair value of currency sensitive monetary assets and liabilities, including insurance contract liabilities, is performed for reasonably possible movements in foreign exchange rates with all other variables held constant. The correlation of other variables will have a significant effect in determining the ultimate impact on market risk.

21.3.3(b) Interest Rate Risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Changes in market interest rates can impact the reinvestment of matured investments, as the returns available on new investments may be significantly different from the returns previously achieved.

The Group manages these risks through:

- Asset allocation and diversification of the investment portfolio;
- Investing in fixed income assets that closely match the life product liability cash flows for products with fixed and highly predictable benefit payments; and
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow.

The impact of interest rate risk for the Group's actuarial liabilities and the assets supporting those liabilities is included in Note 15.

The Group issues unit-linked investment policies in a number of its operations. The policyholder bears the investment risk on the assets held in the unit-linked fund. The value of the policy benefits is directly linked to the value of the assets in the fund. The Group's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The Group issues deposit administration pension plans with a short-term guaranteed rate of return. To the extent that the actual rate of return on the underlying funds differs from the guaranteed rate, the risk and rewards are borne by the Group. At March 31, 2020, the sensitivity of Other comprehensive income to a 100 basis point parallel increase in interest rates would have been a $5.5 million decrease (2019 – $5.9 million decrease). For a 100 basis point parallel decline in interest rates the sensitivity to net income would have been a $5.5 million increase (2019 – $5.3 million increase). For this plan type, the Group ensures (i) the liability and asset cash flows are closely matched, and (ii) the valuation of the liability and asset are monitored regularly.

21.3.3(c) Equity Risk

Equity investments are held in accordance with the Group's investment policy as part of the well-diversified asset portfolio that are appropriate for the operating segment. Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. If actual returns are lower than the expected returns, the Group's Life and annuity policy reserves will increase and will reduce the Group's net earnings. Overall, it is expected that the impact of an immediate 10 percent increase in value across all equity markets would be an increase in Net Earnings and Other comprehensive income of $1.2 million (2019 – $1.4 million); conversely the impact of a 10 percent decrease would have an equal but opposite effect. The direct exposure to equity markets generally falls within the risk-taking philosophy of the Group's investment policy and is regularly monitored by Management.

21.3.4 Limitations of sensitivity analysis

The sensitivity information given in Note 21.3 and in Note 15 demonstrates the estimated impact of a change in a major input assumption while other assumptions remain unchanged. In reality, there are normally significant levels of correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Furthermore, estimates of sensitivity may become less reliable in unusual market conditions, such as instances when risk-free interest rates fall towards zero.

21.4 INSURANCE RISK MANAGEMENT

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is monitored by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance, which is taken out to reduce the overall exposure to mitigate both risk frequency and risk severity of the Group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions and are in accordance with the reinsurance contracts.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.
For details on insurance risk management policies of the Group's insurance operating segments, see Note 15.

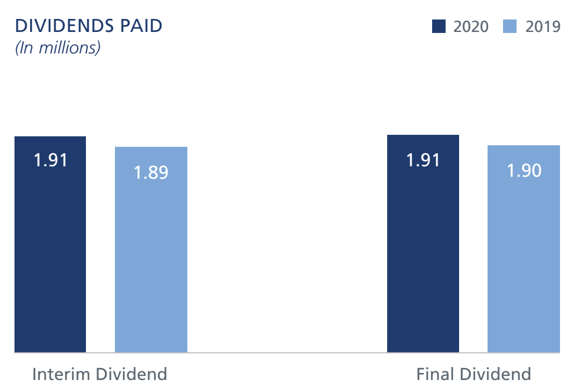
22 Dividends

AS AT MARCH 31 Record date	Per share amount	2020 Amount of dividends	Payment date
July 25, 2019	0.09	1,912	August 23, 2019
December 31, 2019	0.09	1,917	January 28, 2020
	0.18	3,829	

AS AT MARCH 31 Record date	Per share amount	2019 Amount of dividends	Payment date
July 31, 2018	0.09	1,892	August 15, 2018
December 31, 2018	0.09	1,899	January 15, 2019
	0.18	3,791	

As a result of the Dividend Reinvestment Plan, share capital and contributed surplus as at March 31, 2020 increased by $0.2 million and $0.3 million (2019 – $0.2 million and $0.5 million), respectively.

DIVIDENDS PAID
(In millions)



23 Right-of-Use Assets and Lease Liabilities

Effective April 1, 2019, the Group has applied IFRS 16 to the consolidated financial statements.

The Group leases office spaces with lease terms ranging from two years to 10 years.

AS AT MARCH 31	2020
Right-of-use assets	
Balance, April 1, 2019	2,552
Additions (1)	1,895
	4,447
Depreciation for the period	(714)
Foreign exchange rate movements	17
NET CARRYING AMOUNT	3,750

(1) The additions pertain to office space rentals of OTH and FirstUnited.

AS AT MARCH 31	2020
Lease liabilities	
Undiscounted cashflows	
Within one year	905
After one year but not more than five years	2,423
More than five years	1,419
Undiscounted balance	4,747
Effect of discounting	(787)
LEASE LIABILITIES	3,960

RECONCILIATION OF LEASE LIABILITIES AS AT	APRIL 1, 2019
Commitments related to opening leases as at March 31, 2019	1,634
Extension options considered in the lease liabilities	1,553
Exemptions related to short-term contracts	(166)
Effects of discount at the incremental borrowing rate as at April 1, 2019	(469)
Derecognised prepayments	(39)
LEASE LIABILITIES	2,513

The exemption on short-term leases was applied on certain office rentals which resulted to recognising $0.3 million leases expense in the operating expenses.

The interest expense recognised in Operating expenses on the Consolidated Statements of Operations for the year ended March 31, 2020, amounted to $0.2 million.

24 Components of Accumulated Other Comprehensive Loss

AS AT MARCH 31	2020	2019
Remeasurement of post-employment medical benefit obligation	(995)	(594)
Available-for-sale investments (1)	(6,892)	2,736
Translation of financial statements of foreign operations	(4,126)	(3,523)
NET ACCUMULATED OTHER COMPREHENSIVE LOSS	(12,013)	(1,381)

(1) As at March 31, 2020, $0.3 million (2019 – $0.5 million) of the accumulated other comprehensive income arose from the International Life Division's available-for-sale investments (Note 4).

25 Earnings Per Share

The following table reflects the net earnings and share data used in the basic and diluted earnings per share computations:

AS AT MARCH 31	2020	2019
Net earnings/(loss) for the year	14,198	14,186

AS AT MARCH 31 (Number of shares)	2020	2019
Weighted average outstanding common shares	21,228,785	21,052,037
Common shares and common share equivalents	21,325,000	21,174,430

26 Commissions, Management Fees and Other

Commissions, management fees and other income recognised during the year are as follows:

AS AT MARCH 31, 2020	Employee Benefits	Wealth Management	Global Property and Casualty	Disposal Groups	Total
Fee income from service contracts					
Pensions and policyholder administration	13,245	-	-	3,950	17,195
Investment management	-	2,925	-	-	2,925
Brokerage income	105	-	4,955	-	5,060
Total fee income from service contracts	13,350	2,925	4,955	3,950	25,180
Reinsurance commission income	1,780	-	9,364	-	11,144
	15,130	2,925	14,319	3,950	36,324

AS AT MARCH 31, 2019	Employee Benefits	Wealth Management	Global Property and Casualty	Disposal Groups	Total
Fee income from service contracts					
Pensions and policyholder administration	13,877	-	-	4,870	18,747
Investment management	-	2,507	-	-	2,507
Brokerage income	-	-	3,485	-	3,485
Total fee income from service contracts	13,877	2,507	3,485	4,870	24,739
Reinsurance commission income	1,761	-	11,239	-	13,000
	15,638	2,507	14,724	4,870	37,739

27 Reinsurance Recoveries

AS AT MARCH 31	2020	2019
Claims and adjustment expenses recovered from reinsurers	(12,968)	(6,918)
Policy benefits recovered from reinsurers	(410)	(1,366)
TOTAL REINSURANCE RECOVERIES	(13,378)	(8,284)

28 Net Change in Contract Liabilities

AS AT MARCH 31, 2020	Global Property and Casualty	Employee Benefits	Disposal Group	Total
Gross change in contract liabilities				
Insurance contracts	(9,984)	1,501	(1,543)	(10,026)
Investment contracts	-	(23)	-	(23)
Total	(9,984)	1,478	(1,543)	(10,049)
Change in reinsurers' share of claims provision	7,973	2,324	490	10,787
NET	(2,011)	3,802	(1,053)	738

AS AT MARCH 31, 2019	Global Property and Casualty	Employee Benefits	Disposal Group	Total
Gross change in contract liabilities				
Insurance contracts	1,761	2,490	(4,138)	113
Investment contracts	-	(298)	-	(298)
Total	1,761	2,192	(4,138)	(185)
Change in reinsurers' share of claims provision	74	(389)	(298)	(613)
NET	1,835	1,803	(4,436)	(798)

29 Operating Expenses

Operating expenses incurred during the year are as follows:

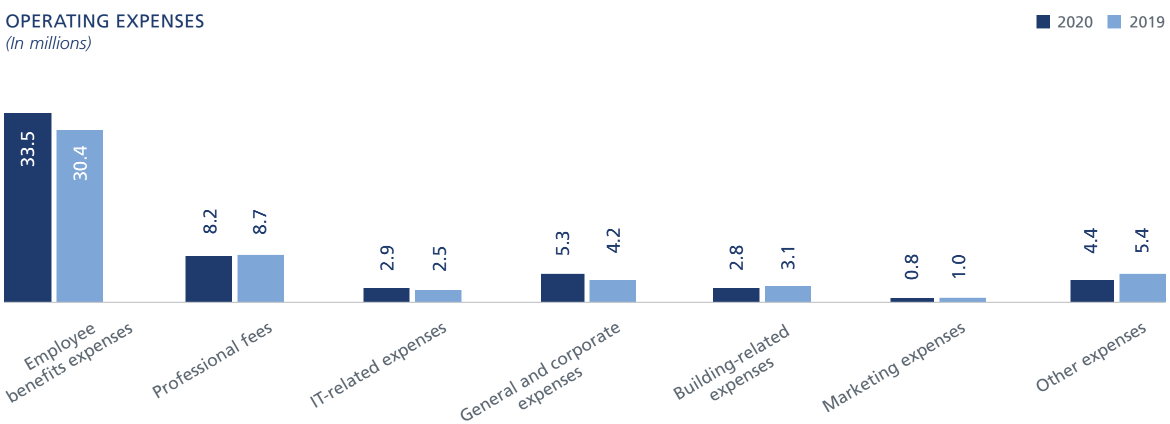
AS AT MARCH 31	2020	2019
Employee benefits expenses *(see following table)*	33,483	30,425
Professional fees	8,191	8,743
IT-related expenses	2,864	2,504
General and corporate expenses	5,294	4,161
Building-related expenses	2,828	3,093
Marketing expenses	751	988
Other expenses	4,390	5,412
TOTAL OPERATING EXPENSES	57,801	55,326

Employee benefits expense during the year is comprised of:

AS AT MARCH 31	Note	2020	2019
Salaries and other short-term benefits		32,267	29,263
Pension costs (1)		1,080	997
Post-employment medical benefits	19	(42)	2
Stock-based compensation	30	178	163
TOTAL EMPLOYEE BENEFITS EXPENSE		33,483	30,425

(1) Pension costs arise from the Group's defined contribution pension plan covering all full-time employees in Bermuda, Gibraltar and Malta.

OPERATING EXPENSES
(In millions)



30 Stock-based Compensation

The Group has the 2017 Restricted Stock Plan in place. The purpose of the Restricted Stock Plans is to enhance the Group's ability to attract and retain the services of certain key employees and to incentivise such persons to devote their utmost effort and skill to the growth of the Group by providing them with an interest in its long-term growth and stability. Under each of the Restricted Stock Plans, the maximum number of shares that may be granted is 250,000 over the five-year life of each plan.

Shares granted under the Plan vest at the rate of 33.3 percent at the end of each year for three years after the date of grant. The fair value of each share granted is based upon the market price at the date of grant.

The details on shares granted and forfeited during the year are as follows:

AS AT MARCH 31	2020	2019
Number of shares granted	45,450	49,050
Fair value per share	3.25	4.00
Number of shares forfeited	760	8,480

The following table summarises information about the outstanding stock grants:

RESTRICTED SHARES VESTING	Number of shares
July 2020	44,246
July 2021	30,600
July 2022	15,050
TOTAL	89,896

31 Related Party Transactions

31.1 TRANSACTIONS WITH SIGNIFICANTLY INFLUENCED INVESTEES

31.1.1 The Group provided insurance-related products and services to various significantly influenced investees. The premiums and fees received from these transactions totalled $0.1 million (2019 – $0.1 million) in the year and are shown as Gross premium written and Commission, management fees and other on the Consolidated Statements of Operations.

There were no receivables and payables arising from insurance contracts and service contracts with significantly influenced investees as at March 31, 2020 and 2019.

31.1.2 The Group rented office premises from a significantly influenced investee paying a total of $0.3 million (2019 – $0.3 million) in rent and service charges in the year, which are shown in Operating expenses in the Consolidated Statements of Operations.

31.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel have been identified as the Board of Directors and Officers of the Company. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Group. The summary of compensation of key management personnel for the year is as follows:

AS AT MARCH 31	2020	2019
Salaries and other short-term benefits	2,575	2,547
Pension	127	93
Stock-based compensation	26	27
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	2,728	2,667

31.3 DIRECTORS' AND OFFICERS' SHARE INTERESTS AND CONTRACTS

The total interest of all Directors and Officers of the Company in the shares of the Company at March 31, 2020, was 90,092 (2019 – 78,332) shares.

With the exception of the employment contract with the Chief Executive Officer, Ms. A. S. Hill, and a consultancy agreement with a non-executive director, there were no other service contracts with the directors during the year.

The Group has extended mortgage loans to certain Officers totalling $1.9 million as at March 31, 2020 (2019 – $2.1 million).

32 Income Tax Expense

Bermuda

Certain entities domiciled in Bermuda received an undertaking from the Bermuda Government exempting these companies from all Bermuda local income, withholding and capital gains taxes until 2035. At the present time no such taxes are levied in Bermuda.

Europe

Subsidiaries domiciled in Gibraltar are subject to normal Gibraltar corporation tax at a rate of 10 percent on all taxable profits.

The subsidiary domiciled in Malta is subject to normal Malta corporation tax at a rate of 35 percent on all taxable profits. Malta operates a tax refund system whereby, upon distribution of dividends out of taxable profits, the shareholders are generally entitled to a 6/7th refund of tax paid by the distributing company subject to the satisfaction of certain criteria. The effective tax rate after approval of the tax refund is five percent.

U.S.

Argus International Life Insurance Limited (AILIL), a Bermuda domiciled subsidiary, has elected under section 953(d) of the U.S. Internal Revenue Code (IRC) to be taxed as a U.S. domestic corporation. AILIL is subject to a U.S. corporate income tax rate of 21 percent for the fiscal year ended March 31, 2020, due to U.S. tax reform (2019 – 21 percent).

On December 22, 2017, the Tax Cuts Act was signed into law by the President of the U.S. which significantly changes the U.S. tax law in many ways including a further reduction of the U.S. federal income tax rate to 21 percent effective January 1, 2018. As a result of the Tax Cuts Act, AILIL remeasured its unrecognised deferred tax asset assets as disclosed in Note 32.3.

Canada

Subsidiaries domiciled in Canada are subject to Canada Revenue Agency corporate income tax rates, rules and regulations. Currently its tax rate is 10 percent on all taxable profits.

32.1 INCOME TAXES FOR THE YEAR

AS AT MARCH 31	2020	2019
Income taxes for the year	651	769
Deferred taxes	(6)	7
TOTAL INCOME TAX EXPENSE	645	776

32.2 CURRENT INCOME TAXES RECONCILIATION

Tax applying the statutory domestic income tax rate and the tax charge for the year are reconciled as follows:

AS AT MARCH 31	2020	2019
Earnings/(loss) before income taxes	14,911	15,008
Less: Earnings/(loss) not subject to taxes	11,749	13,570
EARNINGS SUBJECT TO TAXES	3,162	1,438
Income taxes at the application rate	634	395
Tax effect of:		
Income attributable to overseas branch	-	26
Expenses not deductible for tax purposes	(16)	75
Adjustment to taxes related to prior year	12	273
Difference between depreciation and capital allowances	30	10
Effect of tax losses brought forward	(9)	(3)
Unrecognised temporary difference	(6)	-
TOTAL CURRENT INCOME TAXES	645	776

32.3 UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

AS AT MARCH 31	2020	2019
Tax losses carried forward	630	516
Capital allowances carried forward	42	-
Deductible temporary differences	(25)	97
NET UNRECOGNISED DEFERRED TAX ASSETS	647	613

As of March 31, 2020, the Group has net operating loss carryforwards of $3.0 million (2019 – $2.4 million). Of the total net operating loss carryforwards of the Group, $0.1 million (2019 – $0.1 million) is subject to limitations under IRC section 382. $2.1 million of the Group's net operating loss carryforwards will expire in 2022 through 2032 under the current U.S. tax legislation. Net operating losses incurred from December 31, 2018 onwards do not expire.

33 Segregated Funds and Separate Accounts

The assets for contracts held under the Segregated Funds are allocated to Separate Accounts as authorised by the Bermuda Life Insurance Company Limited (Separate Accounts) Consolidation and Amendment Act 1998 and the Argus International Life Insurance Limited Consolidation and Amendment Act 2008.

Changes to Segregated Funds are as follows:

AS AT MARCH 31	2020	2019
Additions to Segregated Funds		
Contributions and transfers	115,594	84,025
Return on investments	(58,471)	(1,673)
Segregated funds acquired	2,278	31
	59,401	82,383
Deductions from Segregated Funds		
Withdrawals, benefit payments and transfers to the General Fund	246,825	146,357
Operating expenses	16,907	15,618
	263,732	161,975
Net additions to Segregated Funds for the year	(204,331)	(79,592)
Segregated Funds, beginning of year	1,530,880	1,610,472
SEGREGATED FUNDS, END OF YEAR	1,326,549	1,530,880
SEGREGATED FUNDS CLASSIFIED UNDER HELD-FOR-SALE, END OF YEAR	(460,449)	(594,436)
SEGREGATED FUNDS FROM CONTINUING OPERATIONS, END OF YEAR	866,100	936,444

34 Operating Segments

34.1 RESULTS BY SEGMENT

AS AT MARCH 31		Employee Benefits	Wealth Management	Global Property and Casualty	All Other	Disposal Groups[1]	Elimination	Total
Segment revenues	2020	118,859	3,991	40,586	-	1,598	(4,966)	160,068
	2019	134,408	3,925	39,056	20	2,356	(2,791)	176,974
Investment income	2020	21,675	188	961	(2,806)	673	(1,175)	19,516
	2019	15,154	174	977	(283)	944	(1,509)	15,457
Share of earnings of associates	2020	-	-	25	-	-	-	25
	2019	-	-	(274)	17	-	-	(257)
TOTAL SEGMENT REVENUES	2020	140,534	4,179	41,572	(2,806)	2,271	(6,141)	179,609
	2019	149,562	4,099	39,759	(246)	3,300	(4,300)	192,174
Amortisation, depreciation and impairment	2020	3,139	-	1,291	1,307	251	371	6,359
	2019	2,739	5	976	1,096	-	467	5,283
Income tax expense	2020	-	-	669	-	-	(24)	645
	2019	1	-	501	-	-	274	776
Segment net earnings/(loss) attributable to shareholders	2020	26,759	310	7,036	(18,869)	(28)	(1,010)	14,198
	2019	15,376	389	7,775	(8,495)	(265)	(594)	14,186

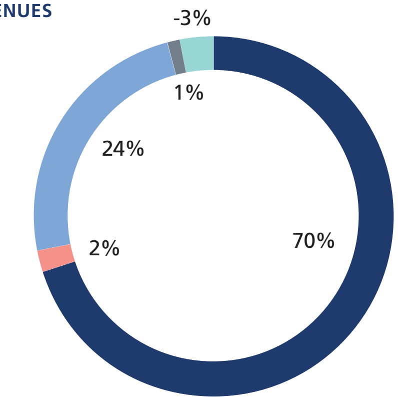
(1) Disposal groups refer to certain groups of assets and liabilities, which are held-for-sale (Note 4).

GEOGRAPHIC INFORMATION ON SEGMENT REVENUES:

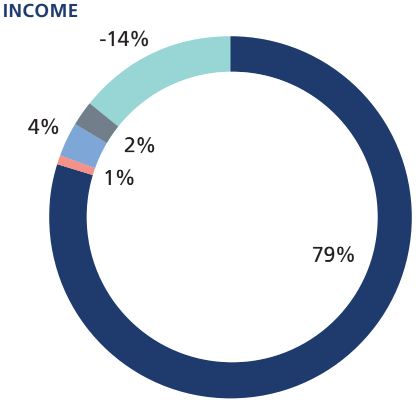
AS AT MARCH 31		Bermuda	Europe	Total
Segment revenues	2020	157,298	22,311	179,609
	2019	172,125	20,049	192,174

Management considers its external customers to be the individual policyholders and corporations and, as such, the Group is not reliant on any individual customer.

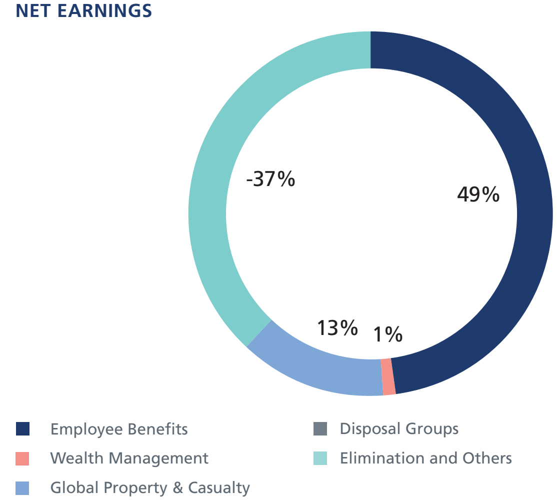
SEGMENT REVENUES



INVESTMENT INCOME



NET EARNINGS



34.2 ASSETS AND LIABILITIES BY SEGMENT

	Employee Benefits	Wealth Management	Global Property and Casualty	All other	Disposal Groups	Elimination	Total
MARCH 31, 2020:							
Total General Fund Assets	**508,846**	**305**	**112,369**	**156,426**	**31,549**	**(136,044)**	**673,451**
Segregated Fund Assets	**866,100**	**-**	**-**	**-**	**460,449**	**-**	**1,326,549**
Total General Fund Liabilities	**453,925**	**(287)**	**69,374**	**12,857**	**15,929**	**(613)**	**551,185**
Segregated Fund Liabilities	**866,100**	**-**	**-**	**-**	**460,449**	**-**	**1,326,549**
MARCH 31, 2019:							
Total General Fund Assets	537,060	1,072	114,384	167,929	33,484	(136,839)	717,090
Segregated Fund Assets	936,444	-	-	-	594,436	-	1,530,880
Total General Fund Liabilities	493,924	380	70,923	12,903	17,701	(700)	595,131
Segregated Fund Liabilities	936,444	-	-	-	594,436	-	1,530,880

35 Commitments and Contingencies

35.1 OPERATING LEASES

Group as a lessor

The Group has entered into non-cancellable commercial property leases on several floors of the Group’s office buildings. These leases have remaining terms of between one and two years. All leases include a clause to enable upward revision of the rental charge upon expiration according to prevailing market conditions.

Future annual minimum lease rentals receivable under non-cancellable operating leases as at March 31, 2020, are as follows:

AS AT MARCH 31	2020	2019
Within one year	**1,560**	1,560
After one year but not more than five years	**1,488**	3,048

35.2 CONTINGENCIES

The Group is contingently liable with respect to certain litigation and claims that arise in the normal course of business.

36 Comparative Figures

Certain of the 2019 comparative figures have been reclassified to conform to the presentation adopted for 2020.

37 Subsequent Events

37.1 DIVIDENDS

Based upon the audited financial results of the Group for the year ended March 31, 2020, the Directors have declared a dividend of nine cents per share (2019 – nine cents per share) payable on August 28, 2020 for shareholders of record on July 27, 2020.

37.2 ASSET AQUISITION

Effective June 30, 2020, the Group acquired two Bermuda-based medical practices pursuant to the amalgamation and asset purchase agreements entered by Argus Group Holdings Limited. The acquisition is in line with the Group's strategy to diversify its operations and develop a business model that drives up quality of healthcare while seeking to drive down costs.

The purchase consideration is subject to certain adjustments dependent on the persistency of the book of business. $17.0 million was settled on June 30, 2020, while the remaining balance is payable over the next four years. The fair value estimate of the contingent consideration as of June 30, 2020 is $6.6 million. The contingent consideration is based on the achievement of performance-related milestones and the range of undiscounted payment outcomes is between zero and $8.5 million.

37.3 GLOBAL PANDEMIC

Many countries are experiencing the outbreak of the COVID-19 disease which was declared to be a global pandemic by the World Health Organization on March 11, 2020. The Group is monitoring the developments related to this pandemic closely and continues to evaluate its impact on the Group's business. Though the magnitude of the impact on the Group's financial performance as of March 31, 2020 was not significant, the full scale global economic impact post year end is currently uncertain and could be potentially significant to the Group.

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