

December 21, 2015

Dear Shareholder,

On December 14, 2015 the Argus Group announced net earnings of \$3 million for the six months ended September 30, 2015 compared to \$10.6 million in the prior year. Shareholders' Equity now stands at \$120.4 million, substantially in excess of the statutory capital required to conduct the Group's various insurance and investment related businesses.

Although modest, the net earnings are underpinned by continuing strength in our core business operations through a mix of prudent underwriting and high client retention levels, in increasingly competitive markets. The leadership team continues to prioritise and focus on activities that will generate long-term sustainable value for our shareholders.

The increase in long-term interest rates during the six months have impacted the Group's fixed income portfolio, resulting in unrealized losses of \$8.3 million reported for the period. This is in contrast with the decline in long-term interest rates during the corresponding prior year period that resulted in an increase in the fair value of the Group's fixed income portfolio. Partially offsetting these unfavourable investment results was the decline in future liabilities as a result of the Group's asset liability matching policy. While interest rate volatility has had a short-term impact, as stated before, our focus is to generate long-term sustainable shareholder value.

Our strategic priorities include creating business solutions that will benefit our clients and communities as stated in our brand position "Our Interest Is You." While the rising costs of healthcare continue to be a concern in Bermuda, Argus is becoming a driving force in taking action to promote healthy communities and lower healthcare costs. Additionally, the Group continues to make progress to diversify and grow our business by focusing on opportunities to expand in Europe.

The Board has declared a dividend of eight cents per share payable on February 5, 2016 for shareholders of record on January 22, 2016. This represents a final dividend based upon the audited financial statements of the Group for the year ended March 31, 2015.

It is my hope that you enjoy the forthcoming holiday season and that all in Bermuda prosper in the year ahead. Thank you for your loyalty and please accept my best wishes for 2016.

Yours sincerely,



Alison S. Hill
Chief Executive Officer