

Dear Shareholders,

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 are strengthening 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. 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. We also work closely with our health members to support healthy lifestyles. Supporting healthy lifestyles helps to control the cost of healthcare and promote a better life for our members.

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 which is characteristic of Argus. The result of this commitment is high 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 accelerate investment in our 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 service and value to our customers.

We are a Bermudian company. When we prosper and grow so does Bermuda, as 90% of the value of Argus and the dividends we pay remains in the Bermuda economy. 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 means that when we succeed, Bermuda succeeds as well. Today and tomorrow.

## Our Strategy, Where Tomorrow Starts 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. 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.

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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 our position of strength, the Group 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 pending 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.

I would like to take this opportunity to thank the Argus team for their hard work and professionalism and most of all, my sincere appreciation to each Argus client and shareholder for their continued loyalty, support and confidence.

**Our ambitions are great**

**Our strategy is strong**

**Our confidence is high**

**Our interest is you**

**Our tomorrows start today**

Yours sincerely,



Alison S. Hill

Chief Executive Officer



In support of our efforts to go green please find the most recent update of our Financial Report by visiting [argus.bm/financial-reports](http://argus.bm/financial-reports)

### BY EMAIL

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### BY HAND

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**QUESTIONS? CALL 298-0888 AND ASK FOR THE REGISTRAR**