Annual Report 2019

Tomorrow Starts Today

ARGUS

Our Interest is You.

Tomorrow Starts Today

We see a future filled with opportunity.

Opportunities for innovation, growth and efficacy. Opportunities through new markets, new technologies and new operating models.

Because our interest is you, and all of our tomorrows start today.

Contents

Performance Measurements

$14.2m
Net Earnings

79.3%
Combined Operating Ratio

$18.1m
Operating Profit

$23.0m
Operating Cash Flow

$24.7m
Combined Fee Income

4.9%
Dividend Yield

12.6%
Return on Average Equity

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

Section One

Our Purpose & Progress

Chairman's Statement

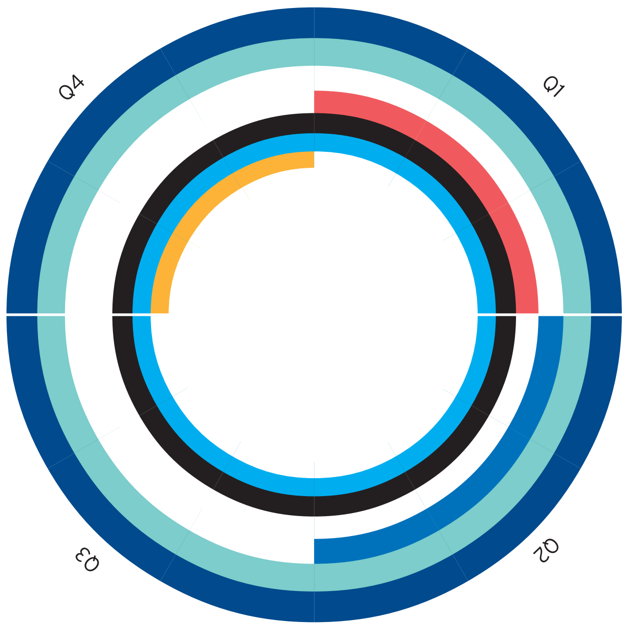
We have experienced yet another year of change, with unpredictable economic policy, unexpected political results, protectionism, rising debt and a slowdown in some economies. In Bermuda, with an aging population and an economy that hasn't grown, economic stimulation is needed.

Despite these challenges of continued global uncertainty and seemingly endless change, our strategies for stability and growth at The Argus Group have produced strong results. This year we are delighted to announce net earnings of $14.2 million for the 2019 financial year.

Our success in 2019 has been the result of a considered strategy to improve efficiency and efficacy within existing business divisions, together with the further development of our international companies in Malta and Gibraltar, and expansion into Canada.

‘My sincere appreciation to each Argus shareholder for your support, confidence and shared ambition for all our tomorrows.’

Board of Directors Quarterly Calendar



- Board Meeting
- Review of Financial Performance
- Annual Shareholders Meeting
- Director’s Self-Assessment
- Organisational Performance Review and Succession Planning
- Strategic Planning
- Annual Business Planning

The Argus Group and the strategies for future growth are strongly supported by the capabilities and strength of the Argus Board. In uncertain times and with constant change, the most appropriate and optimal solutions are not always immediately apparent, yet our Board has been clear and decisive in steering Argus to greater effectiveness across the Group. The Argus Board continues to go from strength to strength as we focus on having the right skills and experience to support our future strategies. This year, we have said goodbye to Marcia Scheiner, who retired, and welcomed back Barclay Simmons to our Board.

Following our success this year, we are pleased to declare a dividend of nine cents per share for shareholders of record as of July 31, 2019, payable on August 23, 2019. This equates to an annualised yield of 4.9% based on the current average share price.

I would like to take this opportunity to thank the Argus Management Team and staff for their continued hard work and constant striving to deliver long-term value for our shareholders and customers. I would like to thank my fellow Board members for their strategic insight and most of all, my sincere appreciation to each Argus shareholder for your support, confidence and shared ambition for all our tomorrows.

– ***Sheila Nicoll,*** *Chairman*

Tomorrow Starts Today

'Argus is built on a 70-year history of putting our customers at the heart of everything we do. We place huge value on the longevity and strength of our strong client relationships. We recognise that in an ever more uncertain world, it is ever more important that we focus on the challenges and opportunities our clients may face tomorrow, today.

We must help our clients to predict, protect and prepare for the future. To do this in the most effective way, we must innovate and evolve today.

We believe it is only by accelerating our embrace of tomorrow through intelligent yet human technology, progressive partnerships and the positive promotion of community health that we will continue to deliver security and opportunity. This is because our interest is you, and all of our tomorrows start today.'

– ***Alison Hill,*** *Chief Executive Officer*

Section Two

Argus Today

Welcome to Argus

We support our customers in providing financial security, physical well-being and peace of mind, through delivering employee benefits, property and casualty insurance and wealth management.

We are a business born in Bermuda, born with pioneering spirit. This is why we continue to expand our footprint and our horizons, to realise new opportunities for a stable and prosperous future for all.

Argus Group

1950
Date of Foundation

263
Number of Employees

81%
Employee Engagement

Our Mission

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

We accomplish this by providing financial services that predict and protect for the future. Leading the way with proactive, innovative solutions to protect our stakeholders' health and wealth.

We aim to build strong, long-term, one-on-one relationships with our clients, customers and community, based on loyalty, service and trust. 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 put people first. We care deeply about our staff, our clients, our shareholders and our community. We will always do what is in the best interests for everyone and not just our own. It is this innate desire to take care of people that makes Argus the unique company that it is.

We are Argus. Our Interest is You.

What We Do — Today's Markets

We serve a wide variety of needs, helping businesses and individuals predict and protect for the future. We go beyond individual products to integrated solutions, underpinned by specialist expertise.

Keeping You Healthy and Productive

Going beyond traditional healthcare by supporting you with initiatives such as Annual Health Checks, Population Health, Diabetes Management, Thrive. and Case Management.

$130m
Paid in Health Benefits

$22m
Paid for Preventative Programmes

Keeping Your Business Running

Simple combined commercial policies, which effectively manage the risks in your business, with swift and comprehensive claims resolution.

$41m
Commercial Premium

5,405
Commercial Clients covered

Keeping Your Possessions Safe

Expertise and active advice on how to protect your assets. Delivering policies that don't nickel and dime.

$13.6bn
Property insured

46,088
Vehicles covered

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.

Providing Peace of Mind Against Liabilities

Total cover for total peace of mind in an ever-changing, increasingly litigious, fast-paced world.

$5m
Typical third-party liability limit for Bermuda risks

£2m
Typical public liability limit for Gibraltar risks

€6m
Third-party bodily injury limit for Malta risks

Managing and Growing Your Wealth

Global best practice in wealth management tailored to each client's specific needs.

$1.2bn
Assets under discretionary and advisory mandates

Over 98%
Client retention rate

Protecting Your Post-Retirement Lifestyle

Taking a holistic approach to post-retirement costs and desired lifestyle goals.

$16m
Paid in Pension benefits

30%
Private Pension market share

Today's Territories

From Bermuda, Argus continues to grow internationally to mitigate risk and provide stability and strength for the future.

Bermuda

1950
Founded

#1
Market leader for international clients

#1
Provider for Employee Benefits Solutions

Top 5
Employer in Bermuda

140
Number of employees

'This year we continue our drive towards a more consultative organisation that delivers holistic, integrated solutions and efficiency for our valued clients.

By investing in new technologies to improve service delivery for our clients and customers while reducing cost to serve the business, we are ensuring that what we do well today, we will do even better tomorrow.

We strive to provide even better tailored solutions to international and local businesses, cementing our place as the market leader for Employee Benefits.'

– ***Wanda Richardson,*** *Executive Vice President Client Solutions*

Canada

2017
Founded

28
Number of employees

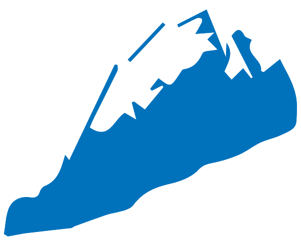
'Our acquisition of One Team Health in May 2019 is a key part of our strategy for diversification and expansion.

One Team Health equips us with the data and resources to reduce healthcare expenses whilst improving quality of care.

We have an excellent, expert team with over 50 years' industry experience in servicing Bermuda and beyond, and we are excited about the potential we have with this acquisition to provide truly exceptional care and outcomes.'

– ***Peter Lozier,*** *Executive Vice President Group Insurance*

Gibraltar



1973
Founded

#1
Property and Casualty insurer

40%
Non-Life market share

29
Number of employees

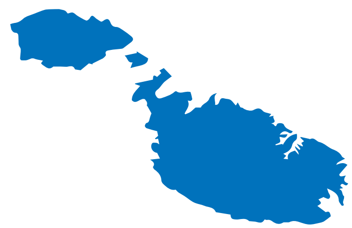
‘As the oldest Insurer in Gibraltar we cultivate close ties with the London Insurance Market to ensure we adopt a dynamic and progressive approach with our local clients.

Our valuable, leading-edge insight and innovative solutions have been successfully exported to other Argus territories. With a strong underlying business, we have become well known for developing innovative, client-centric solutions and have experienced growth year-on-year since joining the Argus family in 2004.

2019 sees us working closely with key stakeholders to harness this entrepreneurial spirit and help reinvent a post-Brexit Gibraltar as a gateway to the UK.’

*— **Tyrone Montovio,** Managing Director, Argus Insurance Company Europe Limited*

Malta



1989
Founded

#2
Insurance Broker

12%
Non-Life market share

16%
Broker market share

66
Number of employees

‘Island’s results for 2019 show a top line growth of 32% and a bottom line increase of 36% on top of prior year’s exceptional results.

The vibrant Maltese economy created opportunities for new relationships whilst existing relationships continue to mature. These positive results encourage us to face the opportunities for the forthcoming year with great optimism.

This year at Island Insurance Brokers we celebrated our 30th anniversary. At this key milestone we are excited to welcome FirstUnited Insurance Brokers to the Argus family. The combined strengths of the teams promise success for tomorrow.’

*— **Lawrence Pavia,** Managing Director, Island Insurance Brokers Limited*

Today's Activities

A year that has seen us upgrade our customer portals, investing and acquiring to

2018

PENSION PORTAL UPGRADE

Enhancing visibility and functionality to our clients' portfolios.

VANTAGE LAUNCH

Digital Integrated portal for corporate clients and customers.

$20,000 CHARITY DONATION TO KNOWLEDGE QUEST

Promoting further education for Bermudians with limited financial means.

$20,000 CHARITY DONATION TO THE FAMILY CENTRE

Supporting and strengthening families and children in Bermuda.

$15,000 CHARITY DONATION TO BERMUDA CENTRE FOR CREATIVE LEARNING

Supporting Bermudians with learning differences.

broaden our expertise and better support our customers and communities.

2019

ONE TEAM HEALTH ACQUISITION

To better balance quality care and affordability.

FIRSTUNITED ACQUISITION

Driving international reach and expertise.

ARGUS SPONSORS GIBRALTAR ISLAND GAMES

Proud to be associated with an elite international sporting event.

ARGUS SPONSORS IGNITE

Creating an ecosystem supporting Bermudian start-ups, small businesses and entrepreneurs.

ARGUS SPONSORS 110TH BERMUDA HALF MARATHON

Encouraging physical well-being and strong community spirit.

Today's Results

The Argus Group reports earnings of $14.2 million.
As the world continues to be subject to unprecedented change and unexpected direction, we are embracing opportunity today for a stronger tomorrow.

With the strong financial results of The Argus Group in 2019, we strengthen our position and provide stability for long-term sustainable growth for our customers, shareholders, staff and our community. Our strength today enables us to invest in a better tomorrow, for all.

This year has seen us act strategically and decisively to enhance the long-term economics of our business. We have controlled the cost of our healthcare business in partnership with One Team Health, and strengthened our international presence through the acquisition of FirstUnited Insurance Brokers in Malta.

2019 has been a year of strong results, reporting net earnings of $14.2 million and net operating income of $18.1 million, a significant return to strength from 2018's year of tough decisions.

These positive results provide a strong foundation from which we will continue to build a better future, with our strong vision, confidence and ambition. Our profitability is underpinned by stability and strength across all three divisions of our organisation: Employee Benefits, Global Property & Casualty, and Wealth Management.

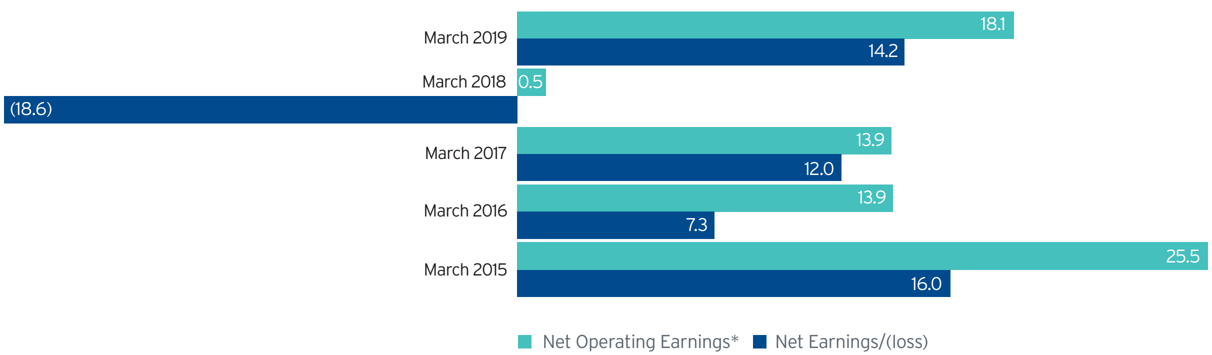
'We believe that tomorrow starts today, so we head into the next financial year with ambitious plans for our business and our people and the determination to make them a reality.'

– Peter Dunkerley,
Chief Financial Officer

Employee Benefits has performed particularly well this year, with our Health division working hard to reduce the cost of claims, whilst delivering excellent stewardship of our clients' premium dollars.

Against the backdrop of hospital financing reform, we experienced a challenging health renewal, where premium rate increases were necessary for many clients in order to keep pace with global health cost inflation. We 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.

Five-Year Earnings Performance



* Net Operating Earnings – refers to net earnings/(loss) excluding impact of external market factors and/or one-off events such as change in fair value of investments and investment properties, asset workouts, asset impairments, penalties and yield curve impact on the annuity reserves.

We are incredibly proud of the hard work and commitment from our team that has driven these results in a very competitive environment. Our team continues to deliver the high-quality, high-value service that is characteristic of Argus. The result of this commitment is outstanding retention of our great clients, with all divisions reporting client retention rates of over 90%.

Our position of financial strength, and capital in excess of regulatory requirements, has given us the robust foundation to invest for the future. We continue to focus on putting our capital to best use, making responsible and judicious choices to further our strategic aims, whilst ensuring long-term sustainable shareholder value. We are taking action today and investing in new technologies and new ways of doing business to constantly improve services to our customers.

We are making these investments from a position of financial strength. Our liabilities continue to be backed by high-quality, liquid, well-diversified assets, and our core investment portfolio is performing well.

Health

Our promise to you as shareholders was to return this business to sustainable profitability.

Sustainable profitability requires careful and diligent management of health claims. We have taken significant steps this year to build out the skills and capabilities to do this, from improving the efficiency of case management, to delivering overseas network enhancements. This drive for optimisation and efficacy culminated in the acquisition of One Team Health in May 2019. One Team Health gives us an integrated approach that allows us to acquire care from a refined set of providers that are renowned for delivering better results, and improves our access to more competitive pricing. As a result, we have seen efficiencies in the cost of delivery.

Health Insurance is not without risk and in a business where underwriting margins are tight, large major medical claims can have a big impact on reported profits. We are pleased that this year, as a result of our actions, the claims ratio for our health business improved by 11 percentage points: a return to a longer-term trend.

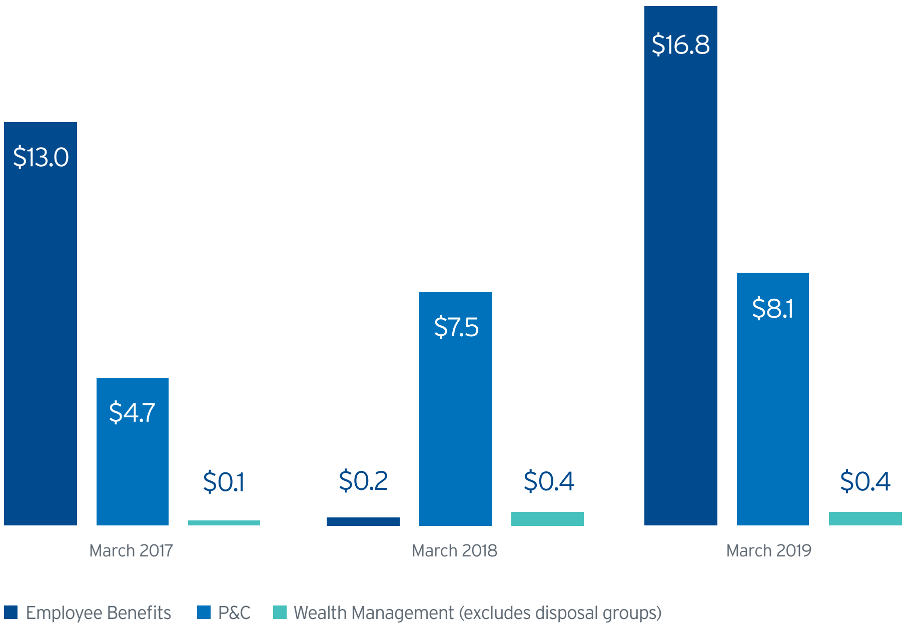
At the same time, Health Insurance premiums have increased by $8.0 million compared to the previous year. This is driven by a combination of growth in the insured population and targeted rate increases for existing insureds.

Whilst we work hard to always ensure that we are delivering excellent value for all, premium rate increases have been necessary for many clients in order to keep track with global healthcare inflation.

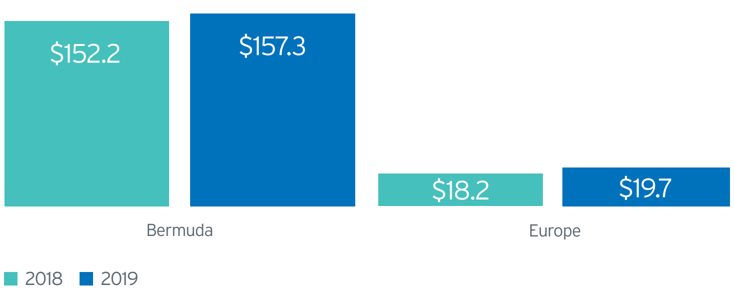
We work closely with our valued clients to ensure plan benefits fit their specific needs and take our role as custodians of their health dollars very seriously. This is reflected in the enduring relationship we have with our great clients; this year sees client retention rates remain very high at 96%.

As of June 2019, legislative changes have been enacted to reform the way healthcare is financed in Bermuda. This means that most of the services offered by the Bermuda hospital is now publicly funded and is no longer underwritten through an insurance funding model. Historically, these hospital care benefits have constituted approximately one-third of the total health benefits paid by Argus on behalf of our members. Whilst the underwriting margins of our health insurance product are tight, the magnitude of this change is expected to have a material adverse impact on the overall profitability of our health division for the upcoming year. Our team have been working diligently to minimise the disruption and manage the economic impact to our health members. At the same time we are taking steps to ensure that our health business remains sustainable and continues to be commercially successful. Our promise is to advocate on behalf of our clients while working to develop a financially sustainable robust healthcare delivery system for all our tomorrows.

Net Operating Earnings by Division



Operating Revenues by Geographical Distribution



Pensions & Annuities

2019 was another volatile year in investment markets. Despite this, our pension business has continued to grow and deliver stable results.

Pension assets under management have grown by $20 million over the year. Our client retention remains very high at 99% and average fee and commission rates are stable. In addition, the fixed income portfolio that supports our guaranteed pension product has outperformed the prior year.

We continue to focus and invest in our pension product to ensure that we continue to deliver the necessary long-term pension returns for our clients.

In addition, we progress on our journey to enhance our digital customer experience with the employer launch of Vantage, our holistic pensions and benefits portal, which will be rolled out to further cohorts over the coming year.

Group Life

Our Group Life business continues to show steady growth with a 6% increase in coverage. This is driven by a combination of increases in number of lives insured and increases in the average coverage per member.

The claims experience in Group Life remains favourable, which has resulted in increased profit commissions.

Global P&C

Our Global Property and Casualty businesses have reported an increase in revenues and earnings compared to the prior year.

Net earnings for the division increased by 46% supported by continuing favourable claims experience and the absence of major events. Premiums and fee income grew by 7% compared to the prior year. This was driven both by market rate increases in Bermuda and the further growth of our European businesses.

Our European territories continue to enjoy strong macro-economic growth with a booming construction sector, in particular, driving our performance. In May 2019, in line with our strategy for growth and diversification, we were delighted to announce our plans to further strengthen our international presence through the acquisition of FirstUnited Insurance Brokers in Malta. This acquisition makes us the largest broker in Malta.

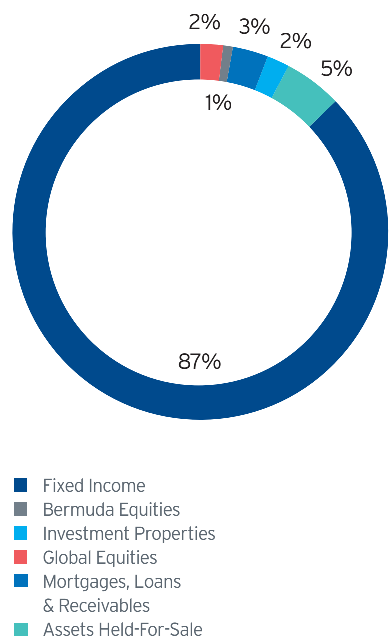
Wealth Management

Our Wealth Management business has continued to grow, with private wealth assets under management increasing by 3.7%. Assets in discretionary and advisory mandates now stand at $1.3 billion.

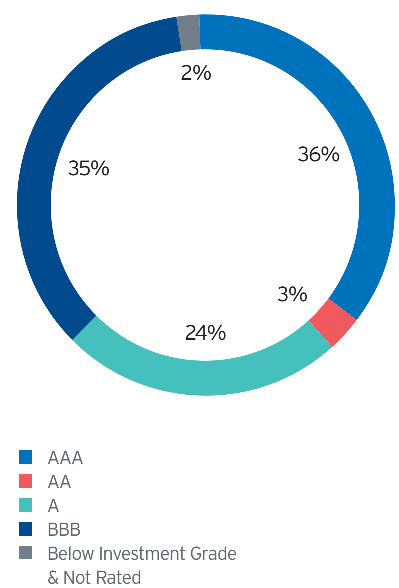
Investment performance

Central to The Argus 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.

Investment Assets
31 March, 2019

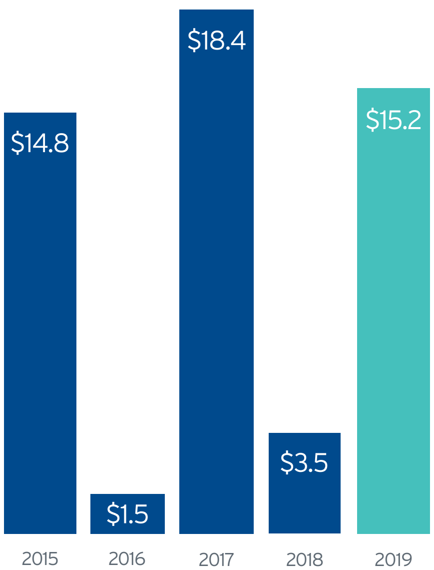


Fixed Income Portfolio Ratings
31 March, 2019

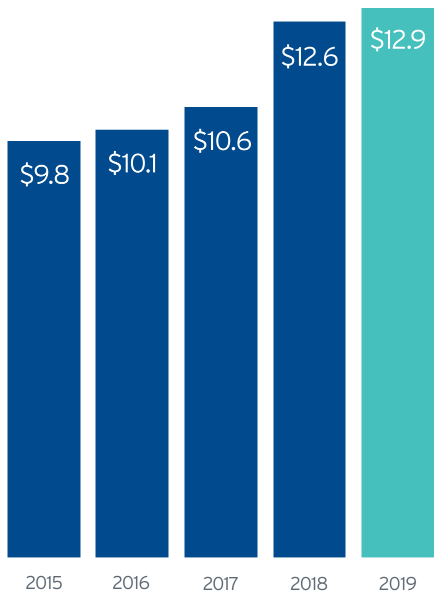


The Argus Group's portfolio generated positive returns over the fiscal year, despite a roller-coaster year in global investment markets. Market volatility was caused by trade tensions between the United States and China, and also mixed messages from the US Federal Reserve, which raised short-term interest rates three times before executing a sharp turn in monetary policy.

Reported Investment Income



Core Investment Income



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

The Argus Group has continued to increase its fixed income holdings. As can be seen from the charts on the previous page, 87% of the Group's investments are fixed income bonds, compared to 84% last year. Of these bonds, 98% are classified as investment grade.

The Argus Group partners with best-in-class investment managers, who once again have exceeded their benchmark returns.

The charts to the left compare *Reported 2019 Investment Income* of $15.2 million with *Core Investment Income* of $12.9 million. Realised and unrealised gains and losses have created volatility in our reported income over the years. Meanwhile, the core investment income shows a much more consistent picture over the past five years.

In summary

I am proud to report our results for 2019. We have worked hard as a whole team to achieve these results. We are in a strong position, with a bright future.

We believe that tomorrow is filled with opportunity for Argus, our customers and our stakeholders.

– ***Peter Dunkerley,*** *Chief Financial Officer*

Section Three

Argus Tomorrow

Chief Executive Officer's Statement

Tomorrow Starts Today

'Our ambitions are great.
Our strategy is strong.
Our confidence is high.
Our interest is you.
Our tomorrows start today.'

I have always sought to balance stability within The Argus Group with a strategy for long-term sustainable growth, for the benefit of our customers, shareholders, staff and our community. This year, I am very proud to announce that our strategy is working. Despite continued uncertain conditions globally, 2019 has seen us deliver very positive results for The Argus Group. We have strengthened our current position, enabling us to accelerate our investment and growth plans for the future. Our strength today enables us to invest in a better tomorrow for all.

The Landscape

Last year, we saw a continuation of geopolitical uncertainty with trade wars, surprising and disruptive election results and challenging economic conditions. Globally, the business landscape continues to evolve at a rapid pace and consumers generally remain conservative, further accentuating negative economic impact. Global concerns about climate change, social equality, poverty and healthcare are ever more prominent and, thankfully, action is beginning to be taken. While incidents of chronic disease, including obesity and diabetes, continue to rise, it is heartening that our initiatives and education programmes in health are beginning to have a positive impact. The macroeconomic conditions we face continue to be extremely challenging but, through our considered strategies and focus, we have achieved positive results.

Our Focus

From this position of strength, we can accelerate into the opportunities the future provides. We are so confident in our strategy, that we believe tomorrow starts today.
We see a tomorrow with a greater intelligent, yet human, digital interface, which our customers can easily access and interact with. This will provide better service for our customers, whilst providing greater efficiency, effectiveness and return for our business. We see a tomorrow with increasingly progressive partnerships to accelerate our agility for greater competitive advantage. We see a tomorrow with continued support and promotion of community health to ensure our customers live longer, healthier lives.

We see a tomorrow with an ever closer relationship with healthcare providers to ensure that we are providing the best care to our customers whilst managing costs, delivering the best return for our business and shareholders.

Internationally, we see a tomorrow with stronger, complementary companies and services within The Argus Group. We have acquired One Team Health in Canada, which will be further developed to control the cost of healthcare for our clients. We are strengthening our international presence through the acquisition of FirstUnited Insurance Brokers in Malta, making us the largest insurance broker in Malta.

These initiatives, both within Bermuda and internationally, have led to a strong financial position in 2019, a solid foundation from which we can invest and grow into a digitally integrated specialist with broad international reach. Our ambitions are great. Our strategy is strong. Our confidence is high. Our interest is you. Our tomorrows start today.

*– **Alison Hill**, Chief Executive Officer*

Our Strategy

Where Tomorrow Starts Today

Today

We are influenced by macro trends which are causing disruptions in insurance, creating new opportunities and challenges.

MACRO TRENDS

SOCIAL

Changing demographics and evolving expectations are creating a new landscape to offer tailored products and services.

TECHNOLOGY

Advances enable digital customer interaction, innovative products and services for growth.

ECONOMIC

Changes to global economy presenting new types of risks and segmentation opportunities for insurers.

ENVIRONMENTAL

Evolving environmental conditions and changes around sustainability are giving rise to new risks and more sophisticated modelling.

POLITICAL

Geopolitical change and new regulations are reshaping the risk landscape.

OUR CUSTOMER

Bermuda is core to Argus' identity, and the blueprint for international growth. Limited growth potential and healthcare reform in Bermuda require us to strengthen core operations, optimising value to ensure superior customer experience.

Strategic investments to grow international presence will further mitigate risk, as well as improve operations through enhanced customer experience leveraging data, technology and partnerships.

Tomorrow

By becoming a Digital Integrated Specialist, Argus can lead with comprehensive and tailored solutions delivered digitally.

DIGITAL INTEGRATED SPECIALST

By continuing to place the customer at the heart and transforming to become a **Digital Integrated Specialist,** we can deliver a portfolio of tailored products and services in an integrated way.

PRODUCT & SERVICE OPTIMISATION

Orchestrate a portfolio of products and services to balance integrated solution delivery.

TARGET MARKET COMMITMENT

Commit to our customers through deep insights and communicate a custom value proposition.

DISTRIBUTION FIT

Deliver a channel strategy that will target niche segments and be integrated to provide holistic solutions.

OPERATING MODEL TRANSFORMATION

Transforming people, processes and architecture to enable Argus to embrace new capabilities.

DATA & TECHNOLOGY MODERNISATION

Leveraging contemporary infrastructure, emerging technologies and analytics.

PROGRESSIVE PARTNERSHIP ECOSYSTEM

Further develop strategic partnerships to accelerate access to products and capabilities.

RISK & FINANCIAL DISCIPLINE

Management of risk and revenue streams by balancing profit, growth and market responsiveness.

Addressing the specialist insurance needs of target customer segments, supported by a superior and seamless digital customer experience in an integrated way.

Tomorrow's Opportunities Today

Setting the Digital Agenda

Q&A

In conversation with *Phil Davis*, Head of Digital Experience and Marketing.

How does Argus view the role of technology in a constantly evolving world?

We see technology as an evolutionary force in the development of our business. Technology enables us to deliver a superior overall customer experience – strengthening our brand, enhancing our market positioning and meeting the needs of our commercial and retail customers.

How does the Argus approach to technology differ from the models employed by other businesses?

We continuously research consumer needs and use data analytics to develop a deeper understanding of how to expand and build our offerings. Similar to other companies in our industry, we approach our technology offerings against the backdrop of rapidly changing consumer tastes and increasing customer demands. We believe the experience we deliver should form a fundamental part of the product, rather than an additional aspect. Simply put, our products do not exist in isolation; everything is designed to help our customers get to what matters most as quickly and as easily as possible.

Can you share what experiences Argus has implemented and those in development?

Through Argus Vantage, we empower our members to manage their retirement and health insurance plans online, at any time of day, via a single user name and password. In a few clicks they are able to submit claims, renew policies or manage investments.

For our corporate customers, our priority with Vantage is to create ease. We provide a digital platform that not only enables users to enrol plan members and submit pensions contributions, but also offers rich insights that assist with business planning and decision-making. Our focus is on delivering an experience that marries digital intelligence with empathetic personal service.

The future for Argus digital is frictionless on-boarding and servicing through the further adoption of automation, enabling customers to increasingly self-serve with online tools. Through the use of advanced analytics, artificial intelligence and virtual assistance, we can create highly personalised tools to improve how our customers interact with us. The result is seamless end-to-end integrations across our portfolio of products, services and distribution channels.

Where do people fit into tomorrow's world?

We know that the key to materially improving our customers' experiences is to evolve internally. That is why we encourage staff to shift their mindsets to resist legacy structures and embrace new ways of working. Through this, we fuel innovation that benefits our customers and our company as a whole.

Tomorrow's Opportunities Today

Building the businesses of tomorrow

Q&A

In conversation with
Sean Reel, Head of Ignite.

'At Argus we are passionate about our community and constantly seek opportunities to enhance and enrich the lives of the people that live in the communities in which we operate. Our commitment goes beyond charitable donations by creating enduring partnerships with charitable organisations that help educate, empower and promote positive action that will result in long-term sustainable benefit.

Which is why Argus is proud to support Ignite. Ignite is an inclusive, collaborative and passionate charity supporting a diverse range of entrepreneurs and their businesses in Bermuda. This means more jobs, more opportunities and economic growth that will benefit all. Tomorrow starts today.'

– Peter Dunkerley,
Chief Financial Officer

What is Ignite?

Ignite is a registered charity and is Bermuda's first privately-funded entrepreneurial accelerator. We offer a programme of education and support for local entrepreneurs and start-ups based on a spirit of collaboration and community. Our mission is to create jobs and economic diversity for Bermuda.

How can Ignite accelerate growth?

We aim to create a support system for Bermudian start-ups and small businesses, helping them grow, create jobs and wealth. We do this by providing a formal start-up curriculum and an ongoing eco-system of support helping with everything from networking, financing, mentoring and physical space.

Who can apply?

All entrepreneurs have equal opportunity to apply for the programme. We value diversity, provide equality of opportunity, and actively promote a culture of inclusion. These values are vital to our success and are embedded in our policies and programmes.

What has the interest been?

The response has been phenomenal, with over 181 applications in the first three weeks. We enrolled 17 businesses into the first cohort in May 2019. The interest was so strong that we have created a light version of the programme to support a further 67 participants. We are particularly proud of the breadth of industry covered, from Health and Wellness to Mobile Applications to Hospitality and Fashion.

What does tomorrow look like for Ignite?

We have a goal of raising $2.5 million to fund the next three years of operations, helping to build a strong and supportive eco-system for Bermuda's entrepreneurs. We thank forward-looking businesses such as Argus for helping to make this happen.

Find out more at:
ignitebermuda.com

Section Four

Argus Governance

The Value We Create For Our Stakeholders

At Argus, we carefully manage our relationships with customers, shareholders, employers and communities. We manage these relationships in accordance with our core values and

Shareholders

Building foundations today for dynamic tomorrows.

We strive to deliver diversified, dynamic and responsible global business delivering long-term sustainable value for our investors.

Diversified
We continue to actively seek appropriate and complementary acquisitions and partnerships to the Argus family. 2019 sees us continuing to grow and seek to acquire businesses internationally.

Dynamic
We continue to invest for diversity and return.

The value we created in the past year
$3.8m Dividend paid, 4.9% Dividend yield.

Customers

Planning for your tomorrows, today.

We strive to make Argus the first choice for solutions and servicing of our customers' business and lifestyle protection needs, giving them the freedom to do what matters most.

Solutions
We go beyond just offering a series of products, seeking to provide integrated and ever more bespoke solutions for all customer needs. We actively consult with and listen to our customers to deliver solutions that meet their current requirements and anticipate their future needs.

Service
We help our clients manage and minimise risk. Where claims arise, we don't 'nickel and dime'; we aim to fulfil them in a fair and efficient way.

The value we created in the past year
$13.6bn Property covered, 1,700 Pension members supported in retirement, $130m Health benefits paid.

beliefs and with open and honest dialogue. As we develop strong, long-term relationships with key stakeholder groups, we create sustainable value.

Employees

Developing you for tomorrow's world.

We place high value on employee engagement by providing the opportunity to develop and progress. We encourage our people to grow and innovate within the Argus family.

Diversified

We are proud to represent a broad range of cultures across the communities we serve. Harnessing the inherent diversity of thoughts, views and experiences across The Argus Group is critical to our business success and fundamental to achieving our mission. We are committed to creating a work environment that enables and encourages employees to develop and to positively impact our clients and communities.

Development

We are committed to the development and engagement of our colleagues and have maintained a focus on talent and succession management.

The value we created in the past year

Top 5 Employer in Bermuda, 81% Employee engagement, 85% would recommend Argus as a great place to work.

Community

Working for a better tomorrow, today.

We strive to operate a responsible and sustainable business by making powerful connections with local partners through targeted programmes that promote social and economic development in our society and our environment.

Society

We seek to have a positive impact on the communities in which we operate, going beyond charitable donations by creating and delivering awareness campaigns to encourage health and well-being. We actively promote the behaviours, values and principles that enable us to make the right decisions for all, always. We are committed to creating an environment that encourages employees to make a positive impact within the business, from supporting colleagues and local community to improvement and innovation in the workplace.

Development

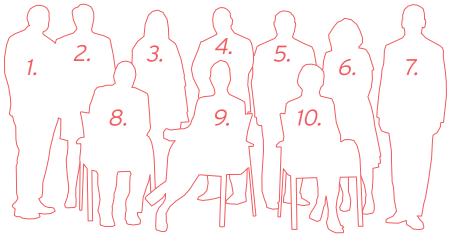
Argus is actively involved in school programmes and is dedicated to encouraging young entrepreneurs with mentoring, education and support.

The value we created in the past year

In alignment with our strategic focus on Health, Sports, Youth, and Education, Argus has supported over 44 non-profit organisations' programmes.

Argus Group Holdings Limited Board

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.



Argus Group Holdings Limited

Board

1. Robert D. Steinhoff, FCPA, JP
2. Paul C. Wollmann, MBA CPCU, ARe, ARM
3. Barbara J. Merry, BA, ACA
4. E. Barclay Simmons, MBA, LLB
5. Peter R. Burnim, MBA
6. Kim R. Wilkerson, LLB, JP, CPCU
7. Timothy C. Faries, BA, LLB, LLM
8. Keith W. Abercromby, BSc, FIA
9. Alison S. Hill, FCMA, CGMA
10. Sheila E. Nicoll, FCII

Argus Group Holdings Limited

Officers

Sheila E. Nicoll, FCII (Chairman)
Robert D. Steinhoff, FCPA, JP (Deputy Chairman)
Alison S. Hill, FCMA, CGMA (Chief Executive Officer)
Peter J. Dunkerley, FCA (Chief Financial Officer)
George N.H. Jones, LLB, MBA, (Group General Counsel & Company Secretary)

Board Committees

Risk

For the purpose of overseeing The Argus Group's risk management, asset liability management, and financial investments.

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

Audit

For the purpose of overseeing the accounting and financial reporting processes of the Company and the audit of its financial statements.

Robert D. Steinhoff (Chairman)
Keith W. Abercromby
Timothy C. Faries
Paul C. Wollmann

People, Compensation and Governance

For the purpose of organising and overseeing the process by which individuals are nominated to become members of the Board, overseeing the roles and responsibilities of top executives.

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

Leadership & Governance

Business Unit Heads

Andrew H. Bickham, ACII
Executive Vice President – Broking

Cindy F. Campbell, CPA, MBA
Executive Vice President –
Interim Head of International Life

John Doherty, CPCU, ARM, Are
Executive Vice President – Property & Casualty

Lisa Jackson, MA, FLMI, ACS
Vice President – Pensions

Peter Lozier, BSC, LOMA, ARP
Executive Vice President – Group Insurance

Tyrone Montovio, ACII
Chief Executive – Argus Insurance Company (Europe) Limited

Peter Muir
General Manager – One Team Health, Inc.

Lawrence Pavia, FCII, ACIArb, MA
Managing Director – Island Insurance Brokers Limited

Joel P. Schaefer, CFA
President & Chief Executive Officer – Argus Wealth Management Limited

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.

Support Unit Heads

Simon Giffen, CFA, TEP
Group Investment Manager

Thomas Healy, ACMA
Financial Controller – Employee Benefits

Onesimus Nzabalinda, MBA, MSc, CISA, CFE, CEISC
Head of Risk & Compliance

Wanda E. Richardson, MA, SPHR
Executive Vice President – Client Solutions

Hannah Ross, FIA
Chief Actuary

David Simons, CPA, CA
Financial Controller – Global Property and Casualty

Nik Smale, BEng
Executive Vice President – Innovation & Technology

Sheena M. Smith, CPA
Vice President – Financial Reporting

Kellianne M. Smith, BA
Head of Global Human Resources & Organisational Development

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 of 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.

Leadership & Governance

Principal Operating Subsidiaries

Bermuda

Argus Insurance Company Limited
Paul C. Wollmann (Chairman)
John Doherty
Peter J. Dunkerley
Alison S. Hill

Bermuda Life Insurance Company Limited
Timothy C. Faries (Chairman)
Peter J. Dunkerley
Alison S. Hill
Shelia E. Nicoll
Kim R. Wilkerson
E. Barclay Simmons

Centurion Insurance Services Limited
Alison S. Hill (Chairman)
Andrew H. Bickham
Peter J. Dunkerley

Argus Wealth Management Limited
Robert D. Steinhoff (Chairman)
Peter R. Burnim
Peter J. Dunkerley
Timothy Faries

Argus International Life Bermuda Limited
Paul C. Wollmann (Chairman)
Peter R. Burnim
Peter J. Dunkerley

Argus International Life Insurance Limited
Paul C. Wollmann (Chairman)
Peter R. Burnim
Peter J. Dunkerley
Alison S. Hill

Bermuda Life Worldwide Limited
Paul C. Wollmann (Chairman)
Peter R. Burnim
Peter J. Dunkerley
Alison S. Hill

Canada

One Team Health, Inc.
Alison S. Hill (Chairman)
Peter J. Dunkerley
Peter Lozier
George N.H. Jones

Gibraltar

Argus Insurance Company (Europe) Limited
Sheila E. Nicoll (Chairman)
Keith W. Abercromby
Peter R. Burnim
Alison S. Hill
Tyrone Montovio
Michael Oliver

WestMed Insurance Services Limited
Alison S. Hill (Chairman)
Tyrone Montovio
John L. Stagnetto

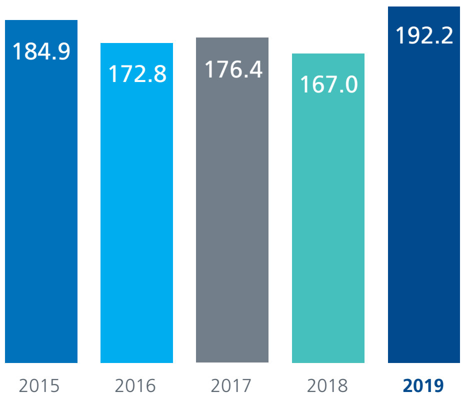
Malta

Argus Insurance Agencies Limited
Charles Farrugia (Chairman)
Alison S. Hill
Tyrone Montovio
Sheila E. Nicoll

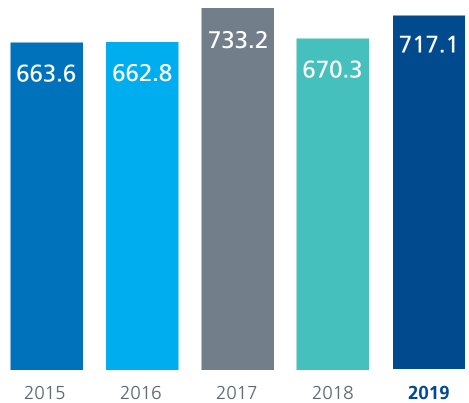
Island Insurance Brokers Limited
Sheila E. Nicoll (Chairman)
Dr. Carmel Cascun
Peter J. Dunkerley
Alison S. Hill
Barbara J. Merry
Lawrence Pavia

Five-Year Summary

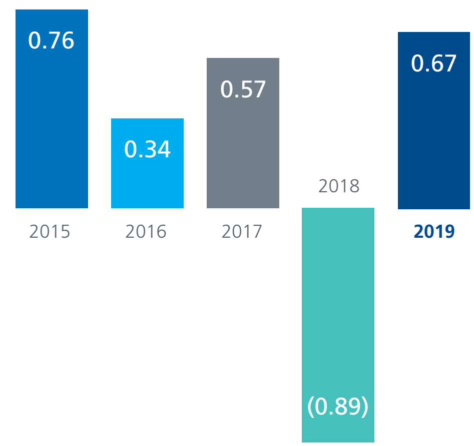
TOTAL REVENUE
(In millions)



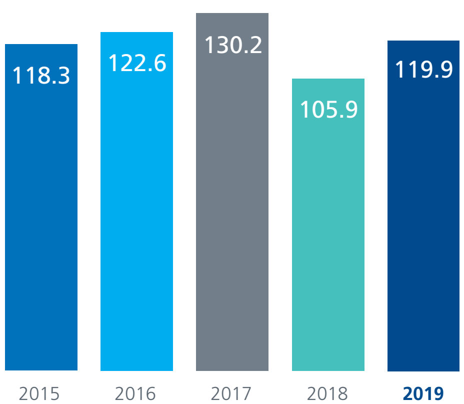
TOTAL GENERAL FUND ASSETS
(In millions)



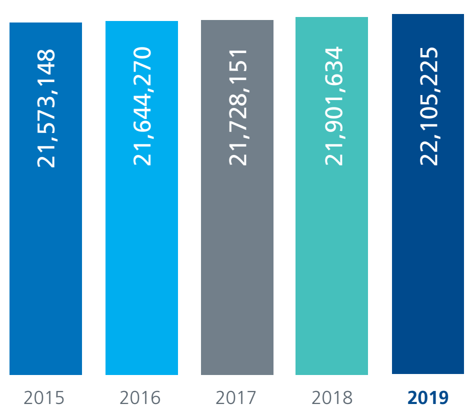
EARNINGS PER SHARE
Fully Dilutes



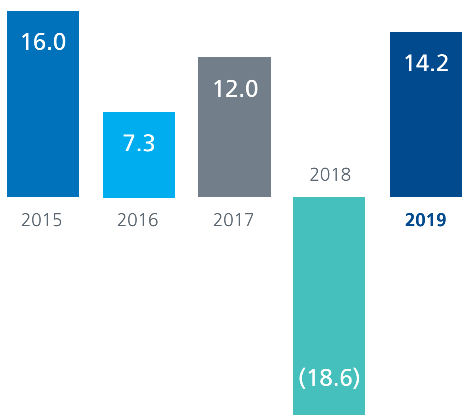
SHAREHOLDERS' EQUITY
(In millions)



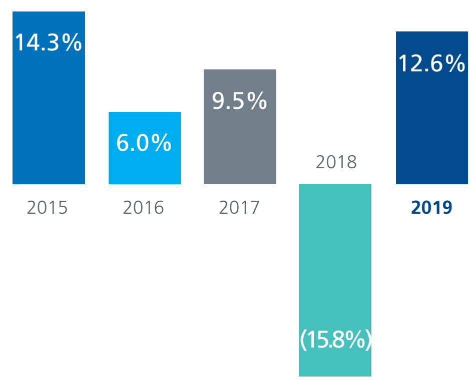
SHARES IN ISSUE



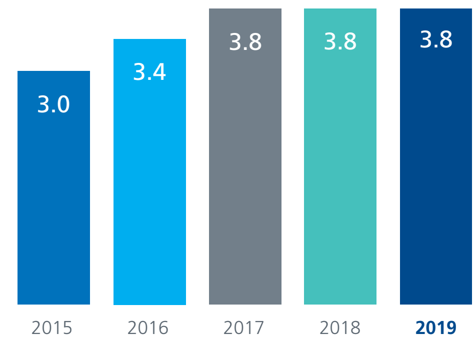
EARNINGS ATTRIBUTABLE TO SHAREHOLDERS
(In millions)



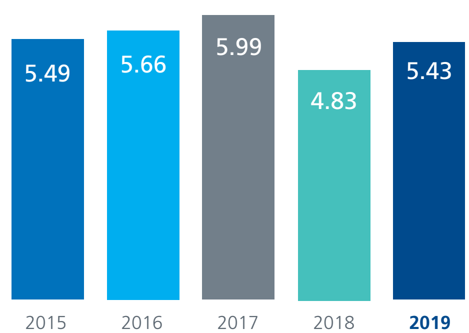
RETURN ON SHAREHOLDERS' EQUITY



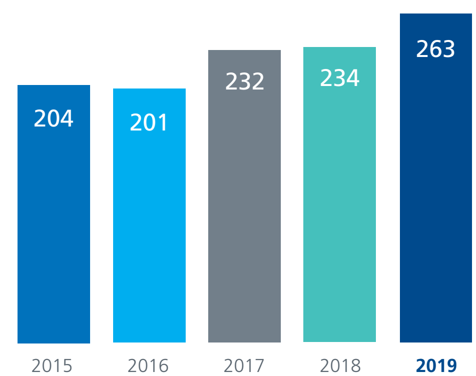
DIVIDENDS
(In millions)



BOOK VALUE PER SHARE



EMPLOYEES



Section Five

Financials

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 52 through 110 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 July 11, 2019.

Alison S. Hill
Chief Executive Officer

Peter J. Dunkerley
Chief Financial Officer

July 11, 2019

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, 2019 and 2018, 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, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 50 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

July 11, 2019

Consolidated Balance Sheets

(In $ thousands)	Note	MARCH 31 2019	MARCH 31 2018
Assets			
Cash and short-term investments	4	51,381	32,285
Interest and dividends receivable		3,061	2,570
Assets held-for-sale	3	35,355	38,871
Investments	5,6	463,695	446,231
Receivable for investments sold		29,810	14,832
Insurance balances receivable	7	17,310	16,548
Reinsurers' share of:			
Claims provisions	14	27,304	28,477
Unearned premiums	14	9,598	9,273
Other assets	8	6,123	6,804
Deferred policy acquisition costs	9	1,329	1,351
Investment properties	10	11,300	11,476
Investment in associates	11	2,874	2,766
Property and equipment	12	54,563	54,833
Intangible assets	13	3,387	4,006
TOTAL GENERAL FUND ASSETS		717,090	670,323
Segregated fund assets held-for-sale	3	594,436	691,033
Segregated fund assets from continuing operations	31	936,444	919,439
TOTAL SEGREGATED FUND ASSETS		1,530,880	1,610,472
TOTAL ASSETS		2,247,970	2,280,795

(In $ thousands)	Note	MARCH 31 2019	MARCH 31 2018
Liabilities			
Insurance contract liabilities	14	242,737	241,290
Insurance balances payable	15	15,426	18,022
Payables arising from investment transactions	16	56,561	26,900
Investment contract liabilities	17	241,782	236,849
Liabilities held-for-sale	3	17,701	20,127
Taxes payable		156	109
Accounts payable and accrued liabilities		19,432	17,805
Post-employment benefit liabilities	18	3,311	3,339
TOTAL GENERAL FUND LIABILITIES		597,106	564,441
Segregated fund liabilities held-for-sale	3	594,436	691,033
Segregated fund liabilities from continuing operations	31	936,444	919,439
TOTAL SEGREGATED FUND LIABILITIES		1,530,880	1,610,472
TOTAL LIABILITIES		2,127,986	2,174,913
Equity			
Attributable to shareholders of the Company			
Share capital		16,854	16,494
Contributed surplus		53,161	52,629
Retained earnings		51,295	41,087
Accumulated other comprehensive loss	22	(1,381)	(4,337)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		119,929	105,873
Attributable to non-controlling interests		55	9
TOTAL EQUITY		119,984	105,882
TOTAL EQUITY AND LIABILITIES		2,247,970	2,280,795

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	2019	2018
Revenue			
Gross premiums written		177,997	172,836
Reinsurance ceded		(38,331)	(37,052)
Net premiums written		139,666	135,784
Net change in unearned premiums	14.3	(431)	(811)
Net premiums earned		139,235	134,973
Investment income	5.4	15,457	3,544
Share of earnings/(loss) of associates and impairment	11	(257)	(6,940)
Commissions, management fees and other	24	37,739	35,438
		192,174	167,015
Expenses			
Policy benefits		20,292	15,607
Claims and adjustment expenses		100,198	102,623
Reinsurance recoveries	25	(8,284)	(8,280)
Gross change in contract liabilities	26	(185)	28,784
Change in reinsurers' share of claims provisions	26	(613)	(16,123)
NET BENEFITS AND CLAIMS		111,408	122,611
Commission expenses		5,149	4,883
Operating expenses	27	55,326	51,501
Amortisation, depreciation and impairment	12,13	5,283	6,314
		177,166	185,309
EARNINGS/(LOSS) BEFORE INCOME TAXES		15,008	(18,294)
Income tax expense	30	776	232
NET EARNINGS/(LOSS) FOR THE YEAR		14,232	(18,526)
Attributable to:			
Shareholders of the Company		14,186	(18,634)
Non-controlling interests		46	108
		14,232	(18,526)
Earnings per share:	23		
Basic		*0.67*	*(0.89)*
Fully diluted		*0.67*	*(0.89)*

The accompanying notes form part of these consolidated financial statements.

Consolidated Statements of Comprehensive Operations

For the years ended March 31 (In $ thousands)	Note	2019	2018
Net Earnings/(Loss) for the Year		14,232	(18,526)
OTHER COMPREHENSIVE EARNINGS/(LOSS)			
Items that will not be reclassified to net earnings:			
Post-employment medical benefit obligation remeasurement	18	29	123
Items that are or may subsequently be reclassified to net earnings:			
Change in unrealised gains/(losses) on available-for-sale investments		4,122	(2,445)
Change in unrealised gains/(losses) on translating financial statements of foreign operations		(1,195)	1,586
Investment in associates		-	(12)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		2,956	(748)
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		17,188	(19,274)
OTHER COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		2,956	(748)
Non-controlling interests		-	-
		2,956	(748)
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Shareholders of the Company		17,142	(19,382)
Non-controlling interests		46	108
		17,188	(19,274)

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	2019	2018
Share Capital			
Authorised:			
25,000,000 common shares of $1.00 each (2018 – 25,000,000)		25,000	25,000
Issued and fully paid, beginning of year 21,901,634 shares (2018 – 21,728,151 shares)		21,901	21,728
Add: Shares issued under the dividend reinvestment plan 203,591 shares (2018 – 173,483 shares)		204	173
Deduct: Shares held in Treasury, at cost 930,795 shares (2018 – 917,784 shares)		(5,251)	(5,407)
BALANCE, NET OF SHARES HELD IN TREASURY, END OF YEAR		16,854	16,494
Contributed Surplus			
Balance, beginning of year		52,629	53,183
Stock-based compensation expense		163	173
Treasury shares granted to employees		(164)	(169)
Shares issued under the dividend reinvestment plan	21	533	501
Acquisition of non-controlling interests		-	(1,059)
BALANCE, END OF YEAR		53,161	52,629
Retained Earnings			
Balance, beginning of year		41,087	63,688
Net earnings for the year		14,186	(18,634)
Dividends	21	(3,791)	(3,787)
Loss on treasury shares granted to employees		(187)	(180)
BALANCE, END OF YEAR		51,295	41,087
Accumulated other Comprehensive Loss			
Balance, beginning of year		(4,337)	(3,589)
Other comprehensive income/(loss)		2,956	(748)
BALANCE, END OF YEAR		(1,381)	(4,337)
TOTAL ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		119,929	105,873
Attributable to Non-controlling Interests			
Balance, beginning of year		9	1,344
Net earnings/(loss) for the year		46	108
Distributions to non-controlling interests		-	(1,443)
TOTAL EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		55	9
TOTAL EQUITY		119,984	105,882

The accompanying notes form part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(In $ thousands)	MARCH 31 2019	MARCH 31 2018
OPERATING ACTIVITIES		
Earnings/(loss) before income taxes	15,008	(18,294)
Adjustments to reconcile net earnings/(loss) to cash basis		
Bad debt expense	1,056	60
Interest income	(12,952)	(13,085)
Dividend income	(1,489)	(1,454)
Investment income related to Deposit administration pension plans	1,713	1,776
Net realised and unrealised gains on investments	(2,280)	(1,884)
Amortisation of mortgages and net premium of bonds	2,105	1,339
Net impairment losses on investments	(148)	9,918
Share of earnings/(loss) of associates, including impairment	257	6,940
Net realised and unrealised (gains)/losses on investment properties	176	954
Amortisation, depreciation and impairment	5,283	6,314
Expense on vesting of stock-based compensation	163	173
	(6,116)	11,051
Change in operating balances		
Insurance balances receivable	(1,209)	(3,314)
Reinsurers' share of:		
Claims provisions	(630)	(16,038)
Unearned premiums	(498)	(181)
Other assets	(2,006)	1,287
Deferred policy acquisition costs	(114)	(217)
Insurance contract liabilities	530	30,026
Insurance balances payable	(861)	6,953
Investment contract liabilities	4,933	(5,422)
Accounts payable and accrued liabilities	2,288	(552)
Post employment benefit liability	(28)	48
	2,405	12,590
Interest income received	10,733	11,179
Dividend income received	1,489	1,483
Income tax paid	(557)	(228)
CASH GENERATED FROM OPERATING ACTIVITIES	22,962	17,781

(In $ thousands)	MARCH 31 2019	MARCH 31 2018
INVESTING ACTIVITIES		
Purchase of investments	(1,670,325)	(1,319,214)
Sale and maturity and paydown of investments	1,671,071	1,293,323
Purchase of subsidiary, net of cash acquired	(365)	(677)
Purchase of property and equipment	(4,424)	(2,015)
CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(4,043)	(28,583)
FINANCING ACTIVITIES		
Dividends paid to shareholders	(3,061)	(3,244)
Acquisition of shares held in Treasury	(143)	(841)
Acquisition of non-controlling interests	-	(2,502)
CASH USED IN FINANCING ACTIVITIES	(3,204)	(6,587)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND SHORT-TERM INVESTMENTS	(1,165)	1,416
NET INCREASE/(DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	14,550	(15,973)
CASH AND SHORT-TERM INVESTMENTS, beginning of year	39,805	55,778
CASH AND SHORT-TERM INVESTMENTS, end of year	54,355	39,805
Cash and short-term investments from continuing operations	51,381	32,285
Cash and short-term investments held-for-sale	2,974	7,520
	54,355	39,805

The accompanying notes form part of these consolidated financial statements.

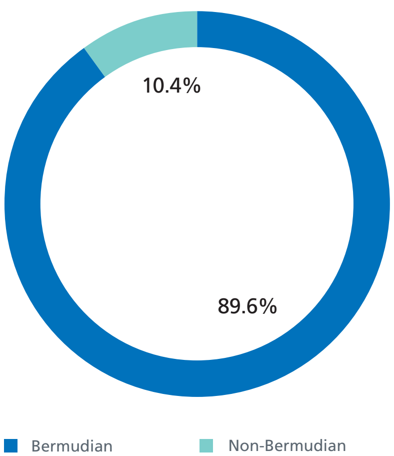
Contents
Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

March 31, 2019

(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, 2019, it has 1,395 shareholders, 84.7 percent of whom are Bermudian, holding 89.6 percent of the issued shares.

The Company and its subsidiaries (the Group) operates predominantly in Bermuda, Gibraltar and Malta underwriting life, health, property and casualty insurance (P&C). The Group also provides investment, savings and retirement products, and administrative services. Refer to Note 19 for details on the composition of the Group and Note 32 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, 2019, were authorised for issue by the Board of Directors on July 11.

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 investment managers and fund administrators;
- 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 10 – Investment Properties; and
Note 11 – 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 5 and Note 17 – Investments and Investment Contract Liabilities; and
Note 14 – 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 significant 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 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. 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.

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 3, Assets and liabilities held-for-sale for a more detailed explanation.

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 (includes 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 transaction.

(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 Income. 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 on available-for-sale debt securities are calculated using the effective interest rate method and are recognised in current period net investment income. Interest income is recognised using the effective interest rate method. 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 premiums 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 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 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 for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Held-to-maturity financial assets and Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together investments 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 premiums are 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 date of the Consolidated Balance Sheets. 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 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 3). Insurance premiums arising from these unit-linked type of 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 which 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.

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 is 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 become exercisable. 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. On exercise, the differences between the expense charged to the Consolidated Statements of Operations and the actual cost to the Group is transferred to Contributed surplus.

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, net of any tax effects.

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

The Group is a lessor and a lessee of assets, primarily in connection with office space leases. Transactions, where substantially all risks and rewards incidental to ownership are transferred from the lessor to the lessee, are accounted for as finance leases. All other leases are accounted for as operating leases. The Group's leases are all accounted for as operating leases.

The Group's assets held-for-leasing are included in Property and equipment and Investment properties. Rental income from operating leases is recorded as revenue on a straight-line basis over the term of the lease. This is shown under Investment income on the Consolidated Statements of Operations.

For leases where the Group is the lessee, payments are charged to Operating expenses on the Consolidated Statements of Operations on a straight-line basis over the period of the lease.

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.

For the purpose of calculating fully diluted earnings per share, the time-weighted average number of shares in issue has been adjusted to reflect the additional shares that would have resulted had all stock options outstanding been exercised and in issue throughout the year. When there is a loss, no potential common shares are included in the computation of fully diluted earnings per share.

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 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, 2018

The Group has applied the following new and revised standards, relevant to the Group, which are issued by IASB that are mandatorily effective for the accounting period beginning April 1, 2018.

2.20.1(a) IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* (IFRS 15), which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and various interpretations. Amendments to IFRS 15 were issued in September 2015 and April 2016. IFRS 15 establishes principles about the nature, amount, timing, and uncertainty of revenue arising from contracts with customers.

Effective April 1, 2018, the Group adopted IFRS 15. This standard requires revenue to be recognised when a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Insurance contracts and revenues arising from those contracts are not within the scope of this standard. Revenues from service contracts and service components of investment contracts, which primarily arise from the Group's investment management, pensions and policyholder administration and brokerage businesses, are within the scope of IFRS 15.

The adoption of IFRS 15 resulted in minor amendments to the Group accounting policies. Timing of revenue recognition has been updated to clarify which fee income are recognised at point in time or over time. Fee income from service contracts are generally recognised over time, as performance obligations are satisfied. Certain fee income from the brokerage and policyholder administration business are recognised at point in time, normally at the inception of the contract when performance obligation is satisfied.

Variable consideration, such as profit commissions from the brokerage business, is recorded as revenue when it is highly probable that significant reversal in the amount of the revenue recognised will not occur.

The adoption of IFRS 15 did not result in transitional adjustments to the consolidated financial statements, as the minor amendments discussed above are consistent with the Group's existing interpretation and application of the revenue recognition policy.

IFRS 15 had consequential disclosure amendments as disclosed in Note 2.10.3 and Note 24.

2.20.1(b) Amendments to IAS 40 Investment Property

In December 2017, the IASB issued Transfers of Investment Property (Amendments to IAS 40). The amendments to IAS 40 *Investment Property* clarify that an entity shall transfer property to, or from, investment property when, and only when, there is evidence of a change in use. The adoption of the standard did not have a significant impact on the 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 2019 and beyond is as follows:

TOPIC	EFFECTIVE DATE FOR THE COMPANY	EXPECTED IMPACT
IFRS 16 *Leases*	April 1, 2019	No significant impact
IFRIC 23 *Uncertainty over Income Tax Treatments*	April 1, 2019	No significant impact
Amendments to IAS 28 *Investments in Associates and Joint Ventures*	April 1, 2019	No significant impact
Annual Improvements to IFRSs 2015-2017 Cycle	April 1, 2019	No significant impact
2018 Conceptual Framework	April 1, 2020	Impact assessment in progress
Amendments to IFRS 3 *Business Combination*	April 1, 2020	Impact assessment in progress
Amendments to IAS 1 *Presentation of Financial Statements and* IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	April 1, 2020	Impact assessment in progress
IFRS 9 *Financial Instruments*	April 1, 2022*	Impact assessment in progress
IFRS 17 *Insurance Contracts*	April 1, 2022	Impact assessment in progress

* Deferral option was exercised, refer to discussion in 2.21.8

2.21.1 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 only exemption to this treatment is for lease contracts with a duration of less than one year. The on-balance sheet treatment will result in the grossing up of the balance sheet due to a right-of-use asset being recognised with an offsetting liability. Lessor accounting under the standard remains largely unchanged with previous classifications of operating and finance leases being maintained.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments, etc.). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15. The Group adopted IFRS 15 in 2018 and the adoption did not have significant impact to the financial statements.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group plans to adopt IFRS 16 using the modified retrospective approach and to recognise the right-of-use assets at an amount equal to the related lease liabilities at the date of initial application. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balances of property, plant and equipment and accounts payable and accrued liabilities at April 1, 2019, with no restatement of comparative information. The Group will elect to use the exemptions in the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has agreements pertaining to certain office equipment that are considered of low value. The adoption of the standard is not expected to have a significant impact to the Group’s consolidated financial statements.

No significant impact is expected for other leases in which the Group is a lessor.

2.21.2 IFRIC 23 *Uncertainty over Income Tax Treatments (IFRIC 23)*

In June 2017, the IASB issued IFRIC 23 *Uncertainty over Income Tax Treatments* (IFRIC 23), which was developed by the IFRS Interpretations Committee. IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments, and requires an entity to determine whether tax treatments should be considered collectively or independently. In addition, IFRIC 23 addresses the assumptions an entity should make about the examination of tax treatments by taxation authorities, as well as how an entity should consider changes in facts and circumstances. IFRIC 23 also provides guidance on how to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates, based on whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

IFRIC 23 is to be applied retrospectively, or on a cumulative retrospective basis. Adoption of this standard is not expected to have a significant impact to the consolidated financial statements.

2.21.3 Amendments to IAS 28 *Investments in Associates and Joint Ventures*

In October 2017, the IASB issued narrow-scope amendments to IAS 28 *Investments in Associates and Joint Ventures* (IAS 28). The amendments clarify that long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for following the requirements of IFRS 9. The amendments are to be applied retrospectively with certain exceptions. As the Group will not adopt IFRS 9 until 2022, the Group is required to apply IAS 39 to the long-term interests in associates or joint ventures covered by these amendments. The adoption of the standard is not expected to have a significant impact to the Group’s consolidated financial statements.

2.21.4 Annual Improvements to IFRSs 2015-2017 Cycle

In December 2017, the IASB issued *Annual Improvements to IFRSs 2015-2017 Cycle*, which includes minor amendments to four IFRS standards. Adoption of this standard is not expected to have a significant impact to the consolidated financial statements.

2.21.5 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. Management is assessing the impact of this standard on the consolidated financial statements.

2.21.6 Amendments to IFRS 3 *Business Combinations*

Amendments to IFRS 3 *Business Combinations* were issued in October 2018. 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. Management is assessing the impact of this standard on the consolidated financial statements.

2.21.7 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. Management is assessing the impact of these standard on the consolidated financial statements.

2.21.8 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, 2022, 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, 2018, the Group is eligible to apply 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 $1.6 billion (Note 31). Management is proceeding on the assumption that the Group will apply the temporary exemption from the adoption of IFRS 9 and defer the implementation of IFRS 9 until a later date; however, no later than the period beginning April 1, 2022.

The Group will continue to apply IAS 39 until April 1, 2022.

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 5.1.
- 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 20.3.1(d)(i).

2.21.9 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 requires entities to measure insurance contract liabilities at their current fulfillment values using one of three measurement models, depending on the nature of the contract. IFRS 17 is effective for annual periods beginning on or after January 1, 2021, 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 tentatively decided to defer the effective date of IFRS 17 and IFRS 9 by one year, to April 1, 2022.

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, Risk, Operations and Investment Management oversees the work performed by the third-party advisory team and the internal individual work streams. The third-party advisory team works with the technical committee in the assessment of the Group accounting policies and methodologies and with the transformation committee for assessment of systems implications and data flows. The Group is expecting that adoption of this standard will have a significant impact on the Group's consolidated financial statements.

3 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. However, due to circumstances beyond the Group's control, the sale was not completed. The Group is currently active in the market to locate potential buyers, has distributed offering documents and has signed nondisclosure agreements with interested parties.

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. The Group is currently close to finalising the sale of the majority of the assets and the sale is expected to be finalised in the next fiscal year.

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

AS AT MARCH 31	2019	2018
Cash and short-term investments	2,974	7,520
Insurance balances receivable	1,574	2,146
Investments	24,611	25,100
Reinsurers' share of:		
Claims provisions	3,462	3,151
Unearned premium	71	82
Other assets	1,798	7
Intangible assets	865	865
Total General fund assets held-for-sale	35,355	38,871
Due from related parties (1)	-	4,603
Segregated fund assets held-for-sale	594,436	691,033
	629,791	734,507
LIABILITIES		
Life and annuity policy reserves	11,997	16,170
Insurance balances payable	4,663	3,597
Accounts payable and accrued liabilities	1,041	360
Total General fund liabilities held-for-sale	17,701	20,127
Due to related parties (1)	1,872	-
Segregated fund liabilities held-for-sale	594,436	691,033
	614,009	711,160

(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.

4 Cash and Short-term Investments

AS AT MARCH 31	2019	2018
Cash at bank and in hand	42,387	12,953
Short-term investments	8,994	19,332
	51,381	32,285

Included in Cash at bank and in hand is restricted cash of €2.3 million ($2.5 million) (2018 – €2.9 million ($3.2 million)). Certain subsidiaries have arrangements in place on behalf of clients in order to comply with regulatory requirements in Malta.

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, 2019, the Group's bank overdraft position is $nil million (2018 – $5.3 million).

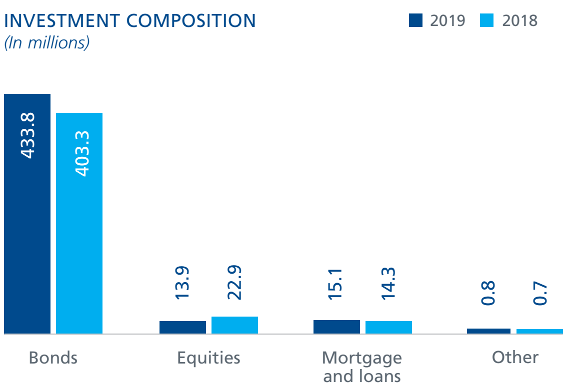
5 Investments

5.1 CARRYING VALUES AND ESTIMATED FAIR VALUES OF INVESTMENTS

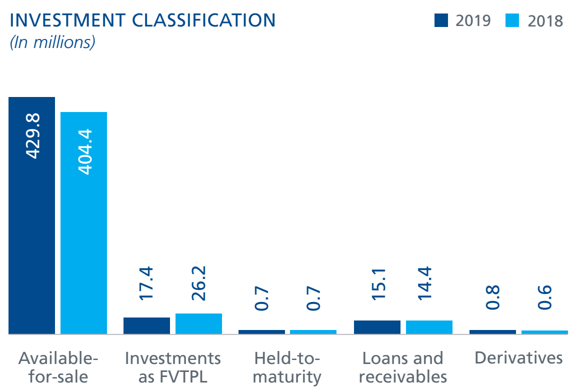
	MARCH 31, 2019		MARCH 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Available-for-sale				
Bonds	418,933	418,933	388,314	388,314
Equities	10,840	10,840	16,077	16,077
	429,773	429,773	404,391	404,391
Investments at FVTPL				
Bonds	14,265	14,265	19,359	19,359
Equities	3,091	3,091	6,857	6,857
	17,356	17,356	26,216	26,216
Held-to-maturity				
Bonds	651	666	701	743
	651	666	701	743
Loans and receivables				
Mortgages and loans	15,086	15,445	14,272	15,015
Policy loans	40	40	81	81
	15,126	15,485	14,353	15,096
Derivatives				
Other (1)	707	707	455	455
Foreign currency forward contracts	82	82	115	115
	789	789	570	570
TOTAL INVESTMENTS	463,695	464,071	446,231	447,016

(1) 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 of $152.8 million (2018 – $152.7 million), which are maintained under the Interest Accumulator Account. The separate account is set up to provide policyholders certain protection from creditors of the Group. These investments are included in the assets supporting the Group's deposit administration pension plans.

Equities include investment in certain companies domiciled in Bermuda of $2.9 million (2018 – $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 2.21.8, the Group has investments of $394.8 million that meet the SPPI criterion. This refers to bonds, mortgages and loans, and policy loans. Investments with a carrying value of $68.9 million do not have SPPI qualifying cash flows as at March 31, 2019. The change in the fair value of these invested assets during the year is a loss of $0.4 million.

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

5.2 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	2019	2018
Derivative assets		789	570
Derivative liabilities	16	(332)	(336)
Collateral (1)		914	680

(1) Collateral refers to cash held in favour of third parties, which is included in Cash and short-term investments on the Consolidated Balance Sheets.

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	2019	2018
Derivative financial instruments		
Foreign currency forward	372	(300)
Other derivatives (1)	606	296
TOTAL NET EARNINGS/(LOSSES) FROM DERIVATIVE FINANCIAL INSTRUMENTS	**978**	**(4)**

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

5.2.1 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 or 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 adjust rapidly 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 20.3.

At March 31, 2019, the Group has outstanding futures with long positions of $18.5 million and short positions of $18.0 million based on notional values (2018 – long positions of $12.0 million and short positions of $14.5 million).

5.2.2 Options

The Group's investment guidelines permit the use of exchange-traded options on U.S. treasury futures and Eurodollar futures, 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, 2019, the Group has options with long positions of $nil and short positions of $7.2 million based on notional values (2018 – long positions of $nil and short positions of $7.3 million).

5.2.3 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 20.3.

At March 31, 2019, the Group has open interest rate swaps with long positions of $nil million and short positions of $30.8 million based on notional values (2018 – long positions of $0.7 million and short positions of $8.6 million).

5.2.4 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, 2019, the Group has open CDS contracts with long positions of $7.5 million and short positions amounted to $7.3 million based on notional values (2018 – long positions of $4.6 million and short positions of $4.2 million).

5.2.5 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, 2019	Notional Short	Notional Long
Argentine Peso	11,273	22,546
Australian Dollar	693	-
Euro	384	2,998
Indian Rupee	-	25,649
Mexican Peso	-	6,826
Russian Rouble	-	39,347
Sterling	1,154	1,648
U.S. Dollar	2,628	8,179

MARCH 31, 2018	Notional Short	Notional Long
Argentine Peso	-	-
Australian Dollar	883	-
Euro	5,620	2,810
Indian Rupee	-	45,002
Mexican Peso	-	20,045
Russian Rouble	6,967	46,315
Sterling	2,010	1,005

At March 31, 2019, the U.S. dollar equivalent and notional value of outstanding foreign currency forward contracts with long positions and short positions amounted to $7.4 million and $2.3 million respectively (2018 – $6.7 million and $10.5 million).

The Group also held foreign currency forward contracts denominated in African, Asian and South American currencies as of March 31, 2019. The U.S. dollar equivalent of notional value of these outstanding foreign currency forward contracts with long positions and short positions amounted to $0.8 million and $0.8 million, respectively (2018 – long positions of $1.5 million and short positions of $1.3 million).

5.3 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 in Payables arising from investment transactions. 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 $1.1 billion (2018 – $3.5 billion) which are shown net in cash flows generated from/(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, 2019 and 2018, the Group does not hold any outstanding balances arising from reverse repos.

5.4 INVESTMENT INCOME

AS AT MARCH 31	2019	2018
Interest income		
Bonds – available-for-sale	12,928	11,940
Bonds – at FVTPL	182	306
Bonds – held-to-maturity	30	33
Mortgages and loans	712	737
Cash and other	410	69
	14,262	13,085
Dividend income		
Equities – available-for-sale	1,359	1,155
Equities – at FVTPL	130	299
	1,489	1,454
Net realised and unrealised gains/(losses) on investments		
Bonds – available-for-sale	(1,793)	1,209
Bonds – at FVTPL	(134)	(392)
Bonds – held-to-maturity	-	-
Equities – at FVTPL	1,666	308
Equities – available-for-sale	1,579	763
Derivative financial instruments	962	(4)
Investment properties	(176)	(954)
	2,104	930
Other		
Amortisation of premium on bonds	(1,310)	(1,339)
Rental income and other	477	1,108
Mortgages and loans – recovery of previously recognised impairment/(impairment) (1)	148	(9,918)
	(685)	(10,149)
INVESTMENT INCOME BEFORE DEDUCTIONS	17,170	5,320
Deductions		
Investment income relating to Deposit administration pension plans	(1,713)	(1,776)
INVESTMENT INCOME	15,457	3,544

(1) In the prior year, the Group recorded an impairment on certain non-residential mortgages, classified under Assets-held-for-sale (Note 3.) 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.

5.5 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 6.

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 tactical 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 will be 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, 2019 is $73.1 million (2018 – $110.4 million).

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

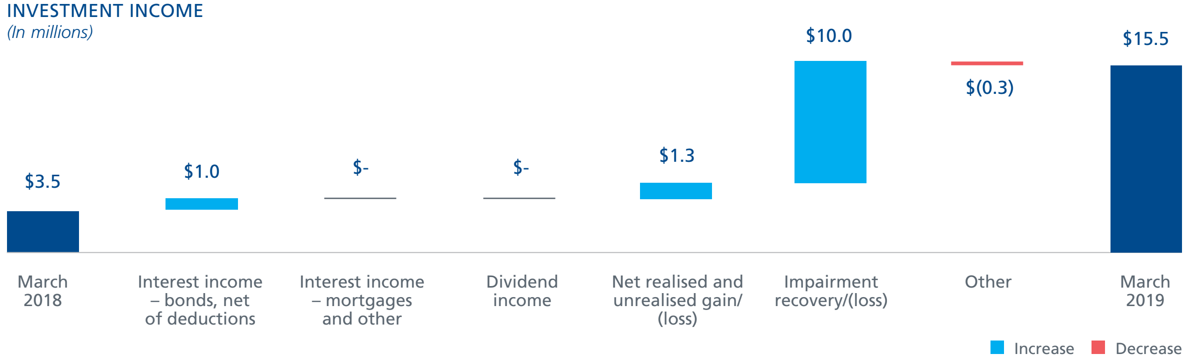
AS AT MARCH 31	2019 Consolidation Statements of Operations	Other Comprehensive Income
Investment Income	3,080	-
Net unrealised gains on investments	-	767
	3,080	767

AS AT MARCH 31	2018 Consolidation Statements of Operations	Other Comprehensive Income
Investment Income	5,039	-
Net unrealised gains on investments	-	(1,082)
	5,039	(1,082)

If the investments had not been redesignated, $0.8 million (2018 – $1.1 million) would have been recognised in Investment income 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 3.6 percent to 6.6 percent (2018 – 4.4 percent to 6.6 percent), with expected recoverable cash flows of $114.9 million (2018 – $155.3 million).

INVESTMENT INCOME
(In millions)



6 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, 2019 and 2018.

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 carrying values of certain short-term assets and liabilities approximate fair value and are categorised as 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.

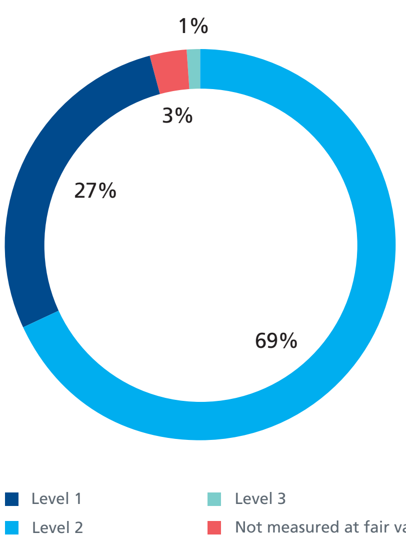
Level 3 investments are securities for which valuation techniques are not based on observable market data. The Group classifies hard-to-value assets and unquoted/private equities as Level 3 assets, as the valuation technique incorporates both observable and unobservable inputs. These investments may 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.

6.1 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 2019



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
Investments at FVTPL				
Bonds				
U.S. government	14,265	-	-	14,265
Total Bonds at FVTPL	14,265	-	-	14,265
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
Accounts payable and accrued liabilities	-	18,392	-	18,392
TOTAL LIABILITIES AT FAIR VALUE	-	75,657	-	75,657
SEGREGATED FUNDS				
From continuing operations	1,678	934,736	-	936,444
Held-for-sale	34,193	404,254	155,989	594,436
	35,871	1,339,020	155,989	1,530,880

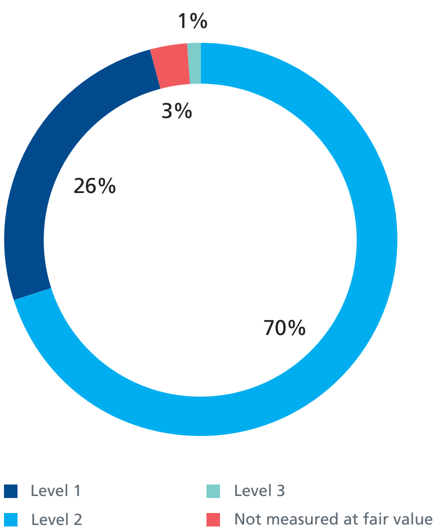
(1) Investment in bond funds.

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

MARCH 31, 2018	Level 1	Level 2	Level 3	Total Fair Value
Cash and short-term investments	32,285	-	-	32,285
Interest and dividends receivable	-	2,570	-	2,570
Available-for-sale investments				
Bonds				
U.S. government	75,952	-	-	75,952
U.S. corporates	-	178,075	-	178,075
Municipal, other government and agency	-	23,928	-	23,928
Foreign corporates	-	7,855	-	7,855
Mortgage/asset-backed securities	-	70,736	-	70,736
Other (1)	-	31,768	-	31,768
Total Available-for-sale bonds	75,952	312,362	-	388,314
Equities				
Global listed equities	1,127	-	-	1,127
Investment in equity funds	-	12,773	-	12,773
Private equity funds and unquoted equities	-	-	961	961
Total Available-for-sale equities	1,127	12,773	961	14,861
TOTAL AVAILABLE-FOR-SALE INVESTMENTS	77,079	325,135	961	403,175
Investments at FVTPL				
Bonds				
U.S. government	19,359	-	-	19,359
Other (1)	-	-	-	-
Total Bonds at FVTPL	19,359	-	-	19,359
Equities				
Bermuda listed equities	2,500	-	1,795	4,295
Global listed equities	2,411	-	-	2,411
Private equity funds and unquoted equities	-	-	151	151
Total Equities at FVTPL	4,911	-	1,946	6,857
TOTAL INVESTMENTS AT FVTPL	24,270	-	1,946	26,216
Derivatives	-	570	-	570
Receivable for investments sold	-	14,832	-	14,832
Other financial assets under Other assets	-	3,056	-	3,056
Investment properties	-	11,476	-	11,476
TOTAL ASSETS AT FAIR VALUE	133,634	357,639	2,907	494,180
LIABILITIES				
Investment contract liabilities	-	2,516	-	2,516
Payables arising from investment transactions	-	26,900	-	26,900
Accounts payable and accrued liabilities	-	17,805	-	17,805
TOTAL LIABILITIES AT FAIR VALUE	-	47,221	-	47,221
SEGREGATED FUNDS				
From continuing operations	1,569	917,870	-	919,439
Held-for-sale	31,539	558,136	101,358	691,033
	33,108	1,476,006	101,358	1,610,472

(1) Investment in bond funds.

ASSET FAIR VALUE LEVELLING 2018



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, 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

MARCH 31, 2018	At FVTPL Bonds	At FVTPL Equities	Available-for-sale Bonds	Available-for-sale Equities	Total
Balance, beginning of year	-	151	3,199	1,074	4,424
Included in Investment income	-	-	-	10	10
Included in Other comprehensive income	-	-	6	39	45
Transfer from Investment in associates to Level 3 investments (Note 11.1)	-	1,795	-	-	1,795
Re-designation of investments	-	-	(1,667)	-	(1,667)
Sales/Write Off	-		(1,538)	(162)	(1,700)
	-	1,946	-	961	2,907

6.2 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.

6.3 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 and 2 during the year ended March 31, 2019 and 2018.

As at March 31, 2019, there were $nil (2018 – $1.7 million) investments Transfer out of Level 3.

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	15,086
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	16,994
LIABILITIES					
Investment Contract liabilities (3)	-	232,048	-	232,048	241,078
TOTAL LIABILITIES DISCLOSED AT FAIR VALUE	-	232,048	-	232,048	241,078

MARCH 31, 2018	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
ASSETS					
Held-to-maturity bonds (1)	-	743	-	743	701
Mortgages and loans (2)	-	15,015	-	15,015	14,272
Private equities	-	-	1,216	1,216	1,216
Policy loans	-	81	-	81	81
TOTAL ASSETS DISCLOSED AT FAIR VALUE	-	15,839	1,216	17,055	16,270
LIABILITIES					
Investment Contract liabilities (3)	-	224,559	-	224,559	234,333
TOTAL LIABILITIES DISCLOSED AT FAIR VALUE	-	224,559	-	224,559	234,333

(1) Fair value of bonds – refer to Note 6 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.

7 Insurance Balances Receivable

Insurance balances receivable is comprised of:

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

MARCH 31, 2018	Employee Benefits	Wealth Management	Global Property and Casualty	Total
Due from policyholders, agents and brokers	1,976	48	12,136	14,160
Due from reinsurers	2,388	-	-	2,388
TOTAL INSURANCE BALANCES RECEIVABLE	4,364	48	12,136	16,548

8 Other Assets

AS AT MARCH 31	2019	2018
Other financial assets		
Fees receivable	1,702	680
Receivable from self-funded group health policies	-	906
Notes and other receivables	1,306	1,470
TOTAL OTHER FINANCIAL ASSETS	3,008	3,056
Income taxes receivable	3	226
Prepaid expenses	3,112	3,522
TOTAL OTHER ASSETS	6,123	6,804

9 Deferred Policy Acquisition Costs

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

AS AT MARCH 31	2019	2018
Balance, beginning of year	1,351	964
Deferral during the year	4,292	3,912
Expense for the year	(4,178)	(3,695)
Foreign exchange rate movements	(136)	170
BALANCE, END OF YEAR	1,329	1,351

10 Investment Properties

	Fair Value
Balance, April 1, 2017	12,225
Additions	501
Disposals	(296)
Loss on Disposals	(104)
Unrealised gains and losses from change in fair value	(850)
Balance, March 31, 2018	11,476
Additions	-
Disposals	-
Loss on Disposals	-
Unrealised gains and losses from change in fair value	(176)
BALANCE, MARCH 31, 2019	11,300

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.

During 2018, the Group acquired the ownership rights to a residential property used as a collateral for a mortgage loan. The residential property was recorded at fair market value assessed by the independent appraiser.

The Group has entered into operating leases for certain investment properties. The rental income arising during the year amounted to $0.6 million (2018 – $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 (2018 – $0.8 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.

11 Investment in Associates

The Group's investment in associates of $2.9 million (2018 – $2.8 million) comprised of equity interests in a number of individually immaterial associates. The following table analyses, in aggregate, share of earnings and other comprehensive income of these associates:

AS AT MARCH 31	2019	2018
Share of earnings/(loss) of associates	(257)	(1,151)
Impairment loss	-	(5,789)
Total share of earnings/(loss) of associates and impairment	(257)	(6,940)
Share of Other comprehensive income of associates	-	(12)
TOTAL SHARE OF COMPREHENSIVE OPERATIONS OF ASSOCIATES AND IMPAIRMENT	(257)	(6,952)

11.1 IMPAIRMENT AND LOSS OF SIGNIFICANT INFLUENCE

The Group holds an investment in an associate that is a diversified public company engaged in various activities, including distribution of automotive parts and provision of automotive services, provision of facilities management services, and the provision of cabling, networking and telephony installation and maintenance services. As a result of the continued decline in the associate's published fair value and the suspension of dividends in December 2017, the Group recognised an impairment of $5.8 million on the March 31, 2018, Consolidated Statement of Operations. The impairment represents the amount to write down the equity of this investment to the published fair value.

Subsequently, the Group reclassified this investment from Investment in associates to an equity investment at FVTPL (Note 5) as at March 31, 2018. This change was a result of loss of significant influence over the operational and financial policies of this company. Whilst the Group holds a 28 percent interest, it does not hold a seat on the company's board of directors and has restricted access to timely financial and technical information.

11.2 CONTINGENCIES AND RESTRICTIONS

Included in Investment in associates is a 40.5 percent interest (2018 – 35.5 percent) in a private company domiciled in Bermuda. The carrying value of this investment as at March 31, 2019, is $2.7 million (2018 – $2.6 million). The Group has issued a guarantee in respect of its proportionate share of a term bank loan facility totalling $5.2 million (2018 – $5.4 million).

12 Property and Equipment

	Land and buildings	Computer equipment	Furniture and other equipment	Total
Gross carrying amount				
Balance, March 31, 2017	78,337	34,139	6,789	119,265
Additions	14	1,856	147	2,017
Retirements (1)	-	(61)	(14)	(75)
Foreign exchange rate movements	71	13	46	130
Balance, March 31, 2018	78,422	35,947	6,968	121,337
Additions	137	4,214	74	4,425
Retirements (1)	-	-	-	-
Foreign exchange rate movements	(47)	(7)	(35)	(88)
BALANCE, MARCH 31, 2019	78,512	40,154	7,007	125,674
Accumulated depreciation				
Balance, March 31, 2017	28,301	26,851	6,093	61,245
Depreciation charge for the year	2,541	951	206	3,698
Retirements (1)	-	(61)	(14)	(75)
Impairment	1,550	-	-	1,550
Foreign exchange rate movements	43	9	34	86
Balance, March 31, 2018	32,435	27,750	6,319	66,504
Depreciation charge for the year	2,364	1,983	317	4,664
Retirements (1)	-	-	-	-
Impairment	-	-	-	-
Foreign exchange rate movements	(33)	(4)	(20)	(57)
BALANCE, MARCH 31, 2019	34,766	29,729	6,616	71,111
Net carrying amount:				
As at March 31, 2018	45,987	8,197	649	54,833
AS AT MARCH 31, 2019	43,746	10,426	391	54,563

(1) Certain computer, furniture and other equipment under the Global Property and Casualty operating segment were retired. These assets were fully depreciated and were no longer used by the Group.

As a result of the continued decline in the appraised value, the Group wrote down the carrying value of a property from $3.8 million to the appraised value of $2.2 million as at March 31, 2018. This property is held under the All Other operating segment.

The appraised value represents the fair value of the property being impaired and is determined by external property valuers. Fair value is based on market data from recent comparable transactions and falls under Level 2 in the fair value hierarchy.

There were no impairments recognised for the year ended March 31, 2019.

13 Intangible Assets

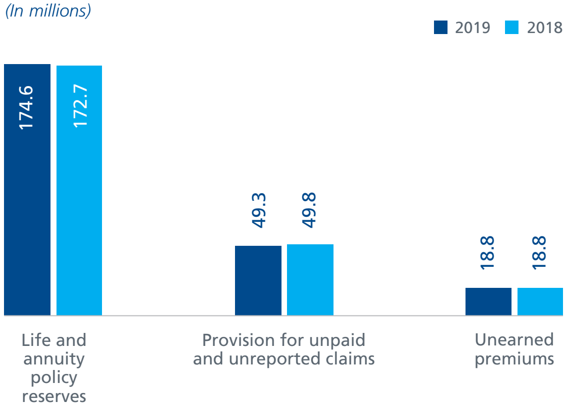
	Note	Total
Gross carrying amount		
Balance, March 31, 2017		28,706
Reclassification to Assets held-for-sale		(13,194)
Foreign exchange adjustments		93
Balance, March 31, 2018		15,605
Foreign exchange adjustments		(276)
BALANCE, MARCH 31, 2019		15,329
Accumulated amortisation and impairment losses		
Balance, March 31, 2017		22,782
Amortisation charge for the year		1,066
Reclassification to Assets held-for-sale		(12,329)
Foreign exchange adjustments		80
Balance, March 31, 2018		11,599
Amortisation charge for the year		619
Foreign exchange adjustments		(276)
BALANCE, MARCH 31, 2019		11,942
Net carrying amount:		
As at March 31, 2018		4,006
AS AT MARCH 31, 2019		3,387

The remaining useful lives of the customer list range from one to five years.

14 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)



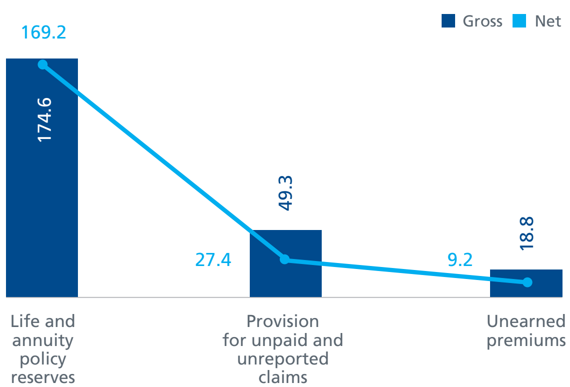
MARCH 31, 2019	Note	Gross	Ceded	Net
Life and annuity policy reserves	14.1	174,594	5,433	169,161
Provision for unpaid and unreported claims	14.2	49,312	21,871	27,441
		223,906	27,304	196,602
Unearned premiums	14.3	18,831	9,598	9,233
TOTAL INSURANCE CONTRACT LIABILITIES		242,737	36,902	205,835

MARCH 31, 2018	Note	Gross	Ceded	Net
Life and annuity policy reserves	14.1	172,680	5,057	167,623
Provision for unpaid and unreported claims	14.2	49,838	23,420	26,418
		222,518	28,477	194,041
Unearned premiums	14.3	18,772	9,273	9,499
TOTAL INSURANCE CONTRACT LIABILITIES		241,290	37,750	203,540

14.1 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, 2019	Group Insurance	Life and Pensions	Total
Annuities	-	165,662	165,662
Long-term disability	6,584	-	6,584
Life	-	2,348	2,348
Life and annuity policy reserves	6,584	168,010	174,594
Reinsurers' share of claims provisions	(5,624)	191	(5,433)
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	960	168,201	169,161

MARCH 31, 2018	Group Insurance	Life and Pensions	Total
Annuities	-	163,753	163,753
Long-term disability	6,629	-	6,629
Life	-	2,298	2,298
Life and annuity policy reserves	6,629	166,051	172,680
Reinsurers' share of claims provisions	(5,228)	171	(5,057)
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	1,401	166,222	167,623

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 are not considered impaired as at year end.

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

MARCH 31, 2019	Cash	Bonds	Mortgage and loans	Equities	Land and buildings	Total
Annuities	6,388	128,160	11,363	4,113	15,640	165,664
Long-term disability	-	764	-	196	-	960
Life	130	1,912	-	495	-	2,537
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	6,518	130,836	11,363	4,804	15,640	169,161

MARCH 31, 2018	Cash	Bonds	Mortgage and loans	Equities	Land and buildings	Total
Annuities	7,532	128,114	9,559	3,120	15,428	163,753
Long-term disability	-	1,034	-	367	-	1,401
Life	122	1,900	-	447	-	2,469
LIFE AND ANNUITY POLICY RESERVES, NET OF REINSURANCE	7,654	131,048	9,559	3,934	15,428	167,623

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 policyholder liabilities of $0.03 million (2018 – decrease of $0.8 million). These amounts are net of the impact of the reinsurance assets on policyholder liabilities of $5.4 million (2018 – $5.1 million).

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

AS AT MARCH 31	2019	2018
Balance, beginning of year	167,623	171,480
Changes due to:		
Reclassification to Assets and liabilities held-for-sale	-	(13,019)
Issuance of new policies	10,364	15,545
Normal in-force movement	(8,852)	(7,232)
Mortality/morbidity assumptions	(162)	657
Interest rate assumptions	(316)	576
Expense assumptions	504	(171)
Other	-	(213)
BALANCE, END OF YEAR	169,161	167,623

14.1.1 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, 2.3 percent (2018 – $3.8 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 $13.3 million (2018 – $13.3 million). A 100 basis points decrease in the best estimate assumption increases the total Life and annuity policy reserves by $15.6 million (2018 – $15.7 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 re-investment 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 $2.1 million (2018 – $1.1 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 ten percent increase in the best estimate assumption for unit expenses is estimated to increase the policy reserves by approximately $0.6 million (2018 – $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.

14.2 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, 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

MARCH 31, 2018	Employee Benefits	Global Property and Casualty	Total
Healthcare	11,888	1,550	13,438
Property	-	2,251	2,251
Motor	-	29,777	29,777
Accident and liability	-	3,828	3,828
Marine	-	544	544
Provision for unpaid and unreported claims, gross	11,888	37,950	49,838
Reinsurers' share of claims provisions	(344)	(23,076)	(23,420)
PROVISION FOR UNPAID AND UNREPORTED CLAIMS, NET OF REINSURANCE	11,544	14,874	26,418

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

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

MARCH 31, 2018	Provisions for unpaid and unreported claims	Reinsurers' share of claims provisions	Net
Balance, beginning of year	28,960	7,285	21,675
Claims and adjustment expenses incurred			
Current year	98,212	7,095	91,117
Prior years	22,895	14,590	8,305
Total Claims and adjustment expenses incurred	121,107	21,685	99,422
Claims and adjustment expenses paid			
Current year	(76,752)	(4,352)	(72,400)
Prior years	(25,871)	(2,536)	(23,335)
Total Claims and adjustment expenses paid	(102,623)	(6,888)	(95,735)
Foreign exchange adjustments	2,394	1,338	1,056
BALANCE, END OF YEAR	49,838	23,420	26,418

14.2.1 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. The Group's consulting actuary changed during the year, and the methodologies have not materially changed. Assumptions were updated accordingly for 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.

14.2.2 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Estimate of gross ultimate liability (1)											
as at end of accident year	81,719	88,380	88,883	91,926	93,844	123,945	88,409	91,442	97,980	100,170	-
one year later	78,825	84,817	84,255	81,919	87,890	120,372	90,815	89,093	95,942	-	-
two years later	78,079	83,659	82,695	81,178	87,622	118,241	90,876	92,525	-	-	-
three years later	78,077	83,555	82,617	81,284	86,775	136,123	90,860	-	-	-	-
four years later	78,269	83,551	82,865	81,315	86,596	136,196	-	-	-	-	-
five years later	78,818	83,405	82,771	81,365	86,115	-	-	-	-	-	-
six years later	78,876	83,453	82,572	81,123	-	-	-	-	-	-	-
seven years later	78,937	83,737	82,532	-	-	-	-	-	-	-	-
eight years later	78,950	83,766	-	-	-	-	-	-	-	-	-
nine years later	78,872	-	-	-	-	-	-	-	-	-	-
Current estimate of cumulative liability	78,872	83,766	82,532	81,123	86,115	136,196	90,860	92,525	95,942	100,170	924,268
Cumulative payments to date	(78,782)	(83,550)	(82,229)	(79,865)	(85,734)	(119,713)	(89,819)	(90,584)	(91,698)	(76,886)	(875,027)
Reserves in respect of prior years	-	-	-	-	-	-	-	-	-	-	71
Total gross liability	**90**	**216**	**303**	**1,258**	**381**	**16,483**	**1,041**	**1,941**	**4,244**	**23,284**	**49,312**

Net claims:

Accident year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Estimate of net ultimate liability (1)											
as at end of accident year	77,191	82,664	83,800	86,118	85,645	83,430	82,926	82,851	91,008	92,696	-
one year later	74,235	79,241	79,035	76,332	79,255	80,718	86,187	80,893	89,577	-	-
two years later	73,169	78,192	77,436	75,400	79,329	80,617	86,187	84,368	-	-	-
three years later	73,162	78,065	77,380	75,535	79,163	80,836	86,258	-	-	-	-
four years later	73,353	77,784	77,209	75,537	79,087	80,567	-	-	-	-	-
five years later	73,347	78,108	77,160	75,541	78,774	-	-	-	-	-	-
six years later	73,253	78,060	77,150	75,497	-	-	-	-	-	-	-
seven years later	73,257	78,063	77,145	-	-	-	-	-	-	-	-
eight years later	73,234	78,157	-	-	-	-	-	-	-	-	-
nine years later	73,196	-	-	-	-	-	-	-	-	-	-
Current estimate of net cumulative liability	73,196	78,157	77,145	75,497	78,774	80,567	86,258	84,368	89,577	92,696	812,377
Cumulative payments to date	(73,222)	(77,964)	(76,897)	(74,737)	(78,577)	(80,003)	(85,682)	(83,425)	(86,288)	(72,071)	(785,009)
Reserves in respect of prior years	-	-	-	-	-	-	-	-	-	-	73
Total net liability	**(26)**	**193**	**248**	**760**	**197**	**564**	**576**	**943**	**3,289**	**20,625**	**27,441**

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

14.3 UNEARNED PREMIUMS

AS AT MARCH 31	2019 Unearned premiums	2019 Reinsurer's share of Unearned premiums	2019 Net	2018 Unearned premiums	2018 Reinsurer's share of Unearned premiums	2018 Net
Balance, beginning of year	18,772	9,273	9,499	16,275	8,871	7,404
Premiums written during the year	177,997	38,332	139,665	172,836	37,052	135,784
Net premiums earned	(177,092)	(37,858)	(139,234)	(171,526)	(36,553)	(134,973)
Movement from Assets held-for-sale	-	11	(11)	-	(82)	82
Change in unearned premiums	905	485	420	1,310	417	893
Foreign exchange movement	(846)	(160)	(686)	1,187	(15)	1,202
BALANCE, END OF YEAR	18,831	9,598	9,233	18,772	9,273	9,499

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, 2019 or 2018.

15 Insurance Balances Payable

Insurance balances payable is comprised of:

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

MARCH 31, 2018	Employee Benefits	Property and Casualty	Total
Due to policyholders, agents and brokers	4,076	7,433	11,509
Due to reinsurers	1,079	1,827	2,906
Deferred commission income	-	3,607	3,607
TOTAL INSURANCE BALANCES PAYABLE	5,155	12,867	18,022

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

AS AT MARCH 31	2019	2018
Balance, beginning of year	3,607	3,389
Deferral during the year	13,382	12,023
Income for the year	(13,310)	(11,720)
Foreign exchange rate movements	95	(85)
BALANCE, END OF YEAR	3,774	3,607

16 Payables Arising from Investment Transactions

AS AT MARCH 31	Note	2019	2018
Derivatives	5.2	332	336
Investment trades awaiting settlement		56,229	26,564
		56,561	26,900

17 Investment Contract Liabilities

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

AS AT MARCH 31	2019		2018	
	Carrying value	Fair value	Carrying value	Fair value
At amortised cost:				
Deposit administration pension plans	227,164	218,134	224,456	214,710
Self-funded group health policies	13,914	13,914	9,877	9,877
	241,078	232,048	234,333	224,587
At FVTPL:				
Deposit accounted annuity policies	704	704	2,516	2,516
TOTAL INVESTMENT CONTRACT LIABILITIES	241,782	232,752	236,849	227,103

17.1 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	2019	2018
Balance, beginning of year	234,333	239,887
Deposits	85,158	87,303
Withdrawals	(78,232)	(90,618)
Transfers to Segregated funds	(28)	(588)
Fees deducted	(3,727)	(3,860)
Interest	1,958	1,640
Other	1,616	569
BALANCE, END OF YEAR	241,078	234,333

For the year ended March 31, 2019, the net gain relating to investment contracts measured at amortised cost is $3.4 million (2018 – net gain of $3.3 million).

17.2 INVESTMENT CONTRACT LIABILITIES AT FVTPL

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

AS AT MARCH 31	2019	2018
Balance, beginning of year	2,516	2,384
Included in net earnings (1)	298	(189)
Deposits	442	3,472
Withdrawals	(2,552)	(3,151)
BALANCE, END OF YEAR	704	2,516

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

18 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	2019	2018
Balance, beginning of year	3,339	3,414
Movements during the year recognised in Operating expense:		
Current service cost	41	54
Interest cost on benefit liability	101	126
	142	180
Remeasurement during the year included in Other comprehensive income:		
Actuarial gain arising from experience adjustment	(29)	(123)
Benefit payments	(141)	(132)
BALANCE, END OF YEAR	3,311	3,339

As at March 31, 2019, the present value of the defined benefit obligation was comprised of $0.9 million (2018 – $1.2 million) relating to active employees and $2.4 million (2018 – $2.1 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	2019	2018
Discount rate	3.5%	3.8%
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 (2018 – $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, 2019	Increase	Decrease
Aggregate of current service cost and interest cost	8	(5)
Accrued benefit liability	424	(357)

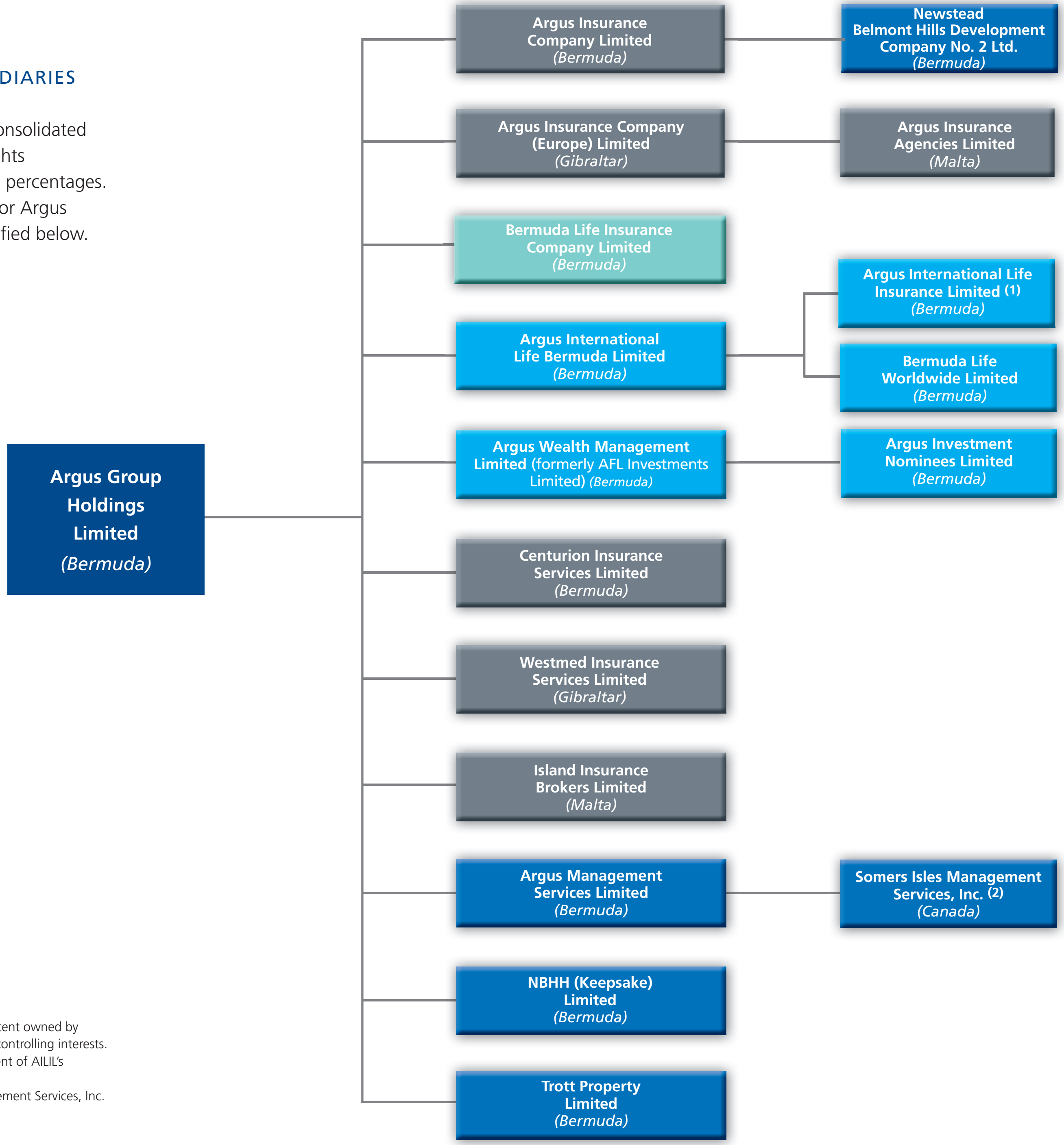
MARCH 31, 2018	Increase	Decrease
Aggregate of current service cost and interest cost	11	(8)
Accrued benefit liability	460	(381)

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

19 Group Composition

19.1 LIST OF SIGNIFICANT SUBSIDIARIES AS AT MARCH 31, 2019

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) In July 2018, the Group incorporated Somers Isles Management Services, Inc.

19.2 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 4 and Note 20.

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

AS AT MARCH 31	2019	2018
General fund assets	648,205	645,620
General fund liabilities	584,522	550,964

19.3 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

A subsidiary of the Company acts as investment manager to Argus Investment Strategic Fund Ltd. (AISFL), an investment fund which 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 (2017 – $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, 2019, of $718.0 million (2018 – $706.2 million) include the Group's Segregated Funds of $703.9 million (2018 – $689.5 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 31 for Segregated Fund disclosures.

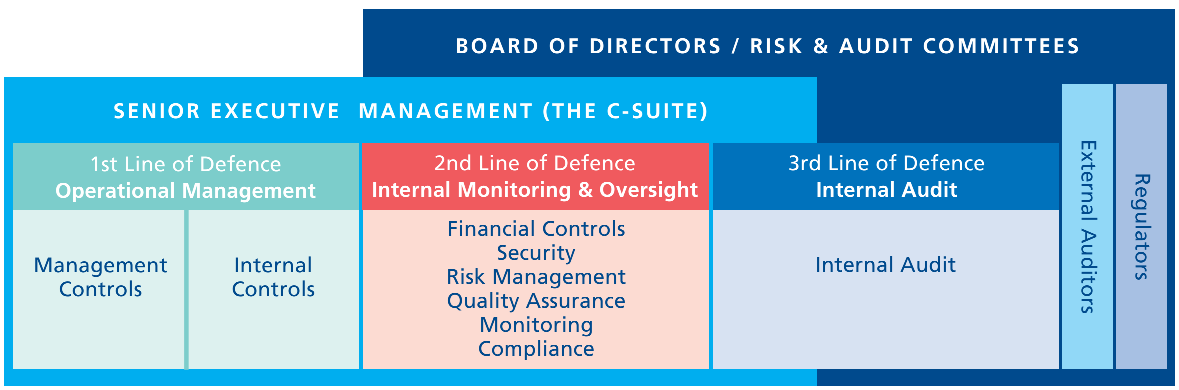
20 Risk Management

20.1 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 sets 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.



20.2 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 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, 2019 and 2018, 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, 2019	Bermuda	Europe	Total
Statutory capital and surplus	83,135	11,233	94,368
Minimum solvency margin	27,936	4,275	32,211

MARCH 31, 2018	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, 2019 and 2018, 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.

20.3 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.

20.3.1 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.

20.3.1(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.

20.3.1(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	2019	2018
Cash and short-term investment		51,381	32,285
Interest and dividends receivable		3,061	2,570
Bonds – at Available-for-sale, FVTPL and Held-to-maturity	5.1	433,850	408,374
Mortgages and loans	5.1	15,086	14,272
Policy loans	5.1	40	81
Derivative financial instruments	5.1	789	570
Receivable for investments sold		29,810	14,832
Insurance balances receivable	7	17,310	16,548
Other financial assets included in Other assets	8	3,008	3,056
Reinsurers' share of claims provisions	14	27,304	28,477
TOTAL CONSOLIDATED BALANCE SHEET MAXIMUM CREDIT EXPOSURE		581,639	521,065

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.

20.3.1(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	2019	2018
Bonds issued or guaranteed by:		
Government and Agency	118,742	115,329
Banking and Finance	97,507	88,447
Asset-backed Securities	63,940	69,034
Communications and Technology	28,061	24,100
Oil and Gas	20,020	18,108
Manufacturing	14,181	8,701
Pharmaceutical	11,358	8,924
Transportation	9,036	7,749
Utilities and Energy	8,479	9,184
Insurance	7,133	5,951
SupraNational	3,081	2,913
Mining	2,591	3,510
Other (1)	49,721	46,424
TOTAL BONDS	433,850	408,374
Derivative financial instruments issued or guaranteed by:		
Other	789	570
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	789	570

(1) Includes Investment with less than $2.0 million of concentration of credit risk by industry sector and investment in bond funds of $29.2 million as disclosed in Note 6.1 (2018 – $31.7 million).

AS AT MARCH 31	2019	2018
Geographical distribution of bonds is as follows:		
United States of America	318,306	306,680
United Kingdom	25,115	12,820
Cayman Islands	7,232	6,799
France	7,092	6,188
Netherlands	6,553	4,048
Canada	4,738	3,634
Ireland	4,516	3,956
Switzerland	3,876	3,926
Mexico	3,372	3,741
SupraNational	3,081	2,913
Australia	2,588	2,616
India	1,661	2,649
Japan	1,538	4,213
Other (1)	44,182	44,191
TOTAL BONDS	433,850	408,374
Geographical distribution of derivative financial instruments is as follows:		
United States of America	789	570
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	789	570

(1) Includes Investment with less than $2.0 million of concentration of credit risk by geographical distribution and bond funds of $29.2 million as disclosed in Note 6.1 (2018 – $31.7 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, 2019, the Group's mortgages and loans amount to $15.1 million (2018 – $14.8 million).

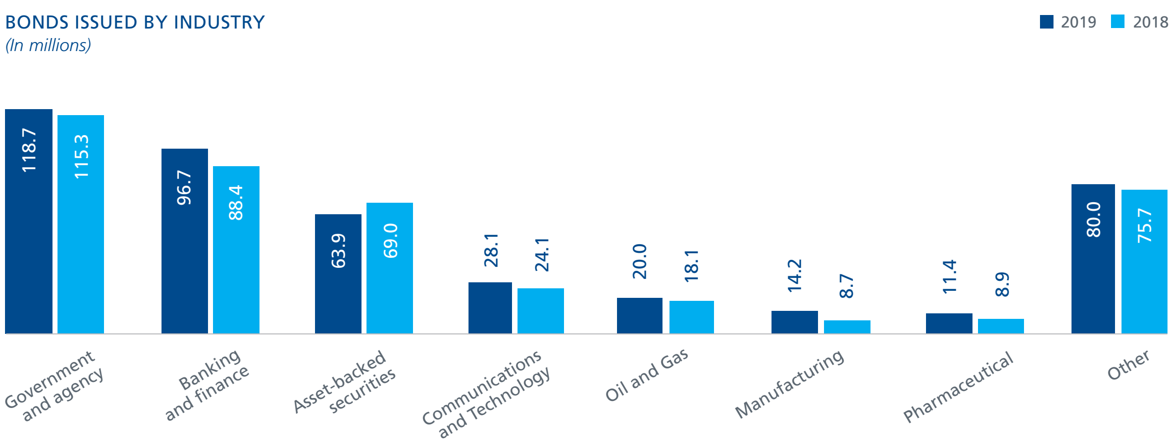
20.3.1(d) Asset Quality

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

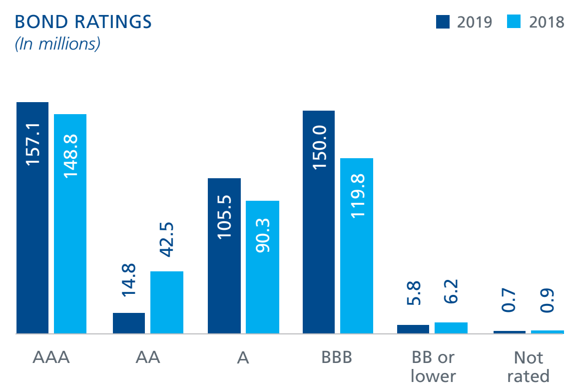
The following table provides an analysis of the carrying value of bonds and derivative financial instruments by rating.

AS AT MARCH 31	2019	2018
Bond portfolio quality:		
AAA	157,064	148,769
AA	14,800	42,520
A	105,530	90,269
BBB	149,993	119,774
BB or lower	5,811	6,181
Not rated	652	861
TOTAL BONDS	433,850	408,374
Derivative financial instruments quality:		
Not rated	789	570
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	789	570

BONDS ISSUED BY INDUSTRY
(In millions)



BOND RATINGS
(In millions)



20.3.1(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	2019	2018
Balance, beginning of year	11,622	2,511
Net provision made in year – Mortgage and loans	-	9,918
Provision written off during the year	(9,851)	(807)
BALANCE, END OF YEAR	1,771	11,622

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

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

MARCH 31, 2018	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	-	-	13,020	13,020
Other receivables included in Other assets	190	75	109	374
BALANCE, END OF YEAR	190	75	13,129	13,394

Past due financial assets do not have an allowance for losses because, at a minimum, either the fair value of the collateral or the present value of expected future cash flows exceed the carrying value of these financial assets.

20.3.2 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 more than 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.

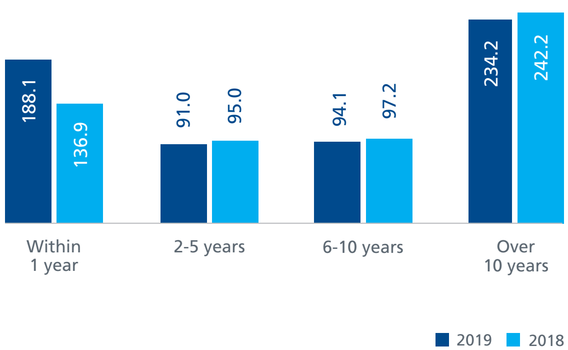
Liability maturity profile:

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, 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.

LIABILITY MATURITY PROFILE
(In millions)



MARCH 31, 2018	Within 1 year	2-5 years	6-10 years	Over 10 years	Total
Life and annuity policy reserves					
– net of reinsurance	14,747	54,706	58,156	128,125	255,734[1]
Provision for unpaid and unreported claims					
– net of reinsurance	15,521	5,329	742	83	21,675
Insurance balances payable	18,022	-	-	-	18,022
Payables arising from investment transactions	26,900	-	-	-	26,900
Investment contract liabilities	43,663	34,352	37,450	111,819	227,284[1]
Tax payable	109	-	-	-	109
Accounts payable and accrued liabilities	17,808	-	-	-	17,808
Post-employment benefit liability	147	649	828	2,142	3,766[1]
TOTAL FROM GENERAL FUND LIABILITIES	136,917	95,036	97,176	242,169	571,298

(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.

20.3.3 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.

20.3.3(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 £10.9 million and €3.5 million (2018 – £9.3 million and €3.8 million).

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

MARCH 31, 2018		Change in variables		Impact on equity
Currency:				
Sterling	+/-	10%	+/-	993
Euro	+/-	10%	+/-	375

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.

20.3.3(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 14.

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, 2019, the sensitivity of Other comprehensive income to a 100 basis point parallel increase in interest rates would have been a $5.9 million decrease (2018: $5.8 million decrease). For a 100 basis point parallel decline in interest rates the sensitivity to net income would have been a $5.3 million increase (2018: $5.8 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.

20.3.3(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 ten percent increase in value across all equity markets would be an increase in Net Earnings and Other comprehensive income of $1.4 million (2018 – $2.3 million); conversely the impact of a ten 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.

20.3.4 Limitations of sensitivity analysis

The sensitivity information given in Note 20.3 and in Note 14 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.

20.4 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 ceded 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 14.

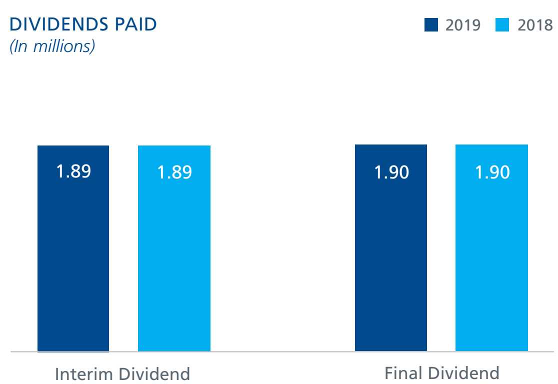
21 Dividends

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 AT MARCH 31 Record date	Per share amount	2018 Amount of dividends	Payment date
July 25, 2017	0.09	1,892	August 23, 2017
December 27, 2017	0.09	1,895	January 12, 2018
	0.18	3,787	

As a result of the Dividend Reinvestment Plan, share capital and contributed surplus increased by $0.2 million and $0.5 million, respectively for the years ended March 31, 2019 and 2018.

DIVIDENDS PAID
(In millions)



22 Components of Accumulated Other Comprehensive Loss

AS AT MARCH 31	2019	2018
Remeasurement of post-employment medical benefit obligation	(594)	(623)
Available-for-sale investments [1]	2,736	(1,386)
Translation of financial statements of foreign operations	(3,523)	(2,328)
NET ACCUMULATED OTHER COMPREHENSIVE LOSS	(1,381)	(4,337)

(1) As at March 31, 2019, $0.5 million (2018 – $0.6 million) of the accumulated other comprehensive income arose from the International Life Division's available-for-sale investments (Note 3).

23 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	2019	2018
Net earnings/(loss) for the year	14,186	(18,634)

AS AT MARCH 31 (Number of shares)	2019	(Restated) 2018
Weighted average outstanding common shares	21,052,037	20,878,651
Common shares and common share equivalents	21,174,430	20,983,850

24 Commissions, Management Fees and Other

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

AS AT MARCH 31, 2019	Employee Benefits	Wealth Management	Global Property and Casualty	Disposal Groups	Total
Fee income 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 contract	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

AS AT MARCH 31, 2018	Employee Benefits	Wealth Management	Global Property and Casualty	Disposal Groups	Total
Fee income service contracts					
Pensions and policyholder administration	14,212	2	-	4,345	18,559
Investment management	-	2,428	-	-	2,428
Brokerage income	-	-	3,639	-	3,639
Total fee income from service contract	14,212	2,430	3,639	4,345	24,626
Reinsurance commission income	1,010	-	9,802	-	10,812
	15,222	2,430	13,441	4,345	35,438

25 Reinsurance Recoveries

AS AT MARCH 31	2019	2018
Claims and adjustment expenses recovered from reinsurers	(6,918)	(6,888)
Policy benefits recovered from reinsurers	(1,366)	(1,392)
TOTAL REINSURANCE RECOVERIES	(8,284)	(8,280)

26 Net Change in Contract Liabilities

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)

AS AT MARCH 31, 2018	Global Property and Casualty	Employee Benefits	Disposal Group	Total
Gross change in contract liabilities				
Insurance contracts	18,484	8,924	1,565	28,973
Investment contracts	-	(189)	-	(189)
Total	18,484	8,735	1,565	28,784
Change in reinsurers' share of claims provision	(14,797)	(260)	(1,066)	(16,123)
NET	3,687	8,475	499	12,661

27 Operating Expenses

Operating expenses incurred during the year are as follows:

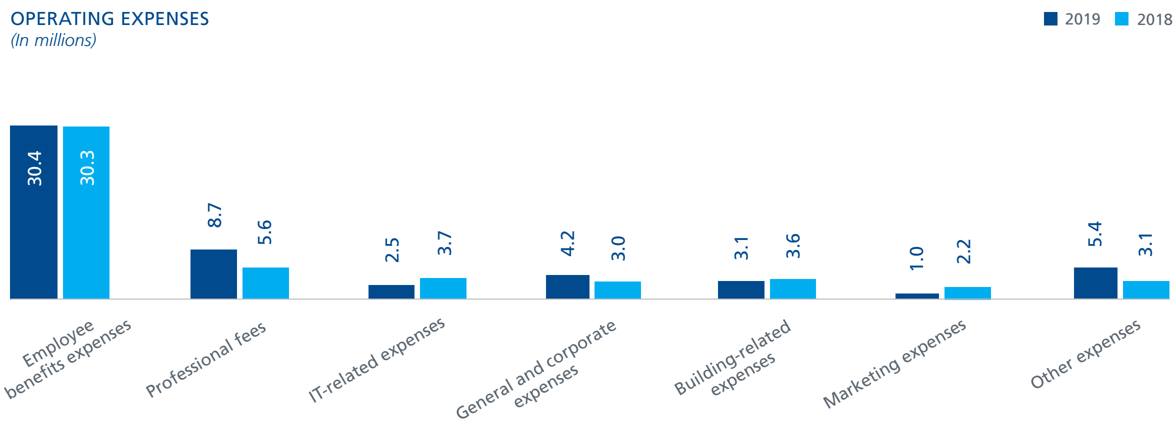
AS AT MARCH 31	2019	2018
Employee benefits expenses (see following table)	30,425	30,338
Professional fees	8,743	5,588
IT-related expenses	2,504	3,687
General and corporate expenses	4,161	3,032
Building-related expenses	3,093	3,567
Marketing expenses	988	2,166
Other expenses	5,412	3,123
TOTAL OPERATING EXPENSES	55,326	51,501

Employee benefits expense during the year is comprised of:

AS AT MARCH 31	Note	2019	2018
Salaries and other short-term benefits		29,263	29,079
Pension costs (1)		997	1,038
Post-employment medical benefits	18	2	48
Stock-based compensation	28	163	173
TOTAL EMPLOYEE BENEFITS EXPENSE		30,425	30,338

(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)



28 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	2019	2018
Number of shares granted	49,050	43,940
Fair value per share	4.00	4.00
Number of shares forfeited	8,480	300

The following table summarises information about the outstanding stock grants:

RESTRICTED SHARES VESTING	Number of shares
July 2019	29,097
August 2019	15,980
July 2020	29,196
August 2020	15,550
TOTAL	89,823

29 Related Party Transactions

29.1 TRANSACTIONS WITH SIGNIFICANTLY INFLUENCED INVESTEES

29.1.1 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 (2018 – $0.2 million) in the year and are shown as Gross premium written and Commission, management fees and other on the Consolidated Statements of Operations.

As at March 31, 2019, Receivables and payables arising from insurance contracts and service contracts with significantly influenced investees was $nil (2018 – $0.5 million).

29.1.2 The Group rented office premises from a significantly influenced investee paying a total of $0.3 million (2018 – $0.3 million) in rent and service charges in the year, which are shown in Operating expenses in the Consolidated Statements of Operations.

29.1.3 The Group received facilities management services from a significantly influenced investee for the consideration amount of $nil (2018 – $1.6 million), which is shown net of Investment income on the Consolidated Statements of Operations.

29.2 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	2019	2018
Salaries and other short-term benefits	2,308	2,426
Pension	93	98
Stock-based compensation	27	34
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	2,428	2,558

29.3 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, 2019, was 78,332 (2018 – 68,503) 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 $2.1 million as at March 31, 2019 (2018 – $1.5 million).

30 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 6/7ths 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 5 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, 2019, due to U.S. tax reform (2018 – 31.5 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 30.3.

30.1 INCOME TAXES FOR THE YEAR

AS AT MARCH 31	2019	2018
Income taxes for the year	769	244
Deferred taxes	7	(12)
TOTAL INCOME TAX EXPENSE	776	232

30.2 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	2019	2018
Earnings/(loss) before income taxes	15,008	(18,294)
Less: Earnings/(loss) not subject to taxes	13,570	(18,817)
EARNINGS SUBJECT TO TAXES	1,438	523
Income taxes at the application rate	395	180
Tax effect of:		
Income attributable to overseas branch	26	40
Expenses not deductible for tax purposes	75	4
Adjustment to taxes related to prior year	273	-
Difference between depreciation and capital allowances	10	10
Effect of tax losses brought forward	(3)	(2)
Unrecognised temporary difference	-	-
TOTAL CURRENT INCOME TAXES	776	232

30.3 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	2019	2018
Tax losses carried forward	516	471
Capital allowances carried forward	-	93
Deductible temporary differences	97	133
NET UNRECOGNISED DEFERRED TAX ASSETS	613	697

As of March 31, 2019, the Group has net operating loss carryforwards of $2.4 million (2018 – $2.3 million). Of the total net operating loss carryforwards of the Group, $0.1 million (2018 – $0.1 million) is subject to limitations under IRC section 382. 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.

31 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	2019	2018
Additions to Segregated Funds		
Premiums, contributions and transfers	84,025	136,298
Return on investments	(1,673)	145,777
Segregated funds acquired	31	406
	82,383	282,481
Deductions from Segregated Funds		
Withdrawals, benefit payments and transfers to the General Fund	146,357	114,118
Operating expenses	15,618	63,819
	161,975	177,937
Net additions to Segregated Funds for the year	(79,592)	104,544
Segregated Funds, beginning of year	1,610,472	1,505,928
SEGREGATED FUNDS, END OF YEAR	1,530,880	1,610,472
SEGREGATED FUNDS CLASSIFIED UNDER HELD-FOR-SALE, END OF YEAR	(594,436)	(691,033)
SEGREGATED FUNDS FROM CONTINUING OPERATIONS, END OF YEAR	936,444	919,439

32 Operating Segments

Transactions between segments consist primarily of rental and internal financing agreements and insurance contracts. Inter-segment income has been omitted in the following table as immaterial.

32.1 RESULTS BY SEGMENT

AS AT MARCH 31		Employee Benefits	Wealth Management	Global Property and Casualty	All Other	Disposal Groups[1]	Elimination	Total
Segment revenues	2019	134,408	3,925	39,056	20	2,356	(2,791)	176,974
	2018	130,284	3,817	36,553	25	2,535	(2,803)	170,411
Investment income	2019	15,154	174	977	(283)	944	(1,509)	15,457
	2018	14,883	104	1,196	(969)	(10,748)	(922)	3,544
Share of earnings of associates	2019	-	-	(274)	17	-	-	(257)
	2018	(5,687)	-	(1,300)	47	-	-	(6,940)
TOTAL SEGMENT REVENUES	2019	149,562	4,099	39,759	(246)	3,300	(4,300)	192,174
	2018	139,480	3,921	36,449	(897)	(8,213)	(3,725)	167,015
Amortisation, depreciation and impairment	2019	2,739	5	976	1,096	-	467	5,283
	2018	2,463	11	1,161	1,961	251	467	6,314
Income tax expense	2019	1	-	501	-	-	274	776
	2018	-	-	232	-	-	-	232
Segment earnings/(loss) attributable to shareholders	2019	15,376	389	7,775	(8,495)	(265)	(594)	14,186
	2018	(2,786)	417	5,338	(8,900)	(11,832)	(871)	(18,634)

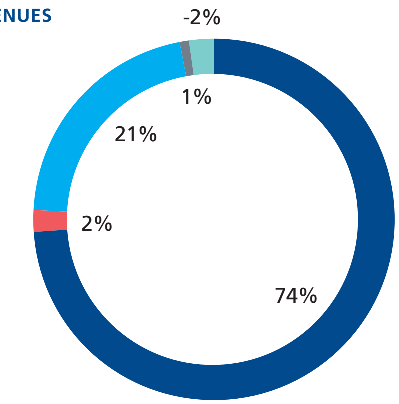
(1) Disposal groups refer to certain groups of assets and liabilities, which are held-for-sale (Note 3).

GEOGRAPHIC INFORMATION ON SEGMENT REVENUES:

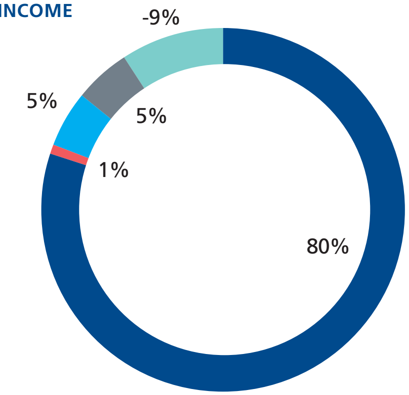
AS AT MARCH 31		Bermuda	Europe	Total
Segment revenues	2019	172,125	20,049	192,174
	2018	148,719	18,296	167,015

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

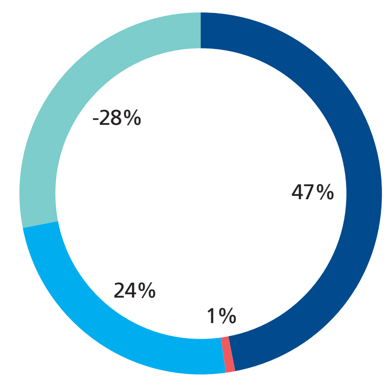
SEGMENT REVENUES



INVESTMENT INCOME



NET EARNINGS



Employee Benefits
Wealth Management
Global Property & Casualty
Disposal Groups
Elimination and Others

32.2 ASSETS AND LIABILITIES BY SEGMENT

	Employee Benefits	Wealth Management	Global Property and Casualty	All other	Disposal Groups	Elimination	Total
MARCH 31, 2019:							
Total General Fund Assets	537,060	1,072	114,384	167,929	33,484	(136,838)	717,091
Segregated Fund Assets	936,444	-	-	-	594,436	-	1,530,880
Total General Fund Liabilities	495,899	380	70,923	12,903	17,701	(700)	597,106
Segregated Fund Liabilities	936,444	-	-	-	594,436	-	1,530,880
MARCH 31, 2018:							
Total General Fund Assets	488,343	7,162	115,604	167,378	38,871	(147,035)	670,323
Segregated Fund Assets	919,439	-	-	-	691,033	-	1,610,472
Total General Fund Liabilities	458,192	335	72,645	14,735	20,127	(1,593)	564,441
Segregated Fund Liabilities	919,439	-	-	-	691,033	-	1,610,472

33 Commitments and Contingencies

33.1 OPERATING LEASES

33.1.1 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, 2019, are as follows:

AS AT MARCH 31	2019	2018
Within one year	1,562	1,415
After one year but not more than five years	3,048	-

33.1.2 Group as a lessee

The Group has entered into commercial leases on office spaces. These leases have remaining terms of between one and seven years. Certain leases have a renewal option included in the contracts. There are no restrictions placed upon the Group by entering into the leases.

During the years ended March 31, 2019 and 2018, $1.1 million and $1.2 million, respectively, was recognised in Operating expenses on the Consolidated Statements of Operations for operating leases. Future annual minimum rentals payable under non-cancellable operating leases as at March 31, 2019, are as follows:

AS AT MARCH 31	2019	2018
Within one year	633	794
After one year but not more than five years	934	1,206
More than five years	67	363

33.2 CONTINGENCIES

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

34 Comparative Figures

Certain of the 2018 comparative figures have been reclassified to conform to the presentation adopted for 2019.

35 Subsequent Events

35.1 DIVIDENDS

Based upon the audited financial results of the Group for the year ended March 31, 2019, the Directors have declared a dividend of nine cents per share (2018 – nine cents per share) payable on August 23, 2019 for shareholders of record on July 31, 2019.

35.2 ACQUISITIONS

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

One Team Health Inc. (OTH)

Effective May 16, 2019, OTH became a wholly owned subsidiary of Argus Group Holdings Limited. OTH is an entity domiciled in Canada and operates as a provider of overseas management and network services. The total purchase consideration is $0.8 million, 75 percent of which has been paid upon closing of the sale and the remaining amount is payable on July 9, 2019, subject to certain criteria mutually having been agreed as having been met.

FirstUnited Insurance Brokers Limited (FirstUnited)

Effective May 22, 2019, Argus Group Holdings Limited entered into a share sale and purchase agreement to acquire all of the issued and outstanding shares in FirstUnited, subject to receiving all required regulatory approvals in Malta. FirstUnited would become a wholly owned subsidiary of Argus Group Holdings Limited. FirstUnited is a licensed insurance brokerage company operating in Malta. Subject to receiving all such approvals, the total purchase price to be paid upon closing of the sale will be $3.3 million (€2.9 million).

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