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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Board of Directors of Argus International Life Insurance Limited**

We have audited the accompanying condensed financial statements of Argus International Life Insurance Limited (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of March 31, 2020, and the related condensed statements of income for the year then ended, and the related notes to the condensed financial statements.

### **Management's responsibility for the condensed financial statements**

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the "Legislation"). Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of condensed 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 the condensed 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 condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the condensed 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 Company'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 condensed financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for adverse opinion on International Financial Reporting Standards**

As described in Note 3 of the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than International Financial Reporting Standards.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and International Financial Reporting Standards, although not reasonably determinable, are presumed to be material.



### **Adverse opinion on International Financial Reporting Standards**

In our opinion, because of the significance of the matter discussed in the “Basis for adverse opinion on International Financial Reporting Standards” paragraph, the condensed financial statements referred to above do not present fairly, in accordance with International Financial Reporting Standards, the financial position of the Company as of March 31, 2020 or the results of its operations or its cash flows for the year then ended.

### **Opinion on regulatory basis of accounting**

In our opinion, the condensed financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020 and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Legislation described in Note 3.

*KPMG Audit Limited*

Chartered Professional Accountants  
Hamilton, Bermuda  
July 29, 2020

## CONDENSED BALANCE SHEET

Argus International Life Insurance Limited

As at March 31, 2020

expressed in ['000s] Bermuda Dollars

LINE No.		2020	2019
1.	CASH AND CASH EQUIVALENTS	1,357	1,189
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	-	-
	ii. Other	-	-
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks	-	-
	ii. Preferred stocks	-	-
	iii. Mutual funds	-	-
(d)	Total equities	-	-
(e)	Other quoted investments	-	-
(f)	Total quoted investments	-	-
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	-	-
	ii. Other	-	-
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks	-	-
	ii. Preferred stocks	-	-
	iii. Mutual funds	-	-
(d)	Total equities	-	-
(e)	Other unquoted investments	-	-
(f)	Total unquoted investments	-	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services	-	-
(b)	Unregulated non-financial operating entities	-	-
(c)	Unregulated financial operating entities	-	-
(d)	Regulated non-insurance financial operating entities	-	-
(e)	Regulated insurance financial operating entities	-	-
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates	-	-
(h)	Total investments in and advances to affiliates	-	-
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens	-	-
(b)	Other than first liens	-	-
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS	-	-
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)	-	-
(b)	Other properties (less encumbrances)	-	-
(c)	Total real estate	-	-
8.	COLLATERAL LOANS	-	-
9.	INVESTMENT INCOME DUE AND ACCRUED	-	-

## CONDENSED BALANCE SHEET

Argus International Life Insurance Limited

As at March 31, 2020

expressed in ['000s] Bermuda Dollars

LINE No.		2020	2019
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	484	607
(b)	Deferred - not yet due	-	-
(c)	Receivables from retrocessional contracts	-	-
(d)	Total accounts and premiums receivable	484	607
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates	-	-
(b)	Domestic affiliates	-	-
(c)	Pools & associations	-	-
(d)	All other insurers	-	-
(e)	Total reinsurance balance receivable	-	-
12.	FUNDS HELD BY CEDING REINSURERS	-	-
13.	SUNDRY ASSETS:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies - long-term business - variable annuities	4,199	20,865
(c)	Segregated accounts companies - long-term business - other	78,706	79,806
(d)	Segregated accounts companies - general business	-	-
(e)	Deposit assets	-	-
(f)	Deferred acquisition costs	-	-
(g)	Net receivables for investments sold	-	-
(h)	Other Sundry Assets (Specify)	-	-
(i)	Other Sundry Assets (Specify)	-	-
(j)	Other Sundry Assets (Specify)	-	-
(k)	Total sundry assets	82,905	100,671
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit	-	-
(b)	Guarantees	-	-
(c)	Other instruments	-	-
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	84,746	102,467

## CONDENSED BALANCE SHEET

Argus International Life Insurance Limited

As at March 31, 2020

expressed in ['000s] Bermuda Dollars

LINE No.		2020	2019
	<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves		-
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		-
	ii. Domestic affiliates		-
	iii. Pools & associations		-
	iv. All other insurers		-
(c)	Total ceded unearned premium reserve	-	-
(d)	Net unearned premium reserve	-	-
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions		-
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates		-
	ii. Domestic affiliates		-
	iii. Pools & associations		-
	iv. All other reinsurers		-
(c)	Total reinsurance recoverable balance	-	-
(d)	Net loss and loss expense provisions	-	-
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		-
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	-	-
	<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>		
20.	RESERVE FOR REPORTED CLAIMS	-	-
21.	RESERVE FOR UNREPORTED CLAIMS	-	-
22.	POLICY RESERVES - LIFE	50	47
23.	POLICY RESERVES - ACCIDENT AND HEALTH	-	-
24.	POLICYHOLDERS' FUNDS ON DEPOSIT	-	-
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	-	-
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES	-	-
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	83	215
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates	-	-
	(ii) Domestic Affiliates	-	-
	(iii) Pools and Associations	-	-
	(iv) All Other Insurers	33	168
(c)	Total Reinsurance Recoverable Balance	33	168
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	<b>50</b>	<b>47</b>

## CONDENSED BALANCE SHEET

Argus International Life Insurance Limited

As at March 31, 2020

expressed in ['000s] Bermuda Dollars

LINE No.		2020	2019
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	289	313
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	47	45
30.	LOANS AND NOTES PAYABLE	-	-
31.	(a) INCOME TAXES PAYABLE	-	-
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	140	280
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	-	22
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	-	-
35.	DIVIDENDS PAYABLE	-	-
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies	82,905	100,671
(c)	Deposit liabilities	-	-
(d)	Net payable for investments purchased	-	-
(e)	Other sundry liabilities (specify)	-	-
(f)	Other sundry liabilities (specify)	-	-
(g)	Other sundry liabilities (specify)	-	-
(h)	Total sundry liabilities	82,905	100,671
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit	-	-
(b)	Guarantees	-	-
(c)	Other instruments	-	-
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	83,381	101,331
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	83,431	101,378
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	1,315	1,089
41.	TOTAL	84,746	102,467
		TRUE	TRUE
		-	-

## CONDENSED STATEMENT OF INCOME

Argus International Life Insurance Limited

As at **March 31, 2020**  
expressed in ['000s] **Bermuda Dollars**

LINE No.		2020	2019
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written		-
	(b) Assumed gross premiums written		-
	(c) Total gross premiums written	-	-
2.	REINSURANCE PREMIUMS CEDED		-
3.	NET PREMIUMS WRITTEN	-	-
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS		-
5.	NET PREMIUMS EARNED	-	-
6.	OTHER INSURANCE INCOME		-
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	-	-
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED		-
9.	COMMISSIONS AND BROKERAGE		-
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	-	-
	<b>LONG-TERM BUSINESS INCOME</b>		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations	-	-
	(b) Assumed gross premiums and other considerations	-	-
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED	1,279	1,238
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	(1,279)	(1,238)
	(b) Annuities	-	-
	(c) Accident and health	-	-
	(d) Total net premiums and other considerations	(1,279)	(1,238)
15.	OTHER INSURANCE INCOME	2,182	2,169
16.	TOTAL LONG-TERM BUSINESS INCOME	903	931
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17.	CLAIMS - LIFE	-	-
18.	POLICYHOLDERS' DIVIDENDS	-	-
19.	SURRENDERS	-	-
20.	MATURITIES	-	-

## CONDENSED STATEMENT OF INCOME

Argus International Life Insurance Limited

As at **March 31, 2020**

expressed in ['000s] **Bermuda Dollars**

LINE No.		2020	2019
21.	ANNUITIES	-	-
22.	ACCIDENT AND HEALTH BENEFITS	-	-
23.	COMMISSIONS	184	210
24.	OTHER	-	-
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	184	210
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	4	(17)
	(b) Annuities	-	-
	(c) Accident and health	-	-
	(d) Total increase (decrease) in policy reserves	4	(17)
27.	TOTAL LONG-TERM BUSINESS EXPENSES	188	193
28.	<b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>	715	738
29.	<b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b>	715	738
	<b>UNDERNOTED ITEMS</b>		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	514	666
	(b) Personnel cost	-	-
	(c) Other	-	-
	(d) Total combined operating expenses	514	666
31.	COMBINED INVESTMENT INCOME - NET	25	17
32.	COMBINED OTHER INCOME (DEDUCTIONS)	-	-
33.	COMBINED INCOME BEFORE TAXES	226	89
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	-	-
	(b) Deferred	-	-
	(c) Total	-	-
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	226	89
36.	COMBINED REALIZED GAINS (LOSSES)	-	-
37.	COMBINED INTEREST CHARGES	-	-
38.	NET INCOME	226	89



## CONDENSED STATEMENT OF CAPITAL AND SURPLUS

Argus International Life Insurance Limited

As at **March 31, 2020**

expressed in ['000s] **Bermuda Dollars**

LINE No.		2020	2019
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares	250	250
	authorized 1,000,000 shares of par		
	value \$ 1,000 each issued and		
	fully paid 250,000 shares		
	(ii)		
	(A) Preferred shares:	1,000	1,000
	authorized 1,000,000 shares of par		
	value \$ 1,000 each issued and		
	fully paid 1,000,000 shares		
	aggregate liquidation value for –		
	2020		
	2019		
	(B) Preferred shares issued by a subsidiary:	-	-
	authorized		
	value		
	fully paid		
	aggregate liquidation value for –		
	2020		
	2019		
	(iii) Treasury Shares	-	-
	repurchased		
	value		
(b)	Contributed surplus	4,729	4,729
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	-	-
	(ii) Guarantees and others	-	-
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	5,979	5,979
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year	(4,890)	(4,979)
(b)	Add: Income for the year	226	89
(c)	Less: Dividends paid and payable	-	-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	-	-
(e)	Add (Deduct) change in any other surplus	-	-
(f)	Surplus - End of Year	(4,664)	(4,890)
3.	<b>MINORITY INTEREST</b>	-	-
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	1,315	1,089

**ARGUS INTERNATIONAL LIFE INSURANCE LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2020**

*(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)*

**PART 1 - GENERAL NOTE TO THE FINANCIAL STATEMENTS**

1. Argus International Life Insurance Limited (the “Insurer”) is owned 74 percent by Argus International Life Bermuda Limited (“AILBL”), a Bermuda company, which is a wholly owned subsidiary of Argus Group Holdings Limited (the “Parent”), a Bermuda public company, and 26 percent by a United States (“U.S.”) partner (an individual). The Parent, through its wholly owned subsidiary AILBL, holds more than a simple majority of the shares, issued and outstanding, of the Insurer and therefore maintains control over the Insurer. The Insurer is a registered Segregated Accounts Company under the Argus International Life Insurance Limited Consolidation and Amendment Act 2008.
2. The Insurer offers variable annuities and universal life insurance products to trusts, private companies or other eligible entities located in Bermuda or in other jurisdictions where the Insurer deems that the laws do not prohibit the ownership or sale of the insurance. The majority of policies are issued to residents of the U.S. if permitted in the state of residence. The variable life insurance products include segregated asset accounts for investment options with a death benefit.

The Insurer purchases reinsurance protection such that the reinsured net amount at risk for each insured is 100% excess of up to \$100,000 retention. The reinsured net amount at risk is defined as the selected face amount of each policy less the account value less the retained amount.

3. These condensed general purpose financial statements are prepared in accordance with rule 17A (2A) of the Insurance Act 1978 and the Insurance Accounts Rules 2016 (the “Legislation”). The recognition and measurement principles applied are in line with International Financial Reporting Standards (“IFRS”). The Legislation differs from IFRS in a number of material ways, primarily:
  - The format of the statements is prescribed by schedules IX and X of the Legislation,
  - The Company does not prepare a Statement of Cash Flows or equivalent and
  - Certain disclosures required by IFRS are not included.

IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

4. Significant Accounting Policies

**A. Cash and time deposits**

Cash and short-term investments include cash balances, cash equivalents and time deposits with maturities of three months or less at the date of purchase. Interest on these balances is recorded on the accrual basis and included in Investment income.

**B. Financial Assets**

The Insurer has the following financial assets: (i) loans and receivables. Management determines the classification of financial assets at initial recognition.

**ARGUS INTERNATIONAL LIFE INSURANCE LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2020**

*(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)*

(i) 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, loans and receivables are measured at amortised cost less any impairment losses. Interest income from Loans and receivables is recognised in Investment income on the Condensed Statement of Income using the effective interest method.

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 Condensed Balance Sheet.

**C. Segregated accounts under segregated accounts companies**

Segregated funds are lines of business in which the Insurer issues a contract where the benefit amount is directly linked to the fair value of the investments held in the particular segregated fund. Although the underlying assets are registered in the name of the of the Insurer 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.

Segregated funds are carried at fair value. Fair values are determined using quoted market values or where quoted market values are not available, estimated fair values as provided by pricing services to independent investment managers, administrators or custodians. Segregated fund assets may not be applied against liabilities that arise from any other business of the Insurer. The investment results of the segregated funds are reflected as segregated account liabilities on line 36 (b) of the Condensed Balance Sheet. The Insurer derives only fee income which is included in line 15 of the Condensed Statement of Income. Deposits to segregated funds are reported as increases in segregated fund liabilities and are not reported on the Condensed Statement of Income.

**D. Reinsurance**

Reinsurance premiums ceded, expense reimbursements, benefits and reserves related to reinsured business are recorded on an accrual basis. Reinsurance premiums are charged into income on a pro-rata basis over the periods covered by the contract of reinsurance to which they relate.

Existing policies are reinsured for the net amount at risk less the Insurer's retention based on treaties entered into with a number of reinsurers. Generally, the maximum automatic treaty limit per insured is \$35,000,000. The Insurer may periodically, on a facultative basis, place larger amounts. The net amount at risk is defined to be the death benefit minus the policy cash value. The amount of reinsurance coverage for each month is the net amount at risk at the end of such month minus the initial amount retained by the Insurer being \$50,000 to \$100,000 per insured for all reinsured policies issued after January 1, 2002 (\$15,000 for policies issued before 2002).

For policies issued in 2001 and prior years, the Insurer reinsured the variable life insurance policies for the lesser of five times the initial net amount at risk or \$20,000,000. The Insurer periodically, on a facultative basis, placed larger amounts.

**ARGUS INTERNATIONAL LIFE INSURANCE LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2020**

*(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)*

Reinsurance contracts do not relieve the Insurer from its obligations to policyholders. Failure of reinsurers to honour their obligations could result in losses to the Insurer. The Insurer's reinsurers have a minimum financial strength AM Best Rating of 'A' at the balance sheet date.

**5. Premium, Investment and other Commission income**

The Insurer does not receive premiums.

Interest income earned is recorded as it accrues, using the effective interest method. Realized gains and losses on the sale of investments are reflected in income in the year they are realized.

Commission and management fee income is included in income as earned.

**6. Foreign Exchange Translation**

All amounts are expressed in Bermuda dollars which is on par with United States dollars.

**7-14. All items outlined in the Act for Schedule X, Part I sections 7 – 14 are not applicable for the Insurer.**

**15. Significant related party transactions are as follows:**

Operating expenses include \$396,993 (2019 - \$302,623) representing the Insurer's allocation of group overhead expenses.

**16. The Ultimate Parent has decided to sell its private placement life business, which includes AILBL and its subsidiaries, which include the Insurer. There has been no transaction as of the date of these Condensed Financial Statements.**

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

There were no other material subsequent events that are required to be disclosed.

**17. All items outlined in the Act for Schedule X, Part I section 17 are not applicable for the Insurer.**

**ARGUS INTERNATIONAL LIFE INSURANCE LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2020**

*(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)*

**PART II- NOTES TO CONDENSED STATEMENT OF CAPITAL AND SURPLUS**

<b>1. (a) Capital Stock</b>		<b>2020</b>	<b>2019</b>
	Common Shares authorized:		
	Issued and fully paid: 250,000 (2019 - 250,000) shares with a par value of \$1.00 per share	<u>250</u>	<u>250</u>
	Preference Shares authorized:		
	Issued and Outstanding: 1,000,000 (2019 - 1,000,000) shares with a par value of \$1.00 per share	<u>1,000</u>	<u>1,000</u>

The Preferred Shares shall be entitled to a dividend to be paid, once in each fiscal year and on a date at the discretion of the Board of Directors. These Preference Shares have no voting rights or pre-emptive rights to purchase all or any part of any new securities. The Preference Shares are redeemable as a price of \$1 per share, plus all accrued but unpaid cumulative dividends.

(b) There were no changes to Contributed Surplus during the year.

2. (c) Dividends paid and payable – No dividends paid or payable in the year.

(a) There was no change in authorized share capital of the insurer during the year;

(b)(c) There were no shares issued or redeemed, and no options to purchase shares were contracted during the year.

**PART III- NOTES TO THE CONSOLIDATED BALANCE SHEET**

1. Cash and Time Deposits - Refer to Part I Note 4A

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	1,357	53
Short Term investments	-	1,136
	<u>1,357</u>	<u>1,189</u>

2-9. All items outlined Schedule X, Part III section 2-9 are not applicable for the Insurer.

10. Accounts Receivable represents fees to be collected from the Insurers clients. These fees are fully recoverable from the clients Segregated Assets.

11-12. All items outlined Schedule X, Part III section 11-12 are not applicable for the Insurer.

**ARGUS INTERNATIONAL LIFE INSURANCE LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2020**

*(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)*

**13. (a)** Segregated Funds are Investments held in the name of the Insurer on behalf of the Insurer's clients. Changes to Segregated Funds are as follows:

	<b>2020</b>	<b>2019</b>
Additions to Segregated accounts		
Premiums	-	500
Net increase in market value of investments	-	1,009
	-	1,509
Deductions from Segregated accounts		
Withdrawals and benefits paid	9,932	51,046
Net decrease in market value of investments	5,771	-
Operating expenses	2,063	2,001
	17,766	53,047
Net deductions to Segregated accounts for the year	(17,766)	(51,538)
Segregated accounts, beginning of year	100,671	152,209
Segregated accounts, end of year	82,905	100,671

**14-21.** All items outlined Schedule X, Part III sections 14-21 are not applicable for the Insurer.

**22.** The life policy reserves for the period ended March 31, 2020 net of reinsurance recoverable are \$50,000 (2019 - \$46,248). The volume of the Group's life insurance and annuity business is not sufficient to use company specific mortality tables. The mortality assumption is based on industry standard life insurance and standard annuity past and emerging experience. CALM is used to project the cash flows from the supporting assets and the cash flows from the liabilities.

**23-26.** All items outlined Schedule X, Part III sections 23-26 are not applicable for the Insurer.

**27.** The total long-term business insurance reserves for the period ended March 31, 2020 are \$83,359 (2019 - \$214,650)

**28.** Insurance and Reinsurance Balance Payable of \$289,183 (2019 - \$312,962) consists of premiums due to Reinsurer.

**29.** Commissions Payable of \$46,710 (2019 - \$46,270) consists of fees payable to Advisors.

**30-31.** All items outlined Schedule X, Part III sections 30-31 are not applicable for the Insurer.

**32.** Amounts due to affiliates are carried at cost. The advances have no formal repayment terms and are non-interest bearing.

**33.** Accounts Payable and Accrued Liabilities consists of Advisor and Consultant Fees Payable.

**ARGUS INTERNATIONAL LIFE INSURANCE LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2020**

*(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)*

**34-35.** All items outlined Schedule X, Part III section 34-35 are not applicable for the Insurer.

**36.** Refer to Note 13.

**37.** All items outlined Schedule X, Part III section 37 are not applicable for the Insurer.

**PART IV- NOTES TO THE CONSOLIDATED STATEMENT OF INCOME**

**6.** All items outlined Schedule X, Part IV section 6 are not applicable for the Insurer.

**15.** Other Insurance Income consists of fees charged to the policyholders.

**32.** All items outlined Schedule X, Part IV section 32 are not applicable for the Insurer.

**36.** All items outlined Schedule X, Part IV section 36 are not applicable for the Insurer.