

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

- ☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the quarterly period ended September 30, 2023**  
**or**  
☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period**  
**from \_\_\_\_\_ to \_\_\_\_\_**

Commission file number: 1-15259

**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.**  
(Exact name of registrant as specified in its charter)

<b>Bermuda</b> (State or other jurisdiction of incorporation or organization)	<b>98-0214719</b> (I.R.S. Employer Identification Number)
<b>90 Pitts Bay Road</b>	<b>P.O. Box HM 1282</b>
<b>Pembroke</b>	<b>Hamilton</b>
<b>Bermuda</b> (Address of principal executive offices)	<b>Bermuda</b> (Mailing address)
<b>HM08</b>	<b>HM FX</b>

(Registrant's telephone number, including area code): (441) 296-5858

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value of \$1.00 Per Share	ARGO	New York Stock Exchange
6.500% Senior Notes Due 2042 issued by Argo Group U.S., Inc. and The Guarantee With Respect Thereto	ARGD	New York Stock Exchange
Depository Shares, Each Representing a 1/1000th Interest in 7.00% Resettable Fixed Rate Preference Share, Series A, Par Value \$1.00 Per Share	ARGOPrA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark whether the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding (net of treasury shares) of each of the issuer's classes of common shares as of November 7, 2023.

As of November 7, 2023, the registrant had 35,215,517 shares of common stock outstanding (net of treasury shares).

# ARGO GROUP INTERNATIONAL HOLDINGS, LTD.

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**PART I. FINANCIAL INFORMATION**
**Item 1. Consolidated Financial Statements**

**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in millions, except number of shares and per share amounts)

	September 30, 2023 (Unaudited)	December 31, 2022
<b>Assets</b>		
Investments:		
Fixed maturities available-for-sale, at fair value (amortized cost: 2023 - \$2,873.2, 2022 - \$3,016.4; allowance for expected credit losses: 2023 - \$4.4, 2022 - \$2.8)	\$ 2,537.4	\$ 2,675.5
Commercial mortgage loans (cost: 2023 - \$159.9, 2022 - \$159.9; allowance for expected credit losses: 2023 - \$0.2, 2022 - \$0.2)	159.7	159.7
Equity securities, at fair value (cost: 2023 - \$16.2; 2022 - \$54.7)	11.6	43.9
Other investments (cost: 2023 - \$326.3; 2022 - \$323.2)	326.3	323.2
Short-term investments, at fair value (amortized cost: 2023 - \$1,222.7; 2022 - \$449.4)	1,222.7	449.6
Total investments	4,257.7	3,651.9
Cash and restricted cash	64.2	50.2
Accrued investment income	20.1	18.6
Premiums receivable	269.7	292.0
Reinsurance recoverables	2,889.6	3,029.1
Goodwill	118.6	118.6
Current income taxes receivable, net	45.9	44.9
Deferred tax asset, net	88.4	101.2
Deferred acquisition costs, net	108.5	107.0
Ceded unearned premiums	337.4	375.5
Operating lease right-of-use assets	51.6	57.7
Other assets	187.8	121.5
Assets held-for-sale	—	2,066.2
<b>Total assets</b>	<b>\$ 8,439.5</b>	<b>\$ 10,034.4</b>
<b>Liabilities and Shareholders' Equity</b>		
Reserves for losses and loss adjustment expenses	\$ 5,328.7	\$ 5,051.6
Unearned premiums	987.6	1,039.9
Accrued underwriting expenses and other liabilities	261.7	121.3
Ceded reinsurance payable, net	180.6	158.7
Funds held	50.8	50.0
Senior unsecured fixed rate notes	140.6	140.5
Junior subordinated debentures	258.8	258.6
Operating lease liabilities	59.4	66.4
Liabilities held-for-sale	—	1,914.5
<b>Total liabilities</b>	<b>7,268.2</b>	<b>8,801.5</b>
Commitments and contingencies (Note 14)		
Shareholders' equity:		
Preferred shares and additional paid-in capital - \$1.00 par, 30,000,000 shares authorized; 6,000 and 6,000 shares issued at September 30, 2023 and December 31, 2022, respectively; liquidation preference \$25,000	144.0	144.0
Common shares - \$1.00 par, 500,000,000 shares authorized; 46,520,812 and 46,379,297 shares issued at September 30, 2023 and December 31, 2022, respectively	46.5	46.4
Additional paid-in capital	1,396.1	1,395.4
Treasury shares (11,318,339 and 11,318,339 shares at September 30, 2023 and December 31, 2022, respectively)	(455.1)	(455.1)
Retained earnings	321.1	407.3
Accumulated other comprehensive loss, net of taxes	(281.3)	(305.1)
<b>Total shareholders' equity</b>	<b>1,171.3</b>	<b>1,232.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 8,439.5</b>	<b>\$ 10,034.4</b>

See accompanying notes.

**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
(in millions, except number of shares and per share amounts)  
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Premiums and other revenue:				
Net earned premiums	\$ 342.7	\$ 455.0	\$ 1,062.5	\$ 1,389.9
Net investment income	40.4	34.0	102.9	100.9
Net investment and other gains (losses):				
Net realized investment and other gains (losses)	7.4	(42.3)	(21.0)	(119.2)
Change in fair value recognized	(10.1)	(1.1)	2.1	2.5
Change in allowance for credit losses on fixed maturity securities	(2.0)	(1.3)	(2.1)	(2.9)
Total net investment and other gains (losses)	(4.7)	(44.7)	(21.0)	(119.6)
Total revenue	378.4	444.3	1,144.4	1,371.2
Expenses:				
Losses and loss adjustment expenses	280.9	298.8	806.9	858.4
Underwriting, acquisition and insurance expenses	116.1	161.0	364.0	494.9
Non-operating expenses	5.1	11.0	23.5	33.9
Interest expense	8.7	6.8	25.4	18.7
Fee and other (income) expense, net	0.2	0.1	(0.3)	(1.8)
Foreign currency exchange (gains) losses	(3.3)	(9.1)	0.1	(16.5)
Impairment of goodwill and intangible assets	—	28.5	—	28.5
Total expenses	407.7	497.1	1,219.6	1,416.1
Income (loss) before income taxes	(29.3)	(52.8)	(75.2)	(44.9)
Income tax provision (benefit)	17.6	(4.0)	3.3	21.1
Net income (loss)	\$ (46.9)	\$ (48.8)	\$ (78.5)	\$ (66.0)
Dividends on preferred shares	2.6	2.6	7.9	7.9
Net income (loss) attributable to common shareholders	\$ (49.5)	\$ (51.4)	\$ (86.4)	\$ (73.9)
Net income (loss) attributable to common shareholders per common share:				
Basic	\$ (1.41)	\$ (1.47)	\$ (2.46)	\$ (2.11)
Diluted	\$ (1.41)	\$ (1.47)	\$ (2.46)	\$ (2.11)
Dividend declared per common share	\$ —	\$ 0.31	\$ —	\$ 0.93
Weighted average common shares:				
Basic	35,197,824	35,014,182	35,158,416	34,955,787
Diluted	35,197,824	35,014,182	35,158,416	34,955,787

See accompanying notes.

**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in millions)  
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (46.9)	\$ (48.8)	\$ (78.5)	\$ (66.0)
Other comprehensive income (loss):				
Foreign currency translation:				
Foreign currency translation adjustments	0.5	(1.0)	1.0	(1.4)
Reclassification adjustment for foreign currency translation included in net income	—	—	—	31.8
Defined benefit pension plans:				
Net gain arising during the period	—	—	1.0	—
Unrealized gains (losses) on fixed maturity securities:				
Gains (losses) arising during the period	(20.7)	(137.6)	(0.7)	(460.0)
Reclassification adjustment for losses (gains) included in net income (loss)	1.5	47.5	27.4	42.1
Other comprehensive income (loss) before tax	(18.7)	(91.1)	28.7	(387.5)
Income tax provision (benefit) related to other comprehensive income (loss):				
Defined benefit pension plans:				
Net gain arising during the period	—	—	0.2	—
Unrealized gains (losses) on fixed maturity securities:				
Gains (losses) arising during the period	(3.3)	(24.0)	(0.3)	(86.1)
Reclassification adjustment for losses (gains) included in net income (loss)	(0.4)	9.8	5.0	8.8
Income tax (benefit) provision related to other comprehensive income (loss)	(3.7)	(14.2)	4.9	(77.3)
Other comprehensive income (loss), net of tax	(15.0)	(76.9)	23.8	(310.2)
Comprehensive income (loss)	<u>\$ (61.9)</u>	<u>\$ (125.7)</u>	<u>\$ (54.7)</u>	<u>\$ (376.2)</u>

See accompanying notes.

**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in millions, except number of shares and per share amounts)  
(Unaudited)

	Preferred Shares and Additional Paid-in Capital	Common Shares	Additional Paid-In Capital	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
<b>Balance, June 30, 2022</b>	\$ 144.0	\$ 46.3	\$ 1,388.9	\$ (455.1)	\$ 592.6	\$ (256.0)	\$ 1,460.7
Net loss	—	—	—	—	(48.8)	—	(48.8)
Other comprehensive loss - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(75.9)	(75.9)
Other comprehensive loss, net - Other	—	—	—	—	—	(1.0)	(1.0)
Activity under stock incentive plans	—	0.1	3.9	—	—	—	4.0
Retirement of common shares (tax payments on equity compensation)	—	(0.1)	(0.6)	—	—	—	(0.7)
Employee stock purchase plan	—	—	0.4	—	—	—	0.4
Dividends on preferred shares	—	—	—	—	(2.6)	—	(2.6)
Cash dividend declared - common shares (\$0.31/share)	—	—	—	—	(11.2)	—	(11.2)
<b>Balance, September 30, 2022</b>	<u>\$ 144.0</u>	<u>\$ 46.3</u>	<u>\$ 1,392.6</u>	<u>\$ (455.1)</u>	<u>\$ 530.0</u>	<u>\$ (332.9)</u>	<u>\$ 1,324.9</u>
<b>Balance, June 30, 2023</b>	\$ 144.0	\$ 46.5	\$ 1,395.1	\$ (455.1)	\$ 370.6	\$ (266.3)	\$ 1,234.8
Net loss	—	—	—	—	(46.9)	—	(46.9)
Other comprehensive loss - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(15.5)	(15.5)
Other comprehensive income, net - Other	—	—	—	—	—	0.5	0.5
Activity under stock incentive plans	—	—	0.7	—	—	—	0.7
Retirement of common shares (tax payments on equity compensation)	—	—	(0.1)	—	—	—	(0.1)
Employee stock purchase plan	—	—	0.4	—	—	—	0.4
Dividends on preferred shares	—	—	—	—	(2.6)	—	(2.6)
<b>Balance, September 30, 2023</b>	<u>\$ 144.0</u>	<u>\$ 46.5</u>	<u>\$ 1,396.1</u>	<u>\$ (455.1)</u>	<u>\$ 321.1</u>	<u>\$ (281.3)</u>	<u>\$ 1,171.3</u>

See accompanying notes.

	Preferred Shares and Additional Paid-in Capital	Common Shares	Additional Paid-In Capital	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
<b>Balance, December 31, 2021</b>	\$ 144.0	\$ 46.2	\$ 1,386.4	\$ (455.1)	\$ 636.4	\$ (22.7)	\$ 1,735.2
Net loss	—	—	—	—	(66.0)	—	(66.0)
Other comprehensive loss - Change in fair value of fixed maturities, net of taxes	—	—	—	—	—	(340.6)	(340.6)
Other comprehensive income, net - Other	—	—	—	—	—	30.4	30.4
Activity under stock incentive plans	—	0.2	6.8	—	—	—	7.0
Retirement of common shares (tax payments on equity compensation)	—	(0.1)	(1.9)	—	—	—	(2.0)
Employee stock purchase plan	—	—	1.3	—	—	—	1.3
Dividends on preferred shares	—	—	—	—	(7.9)	—	(7.9)
Cash dividend declared - common shares (\$0.93/share)	—	—	—	—	(32.5)	—	(32.5)
<b>Balance, September 30, 2022</b>	<u>\$ 144.0</u>	<u>\$ 46.3</u>	<u>\$ 1,392.6</u>	<u>\$ (455.1)</u>	<u>\$ 530.0</u>	<u>\$ (332.9)</u>	<u>\$ 1,324.9</u>
<b>Balance, December 31, 2022</b>	\$ 144.0	\$ 46.4	\$ 1,395.4	\$ (455.1)	\$ 407.3	\$ (305.1)	\$ 1,232.9
Net loss	—	—	—	—	(78.5)	—	(78.5)
Other comprehensive income - change in fair value of fixed maturities, net of taxes	—	—	—	—	—	22.0	22.0
Other comprehensive income, net - other	—	—	—	—	—	1.8	1.8
Activity under stock incentive plans	—	0.1	0.4	—	—	—	0.5
Retirement of common shares (tax payments on equity compensation)	—	—	(0.9)	—	—	—	(0.9)
Employee stock purchase plan	—	—	1.2	—	—	—	1.2
Dividends on preferred shares	—	—	—	—	(7.9)	—	(7.9)
Cash dividend declared - common shares (\$0.00/share)	—	—	—	—	0.2	—	0.2
<b>Balance, September 30, 2023</b>	<u>\$ 144.0</u>	<u>\$ 46.5</u>	<u>\$ 1,396.1</u>	<u>\$ (455.1)</u>	<u>\$ 321.1</u>	<u>\$ (281.3)</u>	<u>\$ 1,171.3</u>

See accompanying notes.

**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)  
(Unaudited)

	For the Nine Months Ended September 30,	
	2023	2022
Cash flows provided by (used in) operating activities:		
Net loss	\$ (78.5)	\$ (66.0)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Amortization and depreciation	11.3	15.0
Share-based payments expense	0.3	6.4
Deferred income tax expense (benefit), net	4.7	(2.6)
Net investment and other (gains) losses	21.0	119.6
Undistributed earnings from alternative investment portfolio	(9.3)	(21.8)
Loss on disposals of long-lived assets, net	—	(0.6)
Foreign currency exchange (gains) losses	0.1	(16.5)
Impairment of goodwill and intangibles	—	28.5
Change in:		
Accrued investment income	(1.6)	(2.2)
Receivables	743.4	(274.2)
Deferred acquisition costs	(10.7)	(17.3)
Ceded unearned premiums	(19.5)	40.4
Reserves for losses and loss adjustment expenses	(223.8)	334.6
Unearned premiums	(10.6)	(2.9)
Ceded reinsurance payable and funds held	(55.8)	(32.1)
Income taxes	(1.7)	1.0
Accrued underwriting expenses and other liabilities	(46.6)	(11.6)
Other, net	(51.2)	1.8
Cash provided by operating activities	271.5	99.5
Cash flows provided by (used in) investing activities:		
Sales of fixed maturity investments	21.4	678.3
Maturities and mandatory calls of fixed maturity investments	119.5	323.8
Sales of equity securities	45.7	16.3
Sales of other investments	21.5	45.3
Purchases of fixed maturity investments	(11.9)	(1,042.1)
Purchases of equity securities	(0.3)	(1.0)
Purchases of other investments	(16.6)	(36.2)
Change in foreign regulatory deposits and voluntary pools	—	(4.0)
Purchase of mortgage loans	—	(158.8)
Change in short-term investments	(566.4)	82.2
Settlements of foreign currency exchange forward contracts	4.5	(21.5)
Proceeds from business divestitures, net of cash transferred	62.9	13.9
Purchases of fixed assets, net	(2.4)	(2.3)
Cash provided by (used in) investing activities	(322.1)	(106.1)
Cash flows provided by (used in) financing activities:		
Activity under stock incentive plans	1.2	2.1
Payment of cash dividends to preferred shareholders	(7.9)	(7.9)
Payment of cash dividends to common shareholders	0.2	(32.5)
Cash used in financing activities	(6.5)	(38.3)
Effect of exchange rate changes on cash	0.3	(1.8)
Net change in cash and restricted cash	(56.8)	(46.7)
Net change in cash balances classified as held-for-sale	70.8	—
Cash and restricted cash, beginning of year	50.2	146.1
Cash and restricted cash, end of period	\$ 64.2	\$ 99.4

See accompanying notes.



**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Business and Significant Accounting Policies**

The accompanying Condensed Consolidated Financial Statements of Argo Group International Holdings, Ltd. and its subsidiaries (“Argo Group,” “we,” “us,” “our” or the “Company”) have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Argo Group is an underwriter of specialty insurance products in the property and casualty market.

The preparation of interim financial statements in conformity with GAAP 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 reported amounts of revenues and expenses during the reporting period. The major estimates reflected in our Condensed Consolidated Financial Statements include, but are not limited to, reserves for losses and loss adjustment expenses; reinsurance recoverables, including the reinsurance recoverables allowance for expected credit losses; fair value of investments and assessment of potential impairment, including the allowance for credit losses on fixed maturity securities; valuation of goodwill and our deferred tax asset valuation allowance. Actual results could materially differ from those estimates. Certain financial information that is normally included in annual Condensed Consolidated Financial Statements, including certain financial statement footnotes, prepared in accordance with GAAP, is not required for interim reporting purposes and has been condensed or omitted. These statements should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission (“SEC”) (the “2022 Form 10-K”).

The interim financial information as of, and for the three and nine months ended, September 30, 2023 and 2022 is unaudited. However, in the opinion of management, the interim information includes all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the results presented for the interim periods. The operating results for the interim periods are not necessarily indicative of the results to be expected for the full year. All significant intercompany amounts have been eliminated in consolidation. Certain reclassifications have been made to financial information presented for prior years to conform to the current year’s presentation.

***Loss Portfolio Transfer - U.S.***

On November 9, 2022, the U.S. loss portfolio transaction with a wholly owned subsidiary Enstar Group Limited covering a majority of the Company’s U.S. casualty insurance reserves, including construction, for accident years 2011 to 2019 closed.

The financial statement impact of this transaction on the closing date, which was recorded in the fourth quarter of 2022, consisted mainly of ceded premiums for a total of \$121.0 million and was reflected in *Earned premiums* in our Condensed Consolidated Statements of Income (Loss). In 2023, the reserves ceded under the U.S. loss portfolio transfer exceeded the consideration paid by \$35.1 million, and is reflected as a deferred gain liability included in *Accrued underwriting expenses and other liabilities* on the Condensed Consolidated Balance Sheets, net of amortization. The deferred gain is amortized to earnings using the recovery method over the estimated claims settlement period.

Any potential future loss development on the U.S. loss portfolio transfer increases the deferred gain if unfavorable, or decreases the deferred gain if favorable, and a cumulative amortization adjustment based on the change in estimate is recorded to earnings.

***Sale of Argo Underwriting Agency Limited***

On September 8, 2022, Argo International Holdings Limited (the “Seller”), a wholly-owned subsidiary of the Company, and Ohio Farmers Insurance Company (the “Buyer”), part of the Westfield group of insurance companies, entered into a sale and purchase agreement (the “Transaction”) under which the Seller agreed to sell, and the Buyer agreed to purchase, the entire issued share capital of Argo Underwriting Agency Limited (“AUA”), for which the financial results are reported in our International segment. This transaction simplifies our reporting structure and is intended to drive greater efficiencies.

The base cash consideration for the purchase was \$125.0 million, which was adjusted to reflect the extent by which AUA's net assets at completion are greater or lesser than AUA net assets as of March 31, 2022. In the third quarter of 2022, as a result of the sale, an impairment was recorded in the amount of \$28.5 million, consisting of \$17.3 million of indefinite lived intangible assets and \$11.2 million of goodwill, representing the difference between the carrying value and implied fair value as determined by the consideration to be received. In addition, the Buyer was obliged to replace certain funds provided by the Company to support the activities of AUA and certain of its subsidiaries at Lloyd's of London, which would then be released to the Company.

As of December 31, 2022, the Company reported the assets and liabilities of this block of business as held-for-sale on Condensed Consolidated Balance Sheets with results continuing to be reported within the Condensed Consolidated Statements of Income (Loss) and the International Operations segment. The Company determined that the Transaction did not represent a strategic shift, and therefore, did not meet the requirements for discontinued operations.

On February 2, 2023, the Seller completed the sale of the entire issued share capital of AUA. At the closing, the Company received total consideration of \$155.7 million, which included cash proceeds of \$125.1 million as base consideration and an additional \$30.6 million which was placed in escrow by the Buyer related to certain reinsurance-related recoverables. The funds in escrow may be released to the Seller over a period of two years following the closing. At the end of the two-year escrow period, any remaining balance of the escrow will be returned to the Buyer.

As a result of the sale, we realized a loss of \$20.3 million in the first quarter of 2023, which is included as a component of *Net realized investment and other gains (losses)* in our Condensed Consolidated Statements of Income (Loss). This loss is due to the realization of unrealized investment losses, which was previously a component of accumulated other comprehensive income.

Through the third quarter of 2023, \$7.8 million of the consideration placed in escrow was released to the Company. In addition, the total consideration was adjusted to \$161.3 million based on a mutually agreed final closing balance sheet, which resulted in an additional \$5.6 million of cash proceeds received by the Company in July 2023.

#### ***Sale of ArgoGlobal SE***

On June 22, 2022, we completed the sale of our Malta operations, ArgoGlobal Holdings (Malta) Ltd. and subsidiaries ("AGSE") to RiverStone Holdings Limited (part of the RiverStone International Group) for €4.9 million (approximately \$5.2 million), subject to the terms and conditions set forth in the purchase agreement. AGSE is one of the business units within our International Operations reporting segment. As a result, we realized a loss on the sale of AGSE of \$21.3 million, which is included as a component of *Net realized investment and other gains (losses)* in our Condensed Consolidated Statements of Income (Loss). This amount includes \$4.5 million of losses from the realization of historical foreign currency translation, which was previously a component of accumulated other comprehensive income.

#### ***Loss Portfolio Transfer***

In April 2022, Argo Managing Agency Limited, for and on behalf of Lloyd's Syndicate 1200, reached an agreement to enter into a loss portfolio transfer of the 2018 and 2019 years of account to Riverstone Managing Agency Limited, for and on behalf of Lloyd's Syndicate 3500, retrospectively from January 1, 2022.

#### ***Sale of Argo Seguros Brasil S.A.***

On February 15, 2022, we completed the sale of our Brazilian operations, Argo Seguros Brasil S.A. ("Argo Seguros"), to Spice Private Equity Ltd., an investment company focused on global private equity investments, for a purchase price of 160 million Brazilian Reais (approximately \$30.5 million), subject to the terms and conditions set forth in the purchase agreement. Argo Seguros was one of the units within our International Operations reporting segment. As a result, we realized a loss on the sale of Argo Seguros of \$28.5 million, which is included as a component of *Net realized investment and other gains (losses)* in our Condensed Consolidated Statements of Income (Loss). This loss was primarily attributable to the realization of historical foreign currency translation, which was previously a component of accumulated other comprehensive income. We previously recognized a \$6.3 million loss during 2021 as we adjusted the carrying value of Argo Seguros to its fair value.

In third quarter of 2022, a final purchase price was established in the amount of 140 million Brazilian Reais (approximately \$26.9 million). As a result, we realized a loss on the sale of Argo Seguros of \$33.8 million in 2022, which is included as a component of *Net realized investment and other gains (losses)* in our Condensed Consolidated Statements of Income (Loss).

## **2. Recently Issued Accounting Pronouncements**

On October 9, 2023, the Financial Accounting Standards Board issued Accounting Standards Update 2023-06—*Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative ("ASU 2023-06")*. The amendments modify the disclosure or presentation requirements of a variety of Topics in the Codification. Certain of the amendments represent clarifications to or technical corrections of the current requirements and also facilitate the comparison of entities subject to the SEC's existing disclosures with those entities that were not previously subject to the SEC's requirements. Further, the amendments align the requirements in the Codification with the SEC's regulations.

The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The amendments in this Update should be applied prospectively.

We are currently evaluating the requirements of ASU 2023-06. However, as they apply to disclosure requirements, the adoption of the standard is not anticipated to have a material impact on our profitability, financial position or cash flows.

## **3. Investments**

Included in our *Assets held-for-sale* at December 31, 2022 in our Condensed Consolidated Balance Sheets is \$55.9 million of assets managed on behalf of the trade capital providers, who are third-party participants that provide underwriting capital to the operations of Syndicates 1200 and 1910. At September 30, 2023, the Company did not have any assets managed on behalf of the trade capital providers due the sale of AUA as described in Note 1, "Business and Significant Accounting Policies."

### Fixed Maturities

The amortized cost, gross unrealized gains, gross unrealized losses, allowance for credit losses, and fair value of fixed maturity investments were as follows:

September 30, 2023

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Fixed maturities					
U.S. Governments	\$ 392.6	\$ —	\$ 28.1	\$ —	\$ 364.5
Foreign Governments	36.7	0.3	8.0	1.1	27.9
Obligations of states and political subdivisions	105.4	—	10.1	0.5	94.8
Corporate bonds	1,324.7	0.5	144.8	2.7	1,177.7
Commercial mortgage-backed securities	328.1	—	56.7	—	271.4
Residential mortgage-backed securities	300.4	0.1	60.8	—	239.7
Asset-backed securities	142.7	—	12.3	0.1	130.3
Collateralized loan obligations	242.6	0.4	11.9	—	231.1
Total fixed maturities	<u>\$ 2,873.2</u>	<u>\$ 1.3</u>	<u>\$ 332.7</u>	<u>\$ 4.4</u>	<u>\$ 2,537.4</u>

December 31, 2022

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Fixed maturities					
U.S. Governments	\$ 410.9	\$ —	\$ 30.2	\$ —	\$ 380.7
Foreign Governments	35.6	0.3	6.7	0.8	28.4
Obligations of states and political subdivisions	109.9	0.4	10.1	0.4	99.8
Corporate bonds	1,394.8	0.9	160.0	1.6	1,234.1
Commercial mortgage-backed securities	337.4	—	52.0	—	285.4
Residential mortgage-backed securities	320.0	0.2	50.2	—	270.0
Asset-backed securities	153.4	—	14.2	—	139.2
Collateralized loan obligations	254.4	0.3	16.8	—	237.9
Total fixed maturities	<u>\$ 3,016.4</u>	<u>\$ 2.1</u>	<u>\$ 340.2</u>	<u>\$ 2.8</u>	<u>\$ 2,675.5</u>

### Contractual Maturity

The amortized cost and fair values of fixed maturity investments as of September 30, 2023, by contractual maturity, were as follows:

(in millions)	Amortized Cost	Fair Value
Due in one year or less	\$ 244.2	\$ 237.9
Due after one year through five years	1,150.7	1,050.8
Due after five years through ten years	422.2	344.7
Due after ten years	42.3	31.5
Structured securities	1,013.8	872.5
Total	<u>\$ 2,873.2</u>	<u>\$ 2,537.4</u>

The actual maturities may differ from the contractual maturities because debtors may have the right to call or prepay obligations.

### Other Investments

Details regarding the carrying value and unfunded investment commitments of other investments as of September 30, 2023 and December 31, 2022 were as follows:

#### September 30, 2023

(in millions)	Carrying Value	Unfunded Commitments
Investment Type		
Hedge funds	\$ 56.3	\$ —
Private equity	264.8	96.9
Other	5.2	—
<b>Total other investments</b>	<b>\$ 326.3</b>	<b>\$ 96.9</b>

#### December 31, 2022

(in millions)	Carrying Value	Unfunded Commitments
Investment Type		
Hedge funds	\$ 54.0	\$ —
Private equity	264.6	108.9
Other	4.6	—
<b>Total other investments</b>	<b>\$ 323.2</b>	<b>\$ 108.9</b>

The following describes each investment type:

- **Hedge funds:** Hedge funds, carried at net asset value (“NAV”) as a practical expedient of fair value, include funds that primarily buy and sell stocks, including short sales, multi-strategy credit, relative value credit and distressed credit.
- **Private equity:** Private equity includes buyout funds, real asset/infrastructure funds, credit special situations funds, mezzanine lending funds and direct investments and strategic non-controlling minority investments in private companies that are principally accounted for using the equity method of accounting.
- **Other:** Other includes participation in investment pools.

### Unrealized Losses

An aging of unrealized losses on our investments in fixed maturities is presented below:

September 30, 2023	Less Than One Year		One Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in millions)						
<b>Fixed maturities</b>						
U.S. Governments	\$ 3.9	\$ 0.1	\$ 360.5	\$ 28.0	\$ 364.4	\$ 28.1
Foreign Governments	10.3	1.7	13.8	6.3	24.1	8.0
Obligations of states and political subdivisions	8.9	0.2	84.8	9.9	93.7	10.1
Corporate bonds	26.2	1.8	1,129.2	143.0	1,155.4	144.8
Commercial mortgage-backed securities	0.6	—	270.7	56.7	271.3	56.7
Residential mortgage-backed securities	3.8	0.2	234.8	60.6	238.6	60.8
Asset-backed securities	1.5	0.1	125.2	12.2	126.7	12.3
Collateralized loan obligations	11.7	0.2	203.6	11.7	215.3	11.9
<b>Total fixed maturities</b>	<b>\$ 66.9</b>	<b>\$ 4.3</b>	<b>\$ 2,422.6</b>	<b>\$ 328.4</b>	<b>\$ 2,489.5</b>	<b>\$ 332.7</b>

  

December 31, 2022	Less Than One Year		One Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in millions)						
<b>Fixed maturities</b>						
U.S. Governments	\$ 271.0	\$ 18.1	\$ 109.8	\$ 12.1	\$ 380.8	\$ 30.2
Foreign Governments	16.7	4.9	2.6	1.8	19.3	6.7
Obligations of states and political subdivisions	67.4	4.1	24.3	6.0	91.7	10.1
Corporate bonds	695.1	68.3	519.6	91.7	1,214.7	160.0
Commercial mortgage-backed securities	144.2	18.6	141.2	33.4	285.4	52.0
Residential mortgage-backed securities	88.7	8.8	178.8	41.4	267.5	50.2
Asset-backed securities	93.3	7.5	45.9	6.7	139.2	14.2
Collateralized loan obligations	181.1	13.3	44.2	3.5	225.3	16.8
<b>Total fixed maturities</b>	<b>\$ 1,557.5</b>	<b>\$ 143.6</b>	<b>\$ 1,066.4</b>	<b>\$ 196.6</b>	<b>\$ 2,623.9</b>	<b>\$ 340.2</b>

We hold a total of 1,474 fixed maturity securities, of which 233 were in an unrealized loss position for less than one year and 1,225 were in an unrealized loss position for a period one year or greater as of September 30, 2023. The unrealized losses as of September 30, 2023 are primarily driven from interest rate movements.

### Allowance for Credit Losses

For fixed maturities with a decline in fair value below the amortized cost due to credit-related factors, an allowance is established for the difference between the estimated recoverable value and amortized cost with a corresponding charge to *Net investment and other gains (losses)* in the Condensed Consolidated Statements of Income (Loss). The allowance is limited to the difference between amortized cost and fair value. The estimated recoverable value is the present value of cash flows expected to be collected, as determined by management. The difference between fair value and amortized cost that is not associated with credit-related factors is recognized in the Condensed Consolidated Statements of Comprehensive Income (Loss). Accrued interest is excluded from the measurement of the allowance for credit losses.

When determining if a credit loss has been incurred, we may consider the historical performance of the security, available market information and security specific considerations such as the priority payment of the security. In addition, inputs used in our analysis include, but are not limited to, credit ratings and downgrades, delinquency rates, missed scheduled interest or principal payments, purchase yields, underlying asset performance, collateral types, modeled default rates, modeled severity rates, call/prepayment rates, expected cash flows, industry concentrations, and potential or filed bankruptcies or restructurings.

In cooperation with our investment managers, we evaluate for credit losses each quarter utilizing a bottom up review approach. At the security level, a determination is made as to whether a decline in fair value below the amortized cost basis is due to credit-related or noncredit-related factors. If we determine that all or a portion of a fixed maturity is uncollectible, the uncollectible amortized cost is written off with a corresponding reduction to the allowance for credit losses. If we collect cash flows that were previously written off, the recovery is recognized in *Net investment and other gains (losses)*. We also consider whether we intend to sell an available-for-sale security or if it is more likely than not that we will be required to sell the security before recovery of its amortized cost. In these instances, a decline in fair value is recognized in *Net investment and other gains (losses)* in the Condensed Consolidated Statements of Income (Loss) based on the fair value of the security at the time of assessment, resulting in a new cost basis for the security.

The following table presents a roll-forward of the changes in allowance for credit losses on available-for-sale fixed maturities by industry category for the three and nine months ending September 30, 2023 and 2022, respectively:

(in millions)	Foreign Governments	Obligations of states and political subdivisions	Corporate bonds	Asset backed securities	Total
Beginning balance, June 30, 2023	\$ 1.0	\$ —	\$ 1.4	\$ 0.1	\$ 2.5
Securities for which allowance was not previously recorded	—	0.5	1.4	—	1.9
Securities sold during the period	—	—	(0.1)	—	(0.1)
Reductions for credit impairments	—	—	—	—	—
Additional net increases (decreases) in existing allowance	0.1	—	—	—	0.1
Ending balance, September 30, 2023	\$ 1.1	\$ 0.5	\$ 2.7	\$ 0.1	\$ 4.4

  

(in millions)	Foreign Governments	Obligations of states and political subdivisions	Corporate bonds	Asset backed securities	Total
Beginning balance, June 30, 2022	\$ 0.5	\$ 0.4	\$ 1.0	\$ 0.1	\$ 2.0
Securities for which allowance was not previously recorded	0.1	—	1.1	—	1.2
Securities sold during the period	—	—	—	—	—
Reductions for credit impairments	—	—	—	—	—
Additional net increases (decreases) in existing allowance	0.1	—	—	—	0.1
Ending balance, September 30, 2022	\$ 0.7	\$ 0.4	\$ 2.1	\$ 0.1	\$ 3.3

  

(in millions)	Foreign Governments	Obligations of states and political subdivisions	Corporate bonds	Asset backed securities	Total
Beginning balance, January 1, 2023	\$ 0.7	\$ 0.4	\$ 1.6	\$ 0.1	\$ 2.8
Securities for which allowance was not previously recorded	0.1	0.5	2.1	—	2.7
Securities sold during the period	—	—	(0.5)	—	(0.5)
Reductions for credit impairments	—	—	—	—	—
Additional net increases (decreases) in existing allowance	0.3	(0.4)	(0.5)	—	(0.6)
Ending balance, September 30, 2023	\$ 1.1	\$ 0.5	\$ 2.7	\$ 0.1	\$ 4.4

(in millions)	Foreign Governments	Obligations of states and political subdivisions	Corporate bonds	Asset backed securities	Total
Beginning balance, January 1, 2022	\$ 0.2	\$ —	\$ 2.2	\$ 0.1	\$ 2.5
Securities for which allowance was not previously recorded	0.4	—	1.6	—	2.0
Securities sold during the period	(0.1)	—	(0.6)	—	(0.7)
Reductions for credit impairments	—	—	(1.4)	—	(1.4)
Additional net increases (decreases) in existing allowance	0.2	0.4	0.3	—	0.9
Ending balance, September 30, 2022	<u>\$ 0.7</u>	<u>\$ 0.4</u>	<u>\$ 2.1</u>	<u>\$ 0.1</u>	<u>\$ 3.3</u>

The change in allowance for credit losses on fixed maturity securities, included in *Net investment and other gains (losses)* in the Condensed Consolidated Statements of Income (Loss) was \$2.0 million and \$2.1 million for the three and nine months ended September 30, 2023, respectively. The change in allowance for credit losses on fixed maturity securities, included in *Net investment and other gains (losses)* in the Condensed Consolidated Statements of Income (Loss) was \$1.3 million and \$2.9 million for the three and nine months ended September 30, 2022.

For commercial mortgage loans an allowance for credit losses is established at the time of origination or purchase, as necessary, and is updated each reporting period. Changes in the allowance for credit losses are recorded in *Net investment and other gains (losses)*. This allowance reflects the risk of loss, even when that risk is remote, that is expected over the remaining contractual life of the loan. The allowance for credit losses considers available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts of future economic conditions.



### Commercial Mortgage Loans

Commercial mortgage loan investments are composed of participation interests in a portfolio of commercial mortgage loans. Loan collateral is diversified with regard to property type and geography. The following table presents loans by property type:

(in millions)	September 30, 2023		
	Cost	Composition	Loan Count
Apartments	\$ 87.4	54.7 %	16
Hotel	25.0	15.6 %	4
Industrial	26.2	16.4 %	4
Retail	21.3	13.3 %	4
Total	\$ 159.9	100.0 %	28

(in millions)	December 31, 2022		
	Cost	Composition	Loan Count
Apartments	\$ 87.4	54.5 %	16
Hotel	25.0	15.6 %	4
Industrial	26.0	16.3 %	4
Retail	21.5	13.6 %	4
Total	\$ 159.9	100.0 %	28

The following table presents our loans by Debt Service Coverage Ratio (“DSCR”):

(in millions)	September 30, 2023	
	Cost	Loan Count
Less than 1.00	\$ 40.8	8
1.00 to 1.50	20.1	4
Greater than 1.5 to 2.0	36.3	6
Greater than 2.0 to 3.0	47.7	8
Greater than 3.0 to 4.0	15.0	2
Total	\$ 159.9	28

(in millions)	December 31, 2022	
	Cost	Loan Count
1.00 to 1.50	\$ 10.4	2
Greater than 1.5 to 2.0	60.4	10
Greater than 2.0 to 3.0	52.0	10
Greater than 3.0 to 4.0	25.8	4
Greater than 4.0	11.3	2
Total	\$ 159.9	28

The following table presents loans by Loan To Value (“LTV”):

(in millions)	September 30, 2023	
	Cost	Loan Count
Equal to or less than 50.0%	\$ 15.0	2
Greater than 50.0% to 55.0%	9.1	2
Greater than 55.0% to 60.0%	31.8	6
Greater than 60.0% to 70.0%	62.9	10
Greater than 70.0%	41.1	8
Total	\$ 159.9	28

(in millions)	December 31, 2022	
	Cost	Loan Count
Equal to or less than 50.0%	\$ 36.7	6
Greater than 50.0% to 55.0%	9.1	2
Greater than 55.0% to 60.0%	42.6	8
Greater than 60.0% to 70.0%	71.5	12
Total	\$ 159.9	28

The following table presents loans by maturity:

(in millions)	September 30, 2023	
	Cost	Loan Count
One Year or Less	\$ 19.8	4
Greater than One Year and Less than Three	35.0	6
Greater than Three Years and Less than Five Years	33.8	6
Greater than Five Years and Less than Seven Years	20.4	4
Greater than Seven Years and Less than Ten Years	50.9	8
Total	\$ 159.9	28

(in millions)	December 31, 2022	
	Cost	Loan Count
Greater than One Year and Less than Three	54.8	10
Greater than Three Years and Less than Five Years	33.8	6
Greater than Five Years and Less than Seven Years	20.4	4
Greater than Seven Years and Less than Ten Years	50.9	8
Total	\$ 159.9	28

## Investment Gains and Losses

The following table presents our gross realized investment gains and losses:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Realized gains on fixed maturities and other:				
Fixed maturities	\$ —	\$ 1.1	\$ 0.6	\$ 17.0
Other investments, including short-term investments	2.9	7.8	13.1	19.9
Total realized gains on fixed maturities and other	2.9	8.9	13.7	36.9
Realized losses on fixed maturities and other:				
Fixed maturities	(1.4)	(3.5)	(25.1)	(24.9)
Other investments, including short-term investments	(4.1)	(12.1)	(10.9)	(40.1)
Total realized losses on fixed maturities and other	(5.5)	(15.6)	(36.0)	(65.0)
Other net losses recognized on fixed maturities and other:				
Credit losses on fixed maturities	(2.0)	(1.5)	(5.0)	(4.9)
Impairment related to change in intent	—	(34.2)	—	(34.2)
Other <sup>(1)</sup>	(3.2)	(1.4)	(6.7)	(55.1)
Total other net losses recognized on fixed maturities and other	(5.2)	(37.1)	(11.7)	(94.2)
Equity securities:				
Net realized gains (losses) on equity securities	9.2	0.2	6.9	0.2
Change in unrealized gains (losses) on equity securities held at the end of the period	(6.1)	(1.1)	6.1	2.5
Net gains (losses) on equity securities	3.1	(0.9)	13.0	2.7
Net investment and other gains (losses) before income taxes	(4.7)	(44.7)	(21.0)	(119.6)
Income tax (benefit) provision	(0.5)	(7.0)	(5.8)	(8.8)
Net investment and other gains (losses), net of income taxes	\$ (4.2)	\$ (37.7)	\$ (15.2)	\$ (110.8)

<sup>(1)</sup> For the three and nine months ended September 30, 2022, refer to the sale of AGSE and Argo Seguros in Note 1, "Business and Significant Accounting Policies" for additional information.

The cost of securities sold is based on the specific identification method.

Changes in unrealized gains (losses) related to fixed maturity investments are summarized as follows:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Change in unrealized gains (losses)				
Fixed maturities	\$ (19.5)	\$ (88.9)	\$ 26.9	\$ (417.6)
Other and short-term investments	0.3	(1.2)	(0.2)	(0.3)
Net unrealized investment gains (losses) before income taxes	(19.2)	(90.1)	26.7	(417.9)
Income tax provision (benefit)	(3.7)	(14.2)	4.7	(77.3)
Net unrealized investment gains (losses), net of income taxes	\$ (15.5)	\$ (75.9)	\$ 22.0	\$ (340.6)

### Foreign Currency Exchange Forward Contracts

We enter into foreign currency exchange forward contracts to manage operational currency exposure from our non-USD insurance operations, and to hedge certain non-USD investment portfolio securities. The currency forward contracts are carried at fair value in our Condensed Consolidated Balance Sheets in *Other liabilities* and *Other assets* at September 30, 2023 and December 31, 2022, respectively. The net realized gains and (losses) are included in *Net realized investment and other gains (losses)* in our Condensed Consolidated Statements of Income (Loss).

The fair value of our foreign currency exchange forward contracts as of September 30, 2023 and December 31, 2022 was as follows:

(in millions)	September 30, 2023		December 31, 2022	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Operational currency				
Open contracts in a gain position	\$ 77.0	\$ 0.4	\$ 108.4	\$ 6.3
Open contracts in a loss position	45.7	(0.1)	39.7	(0.5)
Net open contracts for operational currency		\$ 0.3		\$ 5.8
Asset manager investment exposure				
Open contracts in a gain position	\$ 43.7	\$ 0.9	\$ 42.1	\$ 42.1
Open contracts in a loss position	—	—	39.5	(42.7)
Net open contracts for asset manager investment exposure		0.9		(0.6)
Total		\$ 1.2		\$ 5.2

The following table presents our gross realized investment gains and losses on our foreign currency exchange forward contracts:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Realized gains				
Operational currency exposure	\$ 0.7	\$ 4.7	\$ 9.6	\$ 12.5
Asset manager investment exposure	1.6	3.1	1.5	7.3
Gross realized investment gains	2.3	7.8	11.1	19.8
Realized losses				
Operational currency exposure	(3.8)	(11.2)	(10.6)	(36.7)
Asset manager investment exposure	—	—	—	(1.0)
Gross realized investment losses	(3.8)	(11.2)	(10.6)	(37.7)
Net realized investment (losses) gains on foreign currency exchange forward contracts	\$ (1.5)	\$ (3.4)	\$ 0.5	\$ (17.9)

### Regulatory Deposits, Pledged Securities and Letters of Credit

We are required to maintain assets on deposit with various regulatory authorities to support our insurance and reinsurance operations. We maintain assets pledged as collateral in support of irrevocable letters of credit issued under the terms of certain reinsurance agreements for reported loss and loss expense reserves. The following table presents our components of restricted assets:

(in millions)	September 30, 2023	December 31, 2022
Securities on deposit for regulatory and other purposes	\$ 141.2	\$ 149.3
Securities pledged as collateral for letters of credit and other	104.5	169.8
Securities on deposit supporting Lloyd's business <sup>(1)</sup>	—	171.4
Total restricted investments	\$ 245.7	\$ 490.5

<sup>(1)</sup> During the second quarter 2023, the funds at Lloyd's (FAL) previously used to support the activities of AUA and its subsidiaries, were released to the Company.

### ***Fair Value Measurements***

Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. Market participants are buyers and sellers in the principal (or most advantageous) market that are independent, knowledgeable, able to transact for the asset or liability and willing to transfer the asset or liability.

Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value. The inputs of these valuation techniques are categorized into three levels.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the reporting date. We define actively traded as a security that has traded in the past seven days.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. We receive one quote per instrument for Level 2 inputs.
- Level 3 inputs are unobservable inputs. Unobservable inputs reflect our own judgments about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

To validate the fair value of investments in the Company's Condensed Consolidated Financial Statements, we receive prices from multiple sources including third-party pricing services and our outside investment managers. Through a comparative analysis, the Company validates the reasonableness of its valuations. These prices are determined using observable market information such as dealer quotes, market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the security's terms and conditions, among other things. We have reviewed the processes used by the third-party providers for pricing the securities and have determined that these processes result in fair values consistent with GAAP requirements. In addition, we review these prices for reasonableness, and have not adjusted any prices received from the third-party providers as of September 30, 2023 and December 31, 2022. A description of the valuation techniques we use to measure assets at fair value is as follows:

#### *Fixed Maturities (Available-for-Sale) Levels 1 and 2:*

- United States Treasury securities are typically valued using Level 1 inputs. For these securities, we obtain fair value measurements from third-party pricing services using quoted prices (unadjusted) in active markets at the reporting date.
- United States Government agencies, non-U.S. Government securities, obligations of states and political subdivisions, credit securities and foreign denominated government and credit securities are reported at fair value using Level 2 inputs. For these securities, we obtain fair value measurements from third-party pricing services. Observable data may include dealer quotes, market spreads, yield curves, live trading levels, trade execution data, credit information and the security's terms and conditions, among other things.
- Asset and mortgage-backed securities and collateralized loan obligations are reported at fair value using Level 2 inputs. For these securities, we obtain fair value measurements from third-party pricing services. Observable data may include dealer quotes, market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the security's terms and conditions, among other things.

#### *Fixed Maturities (Available-for-Sale) Levels 3:* We own term loans and asset-back securities that are valued using unobservable inputs.

*Equity Securities Level 1:* Equity securities are principally reported at fair value using Level 1 inputs. For these securities, we obtain fair value measurements from a third-party pricing service using quoted prices (unadjusted) in active markets at the reporting date.

*Equity Securities Level 3:* We own certain equity securities that are reported at fair value using Level 3 inputs. The valuation techniques for these securities include the following:

- Fair value measurements for an investment in an equity fund obtained by applying final prices provided by the administrator of the fund, which is based upon certain estimates and assumptions.
- Fair value measurements from brokers and independent valuation services, both based upon estimates, assumptions and other unobservable inputs.

*Other Investments Level 2:* Foreign regulatory deposits are assets held in trust in jurisdictions where there is a legal and regulatory requirement to maintain funds locally in order to protect policyholders. Lloyd's is the appointed investment manager for the funds. These assets are invested in short-term government securities, agency securities and corporate bonds and are valued using Level 2 inputs based upon values obtained from Lloyd's.

*Short-term Investments:* Short-term investments are principally reported at fair value using Level 1 inputs, with the exception of short-term corporate and governmental bonds reported at fair value using Level 2 inputs as described in the fixed maturities section above. Values for the investments categorized as Level 1 are obtained from various financial institutions as of the reporting date.

Based on an analysis of the inputs, our financial assets and liabilities measured at fair value on a recurring basis have been categorized as follows:

(in millions)	September 30, 2023	Fair Value Measurements at Reporting Date Using		
		Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>
<b>Fixed maturities</b>				
U.S. Governments	\$ 364.5	\$ 362.4	\$ 2.1	\$ —
Foreign Governments	27.9	—	27.9	—
Obligations of states and political subdivisions	94.8	—	94.8	—
Corporate bonds	1,177.7	—	1,155.6	22.1
Commercial mortgage-backed securities	271.4	—	271.4	—
Residential mortgage-backed securities	239.7	—	239.7	—
Asset-backed securities	130.3	—	112.6	17.7
Collateralized loan obligations	231.1	—	231.1	—
<b>Total fixed maturities</b>	<b>2,537.4</b>	<b>362.4</b>	<b>2,135.2</b>	<b>39.8</b>
<b>Equity securities</b>	<b>11.6</b>	<b>4.4</b>	<b>—</b>	<b>7.2</b>
<b>Other investments</b>	<b>0.9</b>	<b>—</b>	<b>0.9</b>	<b>—</b>
<b>Short-term investments</b>	<b>1,222.7</b>	<b>1,222.5</b>	<b>0.2</b>	<b>—</b>
<b>Derivatives</b>	<b>1.2</b>	<b>—</b>	<b>1.2</b>	<b>—</b>
<b>Total assets</b>	<b>\$ 3,773.8</b>	<b>\$ 1,589.3</b>	<b>\$ 2,137.5</b>	<b>\$ 47.0</b>

<sup>(1)</sup> Quoted prices in active markets for identical assets

<sup>(2)</sup> Significant other observable inputs

<sup>(3)</sup> Significant unobservable inputs

(in millions)	Fair Value Measurements at Reporting Date Using			
	December 31, 2022	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>
<b>Fixed maturities</b>				
U.S. Governments	\$ 380.7	\$ 378.7	\$ 2.0	\$ —
Foreign Governments	28.4	—	28.4	—
Obligations of states and political subdivisions	99.8	—	99.8	—
Corporate bonds	1,234.1	—	1,212.1	22.0
Commercial mortgage-backed securities	285.4	—	285.4	—
Residential mortgage-backed securities	270.0	—	270.0	—
Asset-backed securities	139.2	—	120.5	18.7
Collateralized loan obligations	237.9	—	237.9	—
Total fixed maturities	2,675.5	378.7	2,256.1	40.7
Equity securities	43.9	28.4	—	15.5
Other investments	0.3	—	0.3	—
Short-term investments	449.6	449.3	0.3	—
Derivatives	5.2	—	5.2	—
Total assets	\$ 3,174.5	\$ 856.4	\$ 2,261.9	\$ 56.2

<sup>(1)</sup> Quoted prices in active markets for identical assets

<sup>(2)</sup> Significant other observable inputs

<sup>(3)</sup> Significant unobservable inputs

The fair value measurements in the tables above do not equal *Total investments* on our Condensed Consolidated Balance Sheets as they primarily exclude other investments that are accounted for under the equity-method of accounting as well as hedge funds which are carried at NAV as a practical expedient.

A reconciliation of the beginning and ending balances for the investments categorized as Level 3 are as follows:

#### Fair Value Measurements Using Unobservable Inputs (Level 3)

(in millions)	Credit Financial	Equity Securities	Total
Beginning balance, January 1, 2023	\$ 40.7	\$ 15.5	\$ 56.2
Transfers into Level 3	5.6	—	5.6
Transfers out of Level 3	(5.6)	(7.6)	(13.2)
Total gains or losses (realized/unrealized):			
Included in net income	(0.2)	0.4	0.2
Included in other comprehensive income	0.3	—	0.3
Purchases, issuances, sales, and settlements:			
Purchases	0.6	—	0.6
Issuances	—	—	—
Sales	(0.5)	(1.1)	(1.6)
Settlements	(1.1)	—	(1.1)
Ending balance, September 30, 2023	\$ 39.8	\$ 7.2	\$ 47.0
Amount of total gains or losses for the year included in net income attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2023			\$ —

(in millions)	Credit Financial	Equity Securities	Total
Beginning balance, January 1, 2022	\$ 2.8	\$ 14.7	\$ 17.5
Transfers into Level 3	36.1	1.5	37.6
Transfers out of Level 3	—	—	—
Total gains or losses (realized/unrealized):			
Included in net income	(0.4)	(0.7)	(1.1)
Included in other comprehensive loss	(4.8)	—	(4.8)
Purchases, issuances, sales, and settlements:			
Purchases	9.0	1.0	10.0
Issuances	—	—	—
Sales	(2.0)	(1.0)	(3.0)
Settlements	—	—	—
Ending balance, December 31, 2022	\$ 40.7	\$ 15.5	\$ 56.2
Amount of total gains or losses for the year included in net income attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2022	\$ —	\$ (4.4)	\$ (4.4)

At September 30, 2023 and December 31, 2022, we did not have any financial assets or financial liabilities measured at fair value on a nonrecurring basis or any financial liabilities on a recurring basis.

The Company holds investments in commercial mortgage loans reported at cost, less an allowance for expected credit losses, on the Condensed Consolidated Balance Sheets. The fair value of the Company's investments in commercial mortgage loans is estimated using a discounted cash flow analysis. Due to the level of unobservable inputs factored into the estimation of fair value, the valuation would be categorized as Level 3. The cost and estimated fair value of the investments in commercial mortgage loans were:

(in millions)	September 30, 2023		December 31, 2022	
	Cost	Fair Value	Cost	Fair Value
Commercial mortgage loans	\$ 159.9	\$ 149.1	\$ 159.9	\$ 150.7



#### 4. Allowance for Credit Losses

##### *Premiums receivable*

The following table presents the balances of premiums receivable, net of allowance for expected credit losses, at September 30, 2023, December 31, 2022, and December 31, 2021 and the changes in the allowance for expected credit losses for the nine months ended September 30, 2023 and the year ended December 31, 2022.

(in millions)	Premiums Receivable, Net of Allowance for Estimated Uncollectible Premiums	Allowance for Estimated Uncollectible Premiums
Balance, December 31, 2021	\$ 648.6	\$ 5.7
Current period change for estimated uncollectible premiums		0.2
Write-offs of uncollectible premiums receivable		(1.2)
Balance, December 31, 2022	\$ 292.0	\$ 4.7
Current period change for estimated uncollectible premiums		5.1
Write-offs of uncollectible premiums receivable		(2.4)
Balance, September 30, 2023	\$ 269.7	\$ 7.4

##### *Reinsurance Recoverables*

The following table presents the balances of reinsurance recoverables, net of the allowance for estimated uncollectible reinsurance, at September 30, 2023, December 31, 2022, and December 31, 2021 and the changes in the allowance for estimated uncollectible reinsurance for the nine months ended September 30, 2023 and the year ended December 31, 2022.

(in millions)	Reinsurance Recoverables, Net of Allowance for Estimated Uncollectible Reinsurance	Allowance for Estimated Uncollectible Reinsurance
Balance, December 31, 2021	\$ 2,966.4	\$ 3.8
Current period change for estimated uncollectible premiums		1.7
Reclassified to assets held-for-sale		(0.8)
Balance, December 31, 2022	\$ 3,029.1	\$ 4.7
Balance, September 30, 2023	\$ 2,889.6	\$ 4.7

We primarily utilize A.M. Best credit ratings when determining the allowance and adjust as needed based on our historical experience with the reinsurers. A portion of our reinsurance recoverables are collateralized by letters of credit, funds held or trust agreements.

## 5. Reserves for Losses and Loss Adjustment Expenses

The following table provides a reconciliation of reserves for losses and loss adjustment expenses (“LAE”):

(in millions)	For the Nine Months Ended September 30,	
	2023	2022
Net reserves - beginning of the year	\$ 2,213.1	\$ 3,123.2
Add:		
Losses and LAE incurred during current calendar year, net of reinsurance:		
Current accident year	680.9	826.8
Prior accident years	126.0	31.6
Losses and LAE incurred during calendar year, net of reinsurance	806.9	858.4
Deduct:		
Losses and LAE payments made during current calendar year, net of reinsurance:		
Current accident year	94.9	112.0
Prior accident years	361.6	623.2
Losses and LAE payments made during current calendar year, net of reinsurance:	456.5	735.2
Add/(Deduct):		
Divestitures <sup>(1)</sup>	24.4	(35.2)
Retroactive reinsurance <sup>(2)</sup>	21.7	—
Deferred gain on U.S. loss portfolio transfer, net of amortization	(16.8)	—
Syndicate 1200 loss portfolio transfer (for years of account 2018 and 2019) <sup>(3)</sup>	—	(175.5)
Change in participation interest <sup>(4)</sup>	—	32.2
Total net reserve adjustments	29.3	(178.5)
Foreign exchange adjustments	0.9	(10.6)
Net reserves - end of period	2,593.7	3,057.3
Add:		
Reinsurance recoverables on unpaid losses and LAE, end of period	2,735.0	2,674.1
Gross reserves - end of period	\$ 5,328.7	\$ 5,731.4

<sup>(1)</sup> For the nine months ended September 30, 2023, the adjustment relates to the year-to-date activity of Syndicate 1200 and on reinsurance contracts with AUA subsidiaries. Refer to the sale of AUA in Note 1, “Business and Significant Accounting Policies” for additional information. For the nine months ended September 30, 2022, refer to the sale of Argo Seguros and AGSE in Note 1, “Business and Significant Accounting Policies” for additional information.

<sup>(2)</sup> In connection with the sale of AUA, the Company entered into two retroactive reinsurance agreements with AUA subsidiaries.

<sup>(3)</sup> Loss portfolio transfer on Syndicate 1200's reserves for the 2018 and 2019 years of account. Refer to Note 1, “Business and Significant Accounting Policies” for additional information.

<sup>(4)</sup> Amount represents the change in reserves due to changing our participation in Syndicates 1200 and 1910. For the nine months ended September 30, 2023, the balance has been reduced to zero as a result of the sale of AUA.

Reserves for losses and LAE represent the estimated indemnity cost and related adjustment expenses necessary to investigate and settle claims. Such estimates are based upon individual case estimates for reported claims, estimates from ceding companies for reinsurance assumed and actuarial estimates for losses that have been incurred but not yet reported to the insurer. Any change in probable ultimate liabilities is reflected in current operating results.

The impact from the (favorable) unfavorable development of prior accident years' loss and LAE reserves on each reporting segment is presented below:

(in millions)	For the Nine Months Ended September 30,	
	2023	2022
U.S. Operations	\$ 111.7	\$ 27.9
International Operations	11.7	0.8
Run-off Lines	2.6	2.9
Total (favorable) unfavorable prior-year development	\$ 126.0	\$ 31.6

The following describes the primary factors behind each segment's net prior accident year reserve development for the nine months ended September 30, 2023 and 2022:

***Nine months ended September 30, 2023:***

- *U.S. Operations:* Net unfavorable development primarily related to liability and professional lines partially offset by favorable development in specialty lines. The liability lines development was driven by actual losses greater than expected including the impact of large claims with a significant portion of the unfavorable development coming from businesses we have exited. The professional lines development was driven by movements on individual management liability claims. The favorable development in specialty lines was due to a lack of claim activity in surety business.
- *International Operations:* Net unfavorable development primarily related to movements on claims in professional and liability lines in our Bermuda operations partially offset by favorable development in runoff Reinsurance lines.
- *Run-off Lines:* Net unfavorable loss reserve development on prior accident years in other run-off lines.

***Nine months ended September 30, 2022:***

- *U.S. Operations:* Unfavorable development primarily related to liability and property lines, including the impact of large losses, partially offset by favorable development in specialty lines. The unfavorable prior year development was largely driven by businesses we have exited, and relates to accident years 2019 and prior partially offset by favorable prior year development on accident years 2020 and 2021.
- *International Operations:* Unfavorable development primarily related to unfavorable movements in professional lines in Argo Insurance Bermuda, partially offset by favorable development in Syndicate 1200 property and liability lines.
- *Run-off Lines:* Unfavorable loss reserve development on prior accident years in other run-off lines.

Our reserves represent the best estimate of our ultimate liabilities, based on currently known facts, current law, current technology and reasonable assumptions where facts are not known. Due to the significant uncertainties and related management judgments, there can be no assurance that future favorable or unfavorable loss development, which may be material, will not occur.

## 6. Disclosures About Fair Value of Financial Instruments

*Cash.* The carrying amount approximates fair value.

*Investment securities, commercial mortgage loan investments, and short-term investments.* See Note 3, "Investments," for additional information.

*Premiums receivable and reinsurance recoverables on paid losses.* The carrying value of current receivables and reinsurance recoverables on paid losses approximates fair value due to short term nature.

*Debt.* At September 30, 2023 and December 31, 2022, the fair value of our debt instruments is determined using both Level 1 and Level 2 inputs, as previously defined in Note 3, "Investments."

We receive fair value prices for similar financial instruments being traded in active markets. These prices are determined using observable market information such as publicly traded quoted prices, and trading prices for similar financial instruments actively being traded in the current market. We have reviewed the processes used by the third-party providers for pricing the instruments and have determined that these processes result in fair values consistent with GAAP requirements. In addition, we review these prices for reasonableness, and have not adjusted any prices received from the third-party providers as of September 30, 2023 and December 31, 2022. A description of the valuation techniques we use to measure these liabilities at fair value is as follows:

**Senior Unsecured Fixed Rate Notes Level 1:**

- Our senior unsecured fixed rate notes are valued using Level 1 inputs. For these securities, we obtain fair value measurements from a third-party pricing service using quoted prices (unadjusted) in active markets at the reporting date.

**Junior Subordinated Debentures and Floating Rate Loan Stock Level 2:**

- Our trust preferred debentures, subordinated debentures and floating rate loan stock are typically valued using Level 2 inputs. For these securities, we obtain fair value measurements using quoted prices for similar securities being traded in active markets at the reporting date, as our specific debt instruments are less frequently traded.

A summary of our financial instruments whose carrying value did not equal fair value is shown below:

(in millions)	September 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Junior subordinated debentures:				
Trust preferred debentures	\$ 172.6	\$ 160.6	\$ 172.7	\$ 165.8
Subordinated debentures	86.2	80.4	85.9	88.1
Total junior subordinated debentures	258.8	241.0	258.6	253.9
Senior unsecured fixed rate notes	140.6	126.7	140.5	112.7
Floating rate loan stock <sup>(1)</sup>	—	—	54.7	52.5
	<u>\$ 399.4</u>	<u>\$ 367.7</u>	<u>\$ 453.8</u>	<u>\$ 419.1</u>

<sup>(1)</sup> At December 31, 2022, floating rate loan stock reclassified to liabilities held-for-sale. See Note 1, "Business and Significant Accounting Policies" for additional information.

Based on an analysis of the inputs, our financial instruments measured at fair value for disclosure purposes have been categorized as follows:

(in millions)	Fair Value Measurements at Reporting Date Using			
	September 30, 2023	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>
Junior subordinated debentures:				
Trust preferred debentures	\$ 160.6	\$ —	\$ 160.6	\$ —
Subordinated debentures	80.4	—	80.4	—
Total junior subordinated debentures	241.0	—	241.0	—
Senior unsecured fixed rate notes	126.7	126.7	—	—
	<u>\$ 367.7</u>	<u>\$ 126.7</u>	<u>\$ 241.0</u>	<u>\$ —</u>

<sup>(1)</sup> Quoted prices in active markets for identical assets

<sup>(2)</sup> Significant other observable inputs

<sup>(3)</sup> Significant unobservable inputs

(in millions)	Fair Value Measurements at Reporting Date Using			
	December 31, 2022	Level 1 <sup>(1)</sup>	Level 2 <sup>(2)</sup>	Level 3 <sup>(3)</sup>
Junior subordinated debentures:				
Trust preferred debentures	\$ 165.8	\$ —	\$ 165.8	\$ —
Subordinated debentures	88.1	—	88.1	—
Total junior subordinated debentures	253.9	—	253.9	—
Senior unsecured fixed rate notes	112.7	112.7	—	—
Floating rate loan stock	52.5	—	52.5	—
	<u>\$ 419.1</u>	<u>\$ 112.7</u>	<u>\$ 306.4</u>	<u>\$ —</u>

<sup>(1)</sup> Quoted prices in active markets for identical assets

<sup>(2)</sup> Significant other observable inputs

<sup>(3)</sup> Significant unobservable inputs

## 7. Shareholders' Equity

### Dividends

#### Common Shares

On February 8, 2023, the Company entered into a definitive agreement and plan of merger (the "Merger Agreement") with Brookfield Reinsurance Ltd. ("Brookfield Reinsurance") and BNRE Bermuda Merger Sub Ltd., a wholly owned subsidiary of Brookfield Reinsurance ("Merger Sub"). As part of the Merger Agreement, the Company has agreed to suspend common stock dividends that would otherwise be declared and paid on the Company shares during the period from the date of the Merger Agreement through the earlier of the closing of the transaction and the termination of the Merger Agreement.

On August 4, 2022, our Board of Directors declared a quarterly cash dividend in the amount of \$0.31 on each common share outstanding. On September 15, 2022, we paid \$11.2 million to our shareholders of record on August 31, 2022.

#### Preferred Shares

On August 2, 2023, our Board of Directors declared a quarterly cash dividend in the amount of \$437.50 per share on our 7.00% Resettable Fixed Rate Preference Shares, Series A, par value of \$1.00 per share, with a liquidation preference of \$25,000 per share (the "Series A Preference Shares"). Holders of depositary shares, each representing a 1/1,000th interest in a Series A Preference Share (the "Depositary Shares"), received \$0.43750 per Depositary Share. On September 15, 2023, we paid \$2.6 million to our shareholders of record of Series A Preference Shares on August 31, 2023.

On August 4, 2022, our Board of Directors declared a quarterly cash dividend in the amount of \$437.50 per share on our 7.00% Resettable Fixed Rate Preference Shares, Series A, par value of \$1.00 per share, with a liquidation preference of \$25,000 per share (the "Series A Preference Shares"). Holders of depositary shares, each representing a 1/1,000th interest in a Series A Preference Share (the "Depositary Shares"), received \$0.43750 per Depositary Share. On September 15, 2022, we paid \$2.6 million to our shareholders of record of Series A Preference Shares on August 31, 2022.

### Stock Repurchases

On May 3, 2016, our Board of Directors authorized the repurchase of up to \$150.0 million of our common shares ("2016 Repurchase Authorization"). The 2016 Repurchase Authorization supersedes all previous repurchase authorizations. As of September 30, 2023, availability under the 2016 Repurchase Authorization for future repurchases of our common shares was \$53.3 million. However, the Company does not anticipate repurchasing shares at this time.

We did not repurchase any common shares for the nine months ended September 30, 2023 and September 30, 2022.

## 8. Accumulated Other Comprehensive Income (Loss)

A summary of changes in accumulated other comprehensive (loss) income, net of taxes (where applicable) by component for the nine months ended September 30, 2023 and 2022 is presented below:

(in millions)	Foreign Currency Translation Adjustments	Unrealized Holding Gains (Losses) on Securities	Defined Benefit Pension Plans	Total
<b>Balance, January 1, 2023</b>	\$ (4.2)	\$ (293.1)	\$ (7.8)	\$ (305.1)
Other comprehensive income before reclassifications	1.0	(0.4)	0.8	1.4
Amounts reclassified from accumulated other comprehensive loss	—	22.4	—	22.4
Net current-period other comprehensive income (loss)	1.0	22.0	0.8	23.8
<b>Balance, September 30, 2023</b>	<u>\$ (3.2)</u>	<u>\$ (271.1)</u>	<u>\$ (7.0)</u>	<u>\$ (281.3)</u>

(in millions)	Foreign Currency Translation Adjustments	Unrealized Holding Gains (Losses) on Securities	Defined Benefit Pension Plans	Total
<b>Balance, January 1, 2022</b>	\$ (35.3)	\$ 19.7	\$ (7.1)	\$ (22.7)
Other comprehensive income (loss) before reclassifications	(1.4)	(373.9)	—	(375.3)
Amounts reclassified from accumulated other comprehensive loss	31.8	33.3	—	65.1
Net current-period other comprehensive income (loss)	30.4	(340.6)	—	(310.2)
<b>Balance, September 30, 2022</b>	<u>\$ (4.9)</u>	<u>\$ (320.9)</u>	<u>\$ (7.1)</u>	<u>\$ (332.9)</u>

The amounts reclassified from accumulated other comprehensive income (loss) shown in the above table have been included in the following captions in our Condensed Consolidated Statements of Income (Loss):

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Unrealized gains and losses on securities:				
Net realized investment and other gains (losses)	\$ (1.5)	\$ (47.5)	\$ (27.4)	\$ (42.1)
Provision for income taxes	(0.4)	9.8	5.0	8.8
Foreign currency translation adjustments:				
Net realized investment and other gains (losses) <sup>(1)</sup>	—	—	—	(31.8)
Total, net of taxes	<u>\$ (1.9)</u>	<u>\$ (37.7)</u>	<u>\$ (22.4)</u>	<u>\$ (65.1)</u>

<sup>(1)</sup> Foreign currency translation losses were realized as a result of the sale of Argo Seguros and AGSE. Refer to the sale of Argo Seguros and AGSE in Note 1, "Business and Significant Accounting Policies" for additional information.

Income tax effects are released from accumulated other comprehensive income (loss) for unrealized gains or losses when the gains or losses are realized, and are taxed at the statutory rate based on jurisdiction of the underlying transaction.

## 9. Net Income (Loss) Per Common Share

The following table presents the calculation of net income (loss) per common share on a basic and diluted basis:

(in millions, except number of shares and per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (46.9)	\$ (48.8)	\$ (78.5)	\$ (66.0)
Less: Preferred share dividends	2.6	2.6	7.9	7.9
Net income (loss) attributable to common shareholders	(49.5)	(51.4)	(86.4)	(73.9)
Weighted average common shares outstanding - basic	35,197,824	35,014,182	35,158,416	34,955,787
Effect of dilutive securities:				
Equity compensation awards	—	—	—	—
Weighted average common shares outstanding - diluted	35,197,824	35,014,182	35,158,416	34,955,787
Net income (loss) per common share:				
Basic	\$ (1.41)	\$ (1.47)	\$ (2.46)	\$ (2.11)
Diluted	\$ (1.41)	\$ (1.47)	\$ (2.46)	\$ (2.11)

Excluded from the weighted average common shares outstanding calculation at September 30, 2023 and 2022 are 11,318,339 shares, which are held as treasury shares. The shares are excluded as of their repurchase date. Excluded from the computation of diluted net loss per common shares were 44,499 and 47,571 potentially dilutive shares for the three and nine months ended September 30, 2023, respectively. The potentially dilutive shares were excluded due to the net loss incurred for the periods presented. Excluded from the computation of diluted net loss per common shares were 9,049 and 96,973 potentially dilutive shares for the three and nine months ended September 30, 2022, respectively.

## 10. Supplemental Cash Flow Information

Interest paid and income taxes paid (recovered) were as follows:

(in millions)	For the Nine Months Ended September 30,	
	2023	2022
Senior unsecured fixed rate notes	\$ 7.0	\$ 7.0
Junior subordinated debentures	17.2	9.0
Other indebtedness	0.8	1.0
Total interest paid	\$ 25.0	\$ 17.0
Income taxes paid	\$ 0.2	\$ 26.2
Income taxes recovered	(0.1)	(0.5)
Income taxes paid, net	\$ 0.1	\$ 25.7

Our non-cash activity for the nine months September 30, 2023 includes \$190.6 million of short-term investments which were purchased through an unsettled trade as of September 30, 2023, and are reflected in *Short-term investments, at fair value* and *Accrued underwriting expenses and other liabilities*, respectively, on the Condensed Consolidated Balance Sheets.

## 11. Share-based Compensation

### Argo Group's 2019 Omnibus Incentive Plan

In May 2019, our shareholders approved the 2019 Omnibus Incentive Plan (the "2019 Plan"), which provides equity-based and cash-based incentives to key employees and non-employee directors. The intent of the 2019 Plan is to encourage and provide for the acquisition of an ownership interest in Argo Group, enabling us to attract and retain qualified and competent persons to serve as members of our management team and Board of Directors. The 2019 Plan authorizes 1,885,000 common shares to be granted as equity-based awards. No further grants will be made under any prior plan; however, any awards under a prior plan that are outstanding as of the effective date shall remain subject to the terms and conditions of, and be governed by, such prior plan.

Awards granted under the 2019 Plan may be in the form of stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards, other stock-based awards or other cash-based awards. Awards may be granted either alone, in addition to or in tandem with other awards authorized under the 2019 Plan. Awards that are settled in stock will count as one share for the purposes of reducing the share reserve under the 2019 Plan. Shares issued under this plan may be shares that are authorized and unissued or shares that we have reacquired, including shares purchased on the open market.

Stock options and stock appreciation rights are required to have an exercise price that is not less than the fair market value on the date of grant. The term of these awards is not to exceed ten years.

### ***Restricted Shares***

A summary of non-vested restricted share activity as of September 30, 2023 and changes during the nine months then ended is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2023	341,670	\$ 42.19
Granted	—	—
Vested and issued	(114,101)	41.66
Expired or forfeited	(86,944)	43.77
Outstanding at September 30, 2023	140,625	\$ 41.65

The restricted shares generally vest over one to four years. Expense recognized under this plan for the restricted shares was \$0.6 million and \$2.4 million for the three and nine months ended September 30, 2023, respectively, as compared to \$3.2 million and \$6.5 million for the three and nine months ended September 30, 2022, respectively. Compensation expense for all share-based compensation awards is included in *Underwriting, acquisition and insurance expenses* in the accompanying Condensed Consolidated Statements of Income (Loss). As of September 30, 2023, there was \$4.4 million of total unrecognized compensation, excluding any potential forfeitures, cost related to restricted share compensation arrangements granted by Argo Group.

### ***Performance Shares***

We have issued to certain employees non-vested restricted stock awards whose vesting is subject to the achievement of certain performance measures. The non-vested performance share awards vest over three to four years. Non-vested performance share awards are valued based on the fair market value as of the grant date. Vesting of the awards is subject to the achievement of defined performance measures and the number of shares vested may be adjusted based on the achievement of certain targets. We evaluate the likelihood of the employee achieving the performance condition and include this estimate in the determination of the forfeiture factor for these grants.

A summary of non-vested performance share activity as of September 30, 2023 and changes during the nine months then ended is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2023	124,974	\$ 46.41
Granted	—	—
Vested and issued	—	—
Expired or forfeited	(56,762)	45.01
Outstanding at September 30, 2023	68,212	\$ 47.57



Net expense for the three months ended September 30, 2023 was nil. Net expense recouped for the performance shares under this plan was \$2.4 million for the nine months ended September 30, 2023. Expense recognized under this plan for the performance shares was \$0.5 million for the three months ended September 30, 2022. For the nine months ended September 30, 2022, we recouped expense of \$0.1 million. The recoupment of expense in 2023, producing a net benefit to the *Condensed Consolidated Statements of Income (Loss)*, was primarily due to the reduction of the expense for the Company not achieving the required performance measures and the adjustment of the expected forfeitures on the remaining awards. The recoupment of expenses recognized in 2022 was primarily attributable to the forfeiture of awards due to the departure of our former president and chief executive officer. As of September 30, 2023, total unrecognized compensation cost was nil, adjusted for anticipated forfeitures due to not meeting the specified performance measures by Argo Group.

### **Stock-settled Share Appreciation Rights**

In June 2022, we issued 135,000 stock-settled share appreciation rights (“SSARs”) to our Chief Executive Officer. The SSARs vest on a pro rata basis over a three year period, and have an exercise price of \$43.80 per share. We valued the shares using the Black Scholes model, which resulted in a grant date fair value of \$8.28 per share. For the three and nine months ended September 30, 2023, we recognized \$0.1 million and \$0.3 million in expense, respectively, compared to \$0.1 million for each period ended 2022. Unamortized expense at September 30, 2023 was \$0.6 million.

## **12. Underwriting, Acquisition and Insurance Expenses**

Underwriting, acquisition and insurance expenses were as follows:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Commissions	\$ 46.6	\$ 72.7	\$ 144.5	\$ 211.9
Other underwriting and insurance expenses	74.0	97.5	230.2	297.9
Total underwriting, acquisition and insurance expenses before deferral	120.6	170.2	374.7	509.8
Net deferral of policy acquisition costs	(4.5)	(9.2)	(10.7)	(14.9)
Total underwriting, acquisition and insurance expenses	\$ 116.1	\$ 161.0	\$ 364.0	\$ 494.9

## **13. Income Taxes**

We are incorporated under the laws of Bermuda and, under current Bermuda law, are not obligated to pay any taxes in Bermuda based upon income or capital gains. We have received an undertaking from the Supervisor of Insurance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Amendment Act, 2011, which exempts us from any Bermuda taxes computed on profits, income or any capital asset, gain or appreciation or any tax in the nature of estate, duty or inheritance tax, at least until the year 2035.

Argo Group International Holdings, Ltd. does not consider itself to be engaged in a trade or business in the U.S. or the U.K. and, accordingly, does not expect to be subject to direct U.S. or U.K. income taxation.

We have a subsidiary based in the U.K. that is subject to the tax laws of that country. Under current law, the subsidiary is taxed at the applicable corporate tax rates. On February 2, 2023, Argo completed the sale of the entire issued share capital of AUA. Refer to the sale of AUA in Note 1, “Business and Significant Accounting Policies” for additional information. Certain of the U.K. subsidiaries included in the AUA sale were deemed to be engaged in business in the U.S., and therefore, subject to U.S. corporate tax in respect of a proportion of their U.S. underwriting business only. Relief was available against the U.K. tax liabilities in respect of overseas taxes paid that arose from the underwriting business. Our U.K. subsidiaries file separate U.K. income tax returns.

We have subsidiaries based in the U.S. that are subject to U.S. tax laws. Under current law, these subsidiaries are taxed at the applicable corporate tax rates. Our U.S. subsidiaries file a consolidated U.S. federal income tax return.

We also have operations in Ireland and Italy which also are subject to income taxes imposed by the jurisdiction in which they operate. Additionally, we have operations in Barbados which is not subject to income tax under the laws of that country.

On August 16, 2022, U.S. legislation referred to as the Inflation Reduction Act of 2022 was enacted. This legislation enacted a new Corporate Alternative Minimum Tax and Excise Tax on Repurchases of Corporate Stock. The Company does not anticipate an impact to our financial statements in regard to the recent legislative change.

Our expected income tax provision computed on pre-tax income (loss) at the weighted average tax rate has been calculated as the sum of the pre-tax income (loss) in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. For the three and nine months ended September 30, 2023 and 2022, pre-tax income (loss) attributable to our operations and the corresponding operations' effective tax rates were as follows:

(in millions)	For the Three Months Ended September 30,			
	2023		2022	
	Pre-Tax Income (Loss)	Effective Tax Rate	Pre-Tax Income (Loss)	Effective Tax Rate
Bermuda	(9.8)	— %	\$ (11.3)	— %
United States	(18.1)	(95.5)%	(3.2)	46.3 %
United Kingdom	(1.6)	(22.5)%	(37.6)	6.8 %
Barbados	— <sup>(1)</sup>	— %	—	— %
United Arab Emirates	—	— %	0.5	— %
Ireland	— <sup>(1)</sup>	— %	(1.3)	— %
Italy	0.2	20.0 %	0.1	(1.7)%
Malta	—	— %	—	— %
Pre-tax income (loss)	<u>(29.3)</u>	<u>(60.1)%</u>	<u>(52.8)</u>	<u>7.6 %</u>

<sup>(1)</sup> Pre-tax income (loss) for the respective year was less than \$0.1 million.

(in millions)	For the Nine Months Ended September 30,			
	2023		2022	
	Pre-Tax Income (Loss)	Effective Tax Rate	Pre-Tax Income (Loss)	Effective Tax Rate
Bermuda	\$ (21.1)	— %	\$ (60.3)	— %
United States	(31.2)	(32.9)%	81.6	20.7 %
United Kingdom	(23.2)	30.4 %	(23.9)	(16.2)%
Barbados	— <sup>(1)</sup>	— %	—	— %
Brazil	—	— %	(0.1)	(422.4)%
United Arab Emirates	0.3	— %	1.3	— %
Ireland	(0.1)	— %	(39.3)	— %
Italy	0.1	50.3 %	(0.1)	(46.4)%
Malta	—	— %	(4.1)	— %
Pre-tax income (loss)	<u>\$ (75.2)</u>	<u>(4.4)%</u>	<u>\$ (44.9)</u>	<u>(47.0)%</u>

<sup>(1)</sup> Pre-tax income (loss) for the respective year was less than \$0.1 million.

Our effective tax rate may vary significantly from period to period depending on the jurisdiction generating the pre-tax income (loss) and its corresponding statutory tax rate. The geographic distribution of pre-tax income (loss) can fluctuate significantly between periods given the inherent nature of our business. The Company is also subject to the Base Erosion and Anti-Abuse Tax liability (“BEAT”) for certain payments made to foreign related parties.

A reconciliation of the difference between the provision for income taxes and the expected tax provision at the weighted average tax rate is as follows:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Income tax provision at expected rate	\$ (4.1)	\$ (7.8)	\$ (11.0)	\$ 11.1
Tax effect of:				
Nontaxable investment income	—	(0.1)	(0.1)	(0.3)
Foreign exchange adjustments	—	—	(2.6)	0.8
Goodwill and Intangibles	—	5.5	—	5.5
Base Erosion and Anti-Abuse Tax	20.4	—	16.9	—
Withholding taxes	—	—	0.1	—
Sale of Brazil and Malta Operations	—	0.1	—	6.6
U.S. state tax expense, net of federal income tax effect	—	—	(1.2)	—
Change in uncertain tax position liability	—	—	1.2	0.6
Change in valuation allowance	0.2	(1.3)	0.1	(6.7)
Impact of change in tax rate related to Finance Act 2021	—	(0.4)	(0.4)	0.9
Prior period adjustment	0.2	(0.5)	0.1	0.3
Other, net	0.9	0.5	0.2	2.3
Income tax provision (benefit)	<u>\$ 17.6</u>	<u>\$ (4.0)</u>	<u>\$ 3.3</u>	<u>\$ 21.1</u>

Our gross deferred tax assets are supported by taxes paid in previous periods, reversal of taxable temporary differences and recognition of future taxable income. Management regularly evaluates the recoverability of the deferred tax assets and makes any necessary adjustments to them based upon any changes in management’s expectations of future taxable income. Realization of deferred tax assets is dependent upon our generation of future taxable income sufficient to recover tax benefits that cannot be recovered from taxes paid in the carryback period, generally for our U.S. property and casualty insurers two years for net operating losses and for all our U.S. subsidiaries three years for capital losses. If a company determines that any of its deferred tax assets will not result in future tax benefits, a valuation allowance must be established for the portion of these assets that are not expected to be realized. For the three and nine months ended September 30, 2023, the net change in valuation allowance for deferred tax assets was an increase of \$0.2 million and \$0.1 million, respectively. Existing valuation allowances pertain to the following: Internal Revenue Code Section 382 limited net operating loss carryforwards within the United States, cumulative losses incurred since inception, and valuation allowances acquired through or related to acquisitions or disposals. Based upon a review of our available evidence, both positive and negative discussed above, our management concluded that it is more-likely-than-not that the other deferred tax assets will be realized.

For any uncertain tax positions not meeting the “more-likely-than-not” recognition threshold, accounting standards require recognition, measurement and disclosure in a company’s Condensed Consolidated Financial Statements. For the three and nine months ended September 30, 2023, the Company had a net increase of uncertain tax positions in the amount of \$0.0 million and \$1.2 million related to federal or state income tax liability. A net increase of interest in the amount of \$0.1 million and \$0.3 million has been recorded in the line item *Interest expense* in our Condensed Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2023. No change to penalties were recorded for the three and nine months ended September 30, 2023.

Our U.S. subsidiaries are no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2019. Our U.K. subsidiary is no longer subject to U.K. income tax examinations by His Majesty’s Revenue and Customs for years before 2021.

## 14. Commitments and Contingencies

### Legal Actions

Argo Group's subsidiaries are parties to legal actions incidental to their business. As of September 30, 2023, management believes that the resolution of these matters would not materially affect our financial condition or results of operations.

#### *Federal Securities Class Action*

The Police & Fire Retirement System City of Detroit v. Argo Group International Holdings, Ltd., et al., No. 22-cv-8971 (S.D.N.Y.)

On October 20, 2022, a securities class action lawsuit was filed in the United States District Court for the Southern District of New York against the Company and certain of its current and former officers, alleging securities fraud violations under sections 10(b) and 20(a) of the Securities Exchange Act of 1934. On January 18, 2023, U.S. District Judge Lewis A. Kaplan granted the Police and Fire Retirement System City of Detroit and the Oklahoma Law Enforcement Retirement System's joint motion for appointment as lead plaintiff. On March 27, 2023, lead plaintiffs filed an Amended Class Action Complaint, which alleges that from June 11, 2018 through August 9, 2022, defendants made false and misleading statements concerning the Company's reserves and underwriting standards. Defendants moved to dismiss the amended complaint on May 26, 2023. Lead plaintiffs filed an opposition to said motion on July 13, 2023, after which Defendants filed a reply on August 14, 2023.

The Company is not able at this time to determine or predict the ultimate outcome of this proceeding or provide a reasonable estimate or range of estimates of the possible outcome or loss, if any, in this matter.

#### *Transaction-Related Shareholder Litigation*

Following the announcement of the proposed transaction with Brookfield Reinsurance Ltd. and BNRE Bermuda Merger Sub Ltd., complaints were filed in the United States District Court for the Southern District of New York: *Stein v. Argo Group Int'l Holdings, Ltd., et al.*, 1:23-cv-01947 (S.D.N.Y.); *O'Dell v. Argo Group Int'l Holdings, Ltd., et al.*, C.A. No. 1:23-cv-1999 (S.D.N.Y.); *Jones v. Argo Group Int'l Holdings, Ltd., et al.*, 1:23-cv-02606 (S.D.N.Y.); *Ballard v. Argo Group Int'l Holdings, Ltd., et al.*, 1:23-cv-02635 (S.D.N.Y.); *Montgomery v. Argo Group Int'l Holdings, Ltd., et al.*, 1:23-cv-02749 (S.D.N.Y.). The complaints each asserted violations of Section 14(a) and Section 20(a) of the Exchange Act and alleged that the proxy statement filed in connection with the proposed transaction between the Company and Brookfield Reinsurance Ltd. and BNRE Bermuda Merger Sub Ltd. omitted certain purportedly material information that rendered the proxy statement incomplete and misleading. The complaints sought, among other things, an order to enjoin the transaction unless additional disclosures were issued; and, if the transaction closes, damages. All of the complaints have been voluntarily dismissed.

### Contractual Commitments

We have contractual commitments to invest up to \$96.9 million related to our limited partnership investments at September 30, 2023, as further disclosed in Note 3, "Investments." These commitments will be funded as required by the partnership agreements which can be called to be fulfilled at any time, not to exceed twelve years.

## 15. Segment Information

We are primarily engaged in underwriting property and casualty insurance. We have two ongoing reporting segments: U.S. Operations and International Operations. Additionally, we have Run-off Lines for certain products that we no longer underwrite.

We consider many factors, including the nature of each segment's insurance and reinsurance products, production sources, distribution strategies and the regulatory environment, in determining how to aggregate reporting segments.

In evaluating the operating performance of our segments, we focus on core underwriting and investing results before the consideration of realized gains or losses from investments. Net investment and other gains (losses) are reported as a component of the Corporate and Other segment, as decisions regarding the acquisition and disposal of securities reside with the corporate investment function and are not under the control of the individual business segments. Identifiable assets by segment are those assets used in the operation of each segment.

Revenue and income (loss) before income taxes for each segment were as follows:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Earned premiums				
U.S. Operations	\$ 314.1	\$ 329.3	\$ 950.9	\$ 998.5
International Operations	28.5	125.2	111.4	390.7
Run-off Lines	0.1	0.5	0.2	0.7
Total earned premiums	342.7	455.0	1,062.5	1,389.9
Net investment income				
U.S. Operations	33.2	23.1	84.7	68.7
International Operations	6.2	10.3	15.8	30.4
Run-off Lines	1.0	0.6	2.4	1.8
Total net investment income	40.4	34.0	102.9	100.9
Net investment and other gains (losses)	(4.7)	(44.7)	(21.0)	(119.6)
Total revenue	\$ 378.4	\$ 444.3	\$ 1,144.4	\$ 1,371.2

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Income (loss) before income taxes				
U.S. Operations	\$ (14.0)	\$ 26.6	\$ (23.2)	\$ 113.5
International Operations	(2.6)	3.3	9.3	28.6
Run-off Lines	—	0.7	(1.0)	(1.9)
Total segment income (loss) before income taxes	(16.6)	30.6	(14.9)	140.2
Corporate and Other	(11.3)	(19.3)	(39.2)	(53.5)
Net investment and other gains (losses)	(4.7)	(44.7)	(21.0)	(119.6)
Foreign currency exchange gains (losses)	3.3	9.1	(0.1)	16.5
Impairment of goodwill	—	(28.5)	—	(28.5)
Total income (loss) before income taxes	\$ (29.3)	\$ (52.8)	\$ (75.2)	\$ (44.9)

The table below presents earned premiums by geographic location for the three and nine months ended September 30, 2023 and 2022. For this disclosure, we determine geographic location by the country of domicile of our subsidiaries that underwrite the business and not by the location of insureds or reinsureds from whom the business was generated.

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
United States	\$ 314.2	\$ 329.8	\$ 951.1	\$ 999.2
United Kingdom	—	113.8	48.3	349.8
Bermuda	28.5	11.4	63.1	28.8
Malta	—	—	—	3.7
All other jurisdictions	—	—	—	8.4
Total earned premiums	\$ 342.7	\$ 455.0	\$ 1,062.5	\$ 1,389.9

The following table represents identifiable assets:

(in millions)	September 30, 2023	December 31, 2022
U.S. Operations	\$ 6,377.0	\$ 5,815.0
International Operations	1,776.4	3,791.6
Run-off Lines	188.5	284.4
Corporate and Other	97.6	143.4
Total assets	\$ 8,439.5	\$ 10,034.4

Included in total assets at December 31, 2022 are \$303.7 million in assets associated with trade capital providers.

## 16. Subsequent Events

There were no subsequent events as of the date of this report.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of our results of operations for the three and nine months ended September 30, 2023 compared with the three and nine months ended September 30, 2022, and a discussion of our financial condition as of September 30, 2023. This discussion and analysis should be read in conjunction with the attached unaudited interim Condensed Consolidated Financial Statements and notes thereto and Argo Group's 2022 Form 10-K, including the audited Condensed Consolidated Financial Statements and notes thereto.

Certain reclassifications have been made to financial information presented for prior years to conform to the current year's presentation.

## Forward-Looking Statements

This report includes forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "expect," "intend," "plan," "believe," "do not believe," "aim," "project," "anticipate," "seek," "will," "likely," "assume," "estimate," "may," "continue," "guidance," "growth," "objective," "remain optimistic," "improve," "progress," "path toward," "outlook," "trends," "future," "could," "would," "should," "target," "on track" and similar expressions of a future or forward-looking nature.

Such statements are subject to certain risks and uncertainties that could cause actual events or results to differ materially including, but not limited to, recent changes in interest rates and inflation, our ability to complete and realize the anticipated benefits of the merger with Brookfield Reinsurance Ltd., the adequacy of our projected loss reserves, employee retention and changes in key personnel, the ability of our insurance subsidiaries to meet risk-based capital and solvency requirements, the outcome of legal and regulatory proceedings, investigations, inquiries, claims and litigation and other risks and uncertainties discussed in our filings with the SEC. For a more detailed discussion of such risks and uncertainties, see Part II, Item 1A. "Risk Factors" herein and Part I, Item 1A, "Risk Factors" in Argo Group's Form 10-K for the year ended December 31, 2022 and Part II, Item 1A in Argo Group's Form 10-Q for the quarter ended March 31, 2023. The inclusion of a forward-looking statement herein should not be regarded as a representation by Argo Group that Argo Group's objectives will be achieved. Argo Group undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such statements.

## ***Recent Developments***

### ***Merger***

On February 8, 2023, we entered into an Agreement and Plan of Merger (the “Merger Agreement”), with Brookfield Reinsurance Ltd. (“Brookfield Reinsurance”) and BNRE Bermuda Merger Sub Ltd. (“Merger Sub”), a wholly owned subsidiary of Brookfield Reinsurance. The Merger Agreement provides for the merger of the Merger Sub with and into us, which we refer to as the “Merger,” with us surviving the Merger as a wholly owned subsidiary of Brookfield Reinsurance. Completion of the Merger is subject to satisfaction or waiver of customary closing conditions, including approval of the Merger by Argo’s shareholders, expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), and receipt of the regulatory approvals specified in the Merger Agreement and the absence of any injunction, judgment or ruling restraining the Merger. In addition, the obligation of each party to consummate the Merger is conditioned upon, among other things, the accuracy of the representations and warranties of the other party (subject to certain materiality exceptions), and material compliance by the other party with its covenants under the Merger Agreement.

On March 8, 2023, Argo and Brookfield Reinsurance filed the required notifications for antitrust clearance under the HSR Act. The waiting period under the HSR Act expired on April 7, 2023.

On April 19, 2023, Argo shareholders approved the Merger and the Merger Agreement.

Because the required shareholder approval for the Merger has been obtained and the HSR Act waiting period has expired, the only remaining significant closing condition is the receipt of the required regulatory approvals from the insurance authorities specified in the Merger Agreement. As of the date of this filing, the parties have received a majority of the required regulatory approvals.

In addition, the Merger Agreement outside date for completing the transaction (the “Outside Date”) has been automatically extended to February 8, 2024, pursuant to the terms of the Merger Agreement, as all conditions to closing are satisfied other than receipt of the remaining required regulatory approvals. Both Argo and Brookfield Reinsurance remain committed to closing the transaction as expeditiously as possible, and expect the transaction to close in 2023, subject to receipt of the remaining required regulatory approvals.

The foregoing description of the Merger Agreement and the transactions contemplated thereby does not purport to be complete and is subject to and qualified in its entirety by reference to the Merger Agreement, a copy of which is filed as Exhibit 2.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

### ***Sale of Argo Underwriting Agency Limited***

On February 2, 2023, the Company completed the sale of the entire issued share capital of AUA. Refer to the sale of AUA in Note 1, “Business and Significant Accounting Policies” for additional information.

## Consolidated Results of Operations

For the three and nine months ended September 30, 2023, we reported a net loss attributable to common shareholders of \$49.5 million (\$1.41 per diluted common share) and \$86.4 million (\$2.46 per diluted common share), respectively. For the three and nine months ended September 30, 2022, we reported net loss attributable to common shareholders of \$51.4 million (\$1.47 per diluted common share) and \$73.9 million (\$2.11 per diluted common share), respectively.

The following is a comparison of selected data from our operations, as well as book value per common share, for the relevant comparative periods:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Gross written premiums	\$ 528.3	\$ 750.9	\$ 1,686.9	\$ 2,203.6
Net earned premiums	\$ 342.7	\$ 455.0	\$ 1,062.5	\$ 1,389.9
Net investment income	40.4	34.0	102.9	100.9
Net investment and other gains (losses):				
Net realized investment and other gains (losses)	7.4	(42.3)	(21.0)	(119.2)
Change in fair value recognized	(10.1)	(1.1)	2.1	2.5
Change in allowance for credit losses on fixed maturity securities	(2.0)	(1.3)	(2.1)	(2.9)
Total net investment and other gains (losses)	(4.7)	(44.7)	(21.0)	(119.6)
Total revenue	\$ 378.4	\$ 444.3	\$ 1,144.4	\$ 1,371.2
Income (loss) before income taxes	\$ (29.3)	\$ (52.8)	\$ (75.2)	\$ (44.9)
Income tax provision (benefit)	17.6	(4.0)	3.3	21.1
Net income (loss)	\$ (46.9)	\$ (48.8)	\$ (78.5)	\$ (66.0)
Less: Dividends on preferred shares	2.6	2.6	7.9	7.9
Net income (loss) attributable to common shareholders	\$ (49.5)	\$ (51.4)	\$ (86.4)	\$ (73.9)
GAAP Ratios:				
Loss ratio	82.0 %	65.7 %	75.9 %	61.8 %
Expense ratio	33.8 %	35.4 %	34.3 %	35.6 %
Combined ratio	115.8 %	101.1 %	110.2 %	97.4 %

The table above includes ratios in accordance with U.S. generally accepted accounting principles (“GAAP”) that we use to measure our profitability. We believe that they enhance an investor’s understanding of our profitability. They are calculated as follows:

- Loss ratio: the ratio of claims and claims expense to net earned premiums. Loss ratios include the impact of catastrophe losses.
- Expense ratio: the ratio of underwriting, acquisition and insurance expense to net earned premiums.
- Combined ratio: the sum of the loss ratio and the expense ratio. The difference between 100% and the combined ratio represents underwriting income (loss) as a percentage of net earned premiums, or underwriting margin.

	September 30, 2023	December 31, 2022	September 30, 2022
Book value per common share	\$ 29.18	\$ 31.06	\$ 33.72



### **Non-GAAP Measures**

In the following discussion and analysis of our results of operations, we have included certain non-generally accepted accounting principles ("non-GAAP") financial measures. We believe that these non-GAAP measures, specifically current accident year non-catastrophe losses, current accident year non-catastrophe loss ratio and current accident year non-catastrophe combined ratios, which may be defined differently by other companies, explain our results of operations in a manner that allows for an understanding of the underlying trends in our business. However, these measures should not be viewed as a substitute for those determined in accordance with GAAP. Reconciliations of these financial measures to their most directly comparable GAAP measures are included in the tables below.

(in millions)	For the Three Months Ended September 30,			
	2023		2022	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 342.7		\$ 455.0	
Losses and loss adjustment expenses, as reported	280.9	82.0 %	298.8	65.7 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(51.0)	(14.9)%	(11.9)	(2.6)%
Catastrophe losses	(24.7)	(7.2)%	(23.4)	(5.1)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 205.2	59.9 %	\$ 263.5	58.0 %
Expense ratio		33.8 %		35.4 %
Current accident year non-catastrophe combined ratio (non-GAAP)		93.7 %		93.4 %

(in millions)	For the Nine Months Ended September 30,			
	2023		2022	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 1,062.5		\$ 1,389.9	
Losses and loss adjustment expenses, as reported	806.9	75.9 %	858.4	61.8 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(126.0)	(11.9)%	(31.6)	(2.3)%
Catastrophe losses	(31.4)	(3.0)%	(34.6)	(2.5)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 649.5	61.0 %	\$ 792.2	57.0 %
Expense ratio		34.3 %		35.6 %
Current accident year non-catastrophe combined ratio (non-GAAP)		95.3 %		92.6 %

Current accident year non-catastrophe losses, current accident year non-catastrophe loss ratio and current accident year non-catastrophe combined ratio are internal performance measures used by the Company to evaluate its underwriting activity by excluding catastrophe losses and the impact of changes to prior year loss reserves. Management believes that these non-GAAP metrics measure performance in a way that is useful to investors as it removes the impact of volatile and unpredictable catastrophe losses and prior accident year reserve development.

### **Gross Written and Net Earned Premiums**

Consolidated gross written and net earned premiums by our four primary insurance lines were as follows:

(in millions)	For the Three Months Ended September 30,			
	2023		2022	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 80.3	\$ 50.6	\$ 113.7	\$ 45.3
Liability	314.3	176.9	352.1	208.9
Professional	89.2	68.0	152.4	110.3
Specialty	44.5	47.2	132.7	90.5
Total	\$ 528.3	\$ 342.7	\$ 750.9	\$ 455.0

  

(in millions)	For the Nine Months Ended September 30,			
	2023		2022	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 295.4	\$ 138.7	\$ 328.6	\$ 173.1
Liability	864.9	542.3	1,004.7	615.9
Professional	290.0	225.4	465.9	337.0
Specialty	236.6	156.1	404.4	263.9
Total	\$ 1,686.9	\$ 1,062.5	\$ 2,203.6	\$ 1,389.9

Gross written premiums decreased \$222.6 million, or 29.6%, for the three months ended September 30, 2023, as compared to the same period ended 2022, while decreasing \$516.7 million, or 23.4%, for the nine months ended September 30, 2023 as compared to the same period ended 2022. The decrease in gross written premiums for the three months ended September 30, 2023, as compared to the same period ended 2022, is mainly attributable to the sale of AUA coupled with lower production in our U.S. operations within management liability lines, errors and omissions lines, delegated authority programs and surety. Gross written premiums decreased for the nine months ended September 30, 2023, as compared to the same period ended 2022, due to the sale of AUA, Argo Seguros, and AGSE as well as businesses we have exited. Additionally, there were reductions in gross written premium in our U.S. operations primarily due to proactive actions taken in certain lines to prioritize improving profitability, partially offset by growth in several other businesses.

Consolidated net earned premiums for the three and nine months ended September 30, 2023 decreased \$112.3 million, or 24.7%, and \$327.4 million, or 23.6%, respectively, as compared to the same periods ended 2022. The decrease is primarily driven by the aforementioned reasons.

Our gross written and net earned premiums are further discussed by reporting segment and major lines of business below under the heading “Segment Results.”

### **Net Investment Income**

Consolidated net investment income for the three and nine months ended September 30, 2023 was \$40.4 million and \$102.9 million, respectively, compared to \$34.0 million and \$100.9 million for the same periods in 2022. The increase for the three months ended September 30, 2023 was driven by higher interest rates and returns on alternative investments, compared to the same period ended 2022. The increase in net investment income for the nine months ended September 30, 2023 was primarily driven by higher interest rates, partially offset by a decrease in income from our alternative investment portfolio which includes earnings from both private equity and hedge fund investments, compared to the same period ended 2022.

Net investment income from fixed maturity assets and dividends from equity securities was \$34.1 million and \$94.0 million for the three and nine months ended September 30, 2023, compared to \$30.8 million and \$80.0 million for the same periods ended 2022, primarily due to higher interest rates on fixed income securities.

### **Net Investment and Other Gains and Losses**

Consolidated net investment and other losses decreased \$40.0 million and \$98.6 million for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022. Consolidated net investment and other losses of \$21.0 million for the nine months ended September 30, 2023 were primarily driven from the sale of AUA, which included \$20.3 million of pre-tax realized losses that were previously recognized in accumulated other comprehensive income, resulting in no impact to total shareholders' equity from this reclassification. The loss was partially offset by market value gains recognized on our equity investments. Consolidated net investment and other losses of \$119.6 million for the nine months ended September 30, 2022 were primarily driven from the sale of Argo Seguros and AGSE, and the impairment of investments related to the U.S. loss portfolio transfer.

### **Loss and Loss Adjustment Expenses**

Consolidated losses and loss adjustment expenses decreased \$17.9 million and \$51.5 million for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022.

The consolidated loss ratio for the three months ended September 30, 2023 was 82.0%, 16.3 percentage points higher than 65.7%, for the same period in 2022, driven by higher net unfavorable prior-year reserve development in 2023 as compared to 2022 (12.3 percentage point increase), higher catastrophe losses (2.1 percentage point increase) and a higher current accident year non-catastrophe loss ratio (1.9 percentage point increase). Catastrophe losses for the three months ended September 30, 2023 of \$24.7 million were mainly attributable to losses associated with Hawaii wildfires, Tropical Storm Ophelia, Hurricane Idalia, and other U.S. storms.

The consolidated loss ratio for the nine months ended September 30, 2023 was 75.9%, 14.1 percentage points higher than 61.8% for the same period in 2022, driven by higher net unfavorable prior-year reserve development in 2023 as compared to 2022 (9.6 percentage point increase) and a higher current accident year non-catastrophe loss ratio (4.0 percentage point increase). Catastrophe losses for the nine months ended September 30, 2023 of \$31.4 million are primarily attributable to losses associated with U.S. storms and Hawaii wildfires.

The net unfavorable prior-year reserve development for the three months ended September 30, 2023 of \$51.0 million was due to \$46.6 million from U.S. Operations, \$3.5 million from International Operations and \$0.9 million in Run-off lines. The net unfavorable prior-year reserve development for the nine months ended September 30, 2023 of \$126.0 million was due to \$111.7 million from U.S. Operations, \$11.7 million from International Operations and \$2.6 million in Run-off lines.

Our losses and loss adjustment expenses, including the prior-year loss reserve development shown in the following table, are further discussed by reporting segment under the heading "Segment Results" below. The following table summarizes the above referenced prior-year loss reserve development for the nine months ended September 30, 2023 with respect to net loss reserves by line of business as of December 31, 2022.

(in millions)	Net Reserves at December 31, 2022	Net Reserve Development (Favorable) / Unfavorable for the period ended September 30, 2023		Percent of 2022 Net Reserves
Property	\$ 94.8	\$	(6.0)	(6.3)%
Liability	1,626.2		98.4	6.1 %
Professional	445.3		43.5	9.8 %
Specialty	46.8		(9.9)	(21.2)%
Total	\$ 2,213.1	\$	126.0	5.7 %

In determining appropriate reserve levels for the nine months ended September 30, 2023, we maintained the same general processes and disciplines that were used to set reserves at prior reporting dates. No significant changes in methodologies were made to estimate the reserves since the last reporting date; however, at each reporting date we reassess the actuarial estimate of the reserve for loss and loss adjustment expenses and record our best estimate. Consistent with prior reserve valuations, as claims data becomes more mature for prior accident years, actuarial estimates were refined to weigh certain actuarial methods more heavily in order to respond to any emerging trends in the paid and reported loss data. Pricing, reinsurance costs, legal environment, general economic conditions including changes in inflation and many other factors impact our ultimate loss estimates. Refer to segment results for specific factors impacting our current accident year loss ratios.

Consolidated gross reserves for losses and loss adjustment expenses were \$5,328.7 million and \$5,051.6 million as of September 30, 2023 and December 31, 2022, respectively. The increase was primarily driven by net unfavorable prior-year reserve development in 2023 and retroactive reinsurance contracts the Company entered into with AUA subsidiaries. Management has recorded its best estimate of loss reserves at each date based on current known facts and circumstances. Due to the significant uncertainties inherent in the estimation of loss reserves, it is possible that future loss development, favorable or unfavorable, may occur.

#### **Underwriting, Acquisition and Insurance Expenses**

Consolidated underwriting, acquisition and insurance expense for the three and nine months ended September 30, 2023 decreased \$44.9 million, or 27.9% and \$130.9 million, or 26.4%, respectively, as compared to the same periods ended 2022 primarily driven by business dispositions.

The consolidated expense ratio was 33.8% for the three months ended September 30, 2023 compared to 35.4% for the three months ended September 30, 2022. The acquisition expense ratio was 15.3% and general and administrative expense ratio was 18.5% for the three months ended September 30, 2023 as compared to 17.0% and 18.4%, respectively, for the three months ended September 30, 2022. The consolidated expense ratio was 34.3% for the nine months ended September 30, 2023 compared to 35.6% for the nine months ended September 30, 2022. The acquisition expense ratio was 15.6% and general and administrative expense ratio was 18.7% for the nine months ended September 30, 2023 as compared to 17.1% and 18.5%, respectively, for the nine months ended September 30, 2022. The improvement in the acquisition expense ratio, for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022, respectively, is primarily driven by the change in business mix resulting from the sale of AUA.

Our underwriting, acquisition and insurance expenses are further discussed below by reporting segment under the heading “Segment Results.”

#### **Non-Operating Expenses**

Non-operating expenses represent costs not associated with our ongoing insurance or other operations, including severance expenses, certain legal costs, merger and acquisition and other transaction-related expenses, and certain non-recurring expenses. As such, non-operating expenses have been excluded from the calculation of our expense ratio. These non-recurring costs are included in the line item *Non-operating expenses* in the Company’s Condensed Consolidated Statements of Income (Loss).

Non-operating expenses decreased \$5.9 million, or 53.6%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. The expenses incurred for the three months ended September 30, 2023 primarily relate to legal fees for the Company’s pending merger with Brookfield Reinsurance.

Non-operating expenses decreased \$10.4 million, or 30.7%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The expenses incurred for the nine months ended September 30, 2023 primarily relate to legal fees for the sale of AUA and the pending merger with Brookfield Reinsurance. The expenses incurred for the nine months ended September 30, 2022 primarily relate to advisory fees, severance expenses and retention bonuses, and legal settlements.

#### **Interest Expense**

Consolidated interest expense increased \$1.9 million, or 27.9%, to \$8.7 million for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. Consolidated interest expense increased \$6.7 million, or 35.8%, to \$25.4 million for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The increase was attributable to higher short-term interest rates in 2023.

#### **Foreign Currency Exchange Gains/Losses**

Consolidated foreign currency exchange gains decreased \$5.8 million for the three months ended September 30, 2023, as compared to the three months ended September 30, 2022. Consolidated foreign currency exchange gains decreased \$16.6 million for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. The changes in the foreign currency exchange gains were due to fluctuations of the U.S. Dollar, on a weighted average basis, against the Canadian Dollar, Euro and the British Pound as well as disposal of several businesses transacting in foreign currencies.

### **Income Tax Provision**

The consolidated income tax provision represents the income tax expense or benefit associated with our operations based on the tax laws of the jurisdictions in which we operate. Therefore, the consolidated provision for income taxes represents taxes on net income for our Ireland, Italy, United Kingdom, and United States operations. The Company recorded a consolidated income tax provision of \$17.6 million and \$3.3 million for the three and nine months ended September 30, 2023. This is compared to the consolidated income tax benefit of \$4.0 million and tax provision of \$21.1 million for the same periods ended 2022.

The consolidated effective tax rate was (60.1)% and (4.4)% for the three and nine months ended September 30, 2023 compared to the consolidated effective tax rate of 7.6% and (47.0)% for the same periods ended 2022. The change in the effective tax rate was due to the nine month period ending September 30, 2022 including the sale of our Brazil operations for which the realized foreign exchange loss was excluded from tax calculations, and the tax benefits related to the capital loss in Ireland were offset by a valuation allowance. Additionally, for the period ending September 30, 2022, Malta was disposed, and the capital loss reported in Bermuda received no tax benefit. For the period ending September 30, 2023, the company incurred an estimated Base Erosion and Anti-Abuse Tax liability ("BEAT") in connection with a reinsurance agreement between our U.S. and Bermuda operations which increased the current period effective tax rate. Excluding the estimated BEAT liability, the effective tax rate for the period ending September 30, 2023 was more aligned with statutory tax rates.

### **Segment Results**

We are primarily engaged in writing property and casualty insurance. We have two ongoing reporting segments: U.S. Operations and International Operations. Additionally, we have Run-off Lines for products that we no longer underwrite.

We consider many factors, including the nature of each segment's insurance products, production sources, distribution strategies and regulatory environment, in determining how to aggregate reporting segments.

Our reportable segments include four primary insurance services and offerings as follows:

- **Property** includes both property insurance and reinsurance products. Insurance products cover commercial properties primarily in North America with some international covers. Reinsurance covers underlying exposures located throughout the world, including the United States. These offerings include coverages for man-made and natural disasters.
- **Liability** includes a broad range of primary and excess casualty products primarily underwritten as insurance and, to a lesser extent reinsurance, for risks on both an admitted and non-admitted basis in the United States. Internationally, prior to the sale of AUA, Argo Group underwrote non-U.S. casualty risks primarily exposed in the United Kingdom, Canada and Australia.
- **Professional** includes various professional lines products including errors and omissions and management liability coverages (including directors and officers).
- **Specialty** includes niche insurance coverages such as marine, accident and health, and surety product offerings.

In evaluating the operating performance of our segments, we focus on core underwriting and investing results before consideration of realized gains or losses from the sales of investments. Net investment and other gains (losses) are reported as a component of the Corporate and Other segment, as decisions regarding the acquisition and disposal of securities reside with the corporate investment function and are not under the control of the individual business segments.

Since we generally manage and monitor the investment portfolio on an aggregate basis, the overall performance of the investment portfolio, and related net investment income, is discussed above on a combined basis under consolidated net investment income rather than within or by segment.

## U.S. Operations

The following table summarizes the results of operations for U.S. Operations:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Gross written premiums	\$ 462.9	\$ 500.4	\$ 1,356.2	\$ 1,476.7
Net earned premiums	\$ 314.1	\$ 329.3	\$ 950.9	\$ 998.5
Losses and loss adjustment expenses	246.9	217.0	716.0	625.7
Underwriting, acquisition and insurance expenses	104.6	103.0	318.6	312.8
Underwriting income (loss)	(37.4)	9.3	(83.7)	60.0
Net investment income	33.2	23.1	84.7	68.7
Interest expense	7.2	4.7	20.9	12.8
Fee and other expense (income), net	0.2	(0.1)	(0.1)	—
Non-operating expenses	2.4	1.2	3.4	2.4
Income (loss) before income taxes	\$ (14.0)	\$ 26.6	\$ (23.2)	\$ 113.5
GAAP Ratios:				
Loss ratio	78.6 %	65.9 %	75.3 %	62.7 %
Expense ratio	33.3 %	31.3 %	33.5 %	31.3 %
Combined ratio	111.9 %	97.2 %	108.8 %	94.0 %

The table above includes underwriting income (loss) which is an internal performance measure that we use to measure our insurance profitability. We believe underwriting income (loss) enhances an investor's understanding of insurance operations profitability. Underwriting income (loss) is calculated as earned premiums less losses and loss adjustment expenses less underwriting, acquisition and insurance expense. Although underwriting income (loss) does not replace net income (loss) computed in accordance with GAAP as a measure of profitability, management uses underwriting income (loss) to focus our reporting segments on generating operating income.

The following table contains a reconciliation of certain non-GAAP financial measures, specifically the current accident year non-catastrophe losses, current accident year non-catastrophe loss ratio and current accident year non-catastrophe combined ratio, to their most directly comparable GAAP measures for our U.S. Operations.

(in millions)	For the Three Months Ended September 30,			
	2023		2022	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 314.1		\$ 329.3	
Losses and loss adjustment expenses, as reported	246.9	78.6 %	217.0	65.9 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(46.6)	(14.8)%	(16.2)	(4.9)%
Catastrophe losses	(14.0)	(4.5)%	(4.2)	(1.3)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 186.3	59.3 %	\$ 196.6	59.7 %
Expense ratio		33.3 %		31.3 %
Current accident year non-catastrophe combined ratio (non-GAAP)		92.6 %		91.0 %

(in millions)	For the Nine Months Ended September 30,			
	2023		2022	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 950.9		\$ 998.5	
Losses and loss adjustment expenses, as reported	716.0	75.3 %	625.7	62.7 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(111.7)	(11.7)%	(27.9)	(2.8)%
Catastrophe losses	(20.2)	(2.1)%	(9.2)	(0.9)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 584.1	61.5 %	\$ 588.6	59.0 %
Expense ratio		33.5 %		31.3 %
Current accident year non-catastrophe combined ratio (non-GAAP)		95.0 %		90.3 %

### **Gross Written and Net Earned Premiums**

Gross written and net earned premiums by our four primary insurance lines were as follows:

(in millions)	For the Three Months Ended September 30,			
	2023		2022	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 58.8	\$ 36.9	\$ 57.6	\$ 33.5
Liability	285.4	171.5	288.1	178.0
Professional	77.2	62.8	97.7	74.8
Specialty	41.5	42.9	57.0	43.0
Total	\$ 462.9	\$ 314.1	\$ 500.4	\$ 329.3

	For the Nine Months Ended September 30,			
	2023		2022	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 180.5	\$ 110.5	\$ 159.5	\$ 113.1
Liability	778.2	514.9	833.2	520.1
Professional	230.9	196.4	308.7	239.3
Specialty	166.6	129.1	175.3	126.0
Total	\$ 1,356.2	\$ 950.9	\$ 1,476.7	\$ 998.5

### **Property**

Gross written premiums for property increased \$1.2 million, or 2.1%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. Gross written premiums for property increased \$21.0 million, or 13.2%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The increase for the three and nine months ended September 30, 2023, compared to the same period in 2022, were primarily attributed to growth from the fronted habitational business and the inland marine business, partially offset by decreases in the public entity program and the garage business unit. The increase in net earned premium for the three months ended September 30, 2023, compared to the same period in 2022 was mainly driven by the inland marine business. The decrease in net earned premium for the nine months ended September 30, 2023 compared to the same period in 2022 was mainly a result of the sale of the contract binding and excess and surplus property businesses in 2021 partially offset by growth in the inland marine business.

### Liability

Gross written premiums for liability decreased \$2.7 million, or 0.9%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. Gross written premiums for liability decreased \$55.0 million, or 6.6%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The decreases were mainly from the construction business unit and delegated authority programs offset by growth in fronted business, the environmental business unit, the casualty business units, and Rockwood. Net earned premium decreased for the three and nine months ended September 30, 2023 compared to the same period in 2022 due largely to written premium reductions from delegated authority programs, the construction business unit and the sale of the contract binding business units.

### Professional

Gross written premiums for professional decreased \$20.5 million, or 21.0%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. Gross written premiums for professional decreased \$77.8 million, or 25.2%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. This was the result of lower production in management liability lines, errors and omissions lines, and delegated authority programs. The decrease in net earned premium for the three and nine months ended September 30, 2023, compared to the same period in 2022 was also due to the reduced production from the lines noted above.

### Specialty

Gross written premiums decreased \$15.5 million or 27.2%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. Gross written premiums decreased \$8.7 million or 5.0%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The decreases were driven by surety, partially offset by increase in fronted business. The slight decrease in net earned premiums for the three months ended September 30, 2023, compared to the same period in 2022 was from surety lines partially offset by growth in delegated authority programs. The increase in net earned premiums for the nine months ended September 30, 2023, compared to the same period in 2022 was largely a result of growth from prior quarters in delegated authority programs.

### Loss and Loss Adjustment Expenses

Loss and loss adjustment expenses were \$246.9 million and \$217.0 million for the three months ended September 30, 2023 and 2022, and \$716.0 million and \$625.7 million for the nine months ended September 30, 2023 and 2022, respectively. The loss ratios for the three months ended September 30, 2023 and 2022 were 78.6% and 65.9%, respectively. The higher loss ratio in the three months ended September 30, 2023 was driven by higher net unfavorable prior-year reserve development versus 2022 (9.9 percentage point increase), and an increase in catastrophe losses (3.2 percentage point increase). The loss ratios for the nine months ended September 30, 2023 and 2022 were 75.3% and 62.7%, respectively. The higher loss ratio in the first nine months of 2023 was driven by higher net unfavorable prior-year reserve development versus 2022 (8.9 percentage point increase), an increase in the current accident year non-catastrophe loss ratio (2.5 percentage point increase) and an increase in catastrophe losses (1.2 percentage point increase).

The current accident year non-catastrophe loss ratios for the three and nine months ended September 30, 2023 were 59.3% and 61.5% respectively, compared to 59.7% and 59.0% for the three and nine months ended September 30, 2022, respectively. The current accident year non-catastrophe loss ratios for the three months ended September 30, 2023 was broadly in line with the same period last year. The current accident year non-catastrophe loss ratio for the nine months ended September 30, 2023 was impacted by a large loss in professional lines that increased the loss ratio by 0.6 points in addition to expectations of claims inflation given current macro-economic conditions.

Net unfavorable prior-year reserve development for the three and nine months ended September 30, 2023 was \$46.6 million and \$111.7 million, respectively. The net unfavorable prior year reserve development for the three months ended September 30, 2023 primarily related to liability and professional lines. The unfavorable development included \$18.0 million from businesses we have exited, primarily in liability lines. The net unfavorable prior year reserve development for the nine months ended September 30, 2023 primarily related to liability lines and professional lines partially offset by favorable development in specialty lines. The liability movement for the three and nine months ended September 30, 2023 was driven by actual losses greater than expected including the impact of large claims. The unfavorable liability lines development primarily impacted accident years 2021 and prior. The professional movement for the three and nine months ended September 30, 2023 was driven by large management liability claims primarily impacting accident years 2019 and 2020. The unfavorable development for the nine months ended September 30, 2023 included \$56.8 million from businesses we have exited, primarily in liability lines.



Net prior-year reserve development for the three and nine months ended September 30, 2022 was \$16.2 million and \$27.9 million unfavorable, respectively. The unfavorable prior-year reserve development for the three months ended September 30, 2022 was due to liability lines. The unfavorable prior-year reserve development for the nine months ended September 30, 2023 was due to liability lines partially offset by favorable development in specialty lines.

Catastrophe losses for the three and nine months ended September 30, 2023 were \$14.0 million and \$20.2 million, respectively, compared to \$4.2 million and \$9.2 million for the three and nine months ended September 30, 2022, respectively. Catastrophe losses for the three and nine months ended September 30, 2023 were primarily due to Tropical Storm Ophelia, Hurricane Idalia, and other U.S. storms. Catastrophe losses for the three and nine months ended September 30, 2022 were mainly driven by Hurricane Ian and other U.S. storms.

### Underwriting, Acquisition and Insurance Expenses

Underwriting, acquisition and insurance expenses were \$104.6 million and \$318.6 million for the three and nine months ended September 30, 2023 as compared to \$103.0 million and \$312.8 million for the three and nine months ended September 30, 2022, respectively. The expense ratio increased to 33.3% for the three months ended September 30, 2023 from 31.3% for the same period ended 2022. The expense ratio increased to 33.5% for the nine months ended September 30, 2023 as compared to 31.3% for the same period ended 2022. The increase was primarily driven by the decrease in net earned premiums.

### International Operations

The following table summarizes the results of operations for International Operations:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Gross written premiums	\$ 65.3	\$ 250.1	\$ 330.6	\$ 726.3
Net earned premiums	\$ 28.5	\$ 125.2	\$ 111.4	\$ 390.7
Losses and loss adjustment expenses	33.1	81.7	88.3	229.8
Underwriting, acquisition and insurance expenses	2.7	47.0	25.1	155.3
Underwriting income (loss)	(7.3)	(3.5)	(2.0)	5.6
Net investment income	6.2	10.3	15.8	30.4
Interest expense	1.3	2.1	3.9	5.7
Fee and other expense (income), net	—	0.2	(0.2)	(1.8)
Non-operating expenses	0.2	1.2	0.8	3.5
Income (loss) before income taxes	\$ (2.6)	\$ 3.3	\$ 9.3	\$ 28.6
GAAP Ratios:				
Loss ratio	116.1 %	65.3 %	79.3 %	58.8 %
Expense ratio	9.5 %	37.5 %	22.5 %	39.8 %
Combined ratio	125.6 %	102.8 %	101.8 %	98.6 %

The following table contains a reconciliation of certain non-GAAP financial measures, specifically the current accident year non-catastrophe losses, current accident year non-catastrophe loss ratio and current accident year non-catastrophe combined ratio, to their most directly comparable GAAP measures for our International Operations.

(in millions)	For the Three Months Ended September 30,			
	2023		2022	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 28.5		\$ 125.2	
Losses and loss adjustment expenses, as reported	33.1	116.1 %	81.7	65.3 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(3.5)	(12.3)%	4.4	3.5 %
Catastrophe losses	(10.7)	(37.5)%	(19.2)	(15.3)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 18.9	66.3 %	\$ 66.9	53.5 %
Expense ratio		9.5 %		37.5 %
Current accident year non-catastrophe combined ratio (non-GAAP)		75.8 %		91.0 %

(in millions)	For the Nine Months Ended September 30,			
	2023		2022	
	Amount	Ratio	Amount	Ratio
Earned premiums	\$ 111.4		\$ 390.7	
Losses and loss adjustment expenses, as reported	88.3	79.3 %	229.8	58.8 %
Adjustments:				
Favorable (unfavorable) prior accident year loss development	(11.7)	(10.5)%	(0.8)	(0.2)%
Catastrophe losses	(11.2)	(10.1)%	(25.4)	(6.5)%
Current accident year non-catastrophe losses (non-GAAP)	\$ 65.4	58.7 %	\$ 203.6	52.1 %
Expense ratio		22.5 %		39.8 %
Current accident year non-catastrophe combined ratio (non-GAAP)		81.2 %		91.9 %

### **Gross Written and Net Earned Premiums**

Gross written and net earned premiums by our four primary insurance lines were as follows:

(in millions)	For the Three Months Ended September 30,			
	2023		2022	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 21.4	\$ 13.5	\$ 56.1	\$ 11.8
Liability	28.9	5.5	63.6	30.4
Professional	12.0	5.2	54.7	35.5
Specialty	3.0	4.3	75.7	47.5
Total	<u>\$ 65.3</u>	<u>\$ 28.5</u>	<u>\$ 250.1</u>	<u>\$ 125.2</u>

(in millions)	For the Nine Months Ended September 30,			
	2023		2022	
	Gross Written	Net Earned	Gross Written	Net Earned
Property	\$ 114.8	\$ 28.0	\$ 169.1	\$ 60.0
Liability	86.7	27.4	170.9	95.1
Professional	59.1	29.0	157.2	97.7
Specialty	70.0	27.0	229.1	137.9
Total	<u>\$ 330.6</u>	<u>\$ 111.4</u>	<u>\$ 726.3</u>	<u>\$ 390.7</u>

#### **Property**

Gross written premiums for property decreased \$34.7 million, or 61.9%, and \$54.3 million, or 32.1%, for the three and nine months ended September 30, 2023, as compared to the same periods in 2022. The decline in gross written premiums was due to the sale of AUA, which was partially offset by growth in our Bermuda operations which was driven mainly by favorable rate increases. Net earned premiums decreased \$32.0 million for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022, driven by the sale of AUA.

#### **Liability**

Gross written premiums for liability decreased \$34.7 million, or 54.6%, and \$84.2 million, or 49.3%, for the three and nine months ended September 30, 2023 as compared to the same period in 2022. The reduction in gross written premiums was primarily due to the sales of AUA and Argo Seguros which were partially offset by growth in Bermuda as a result of favorable rate increases and new business. Net earned premiums decreased for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022, driven by the aforementioned sales of AUA and Argo Seguros.

#### **Professional**

Gross written premiums for professional lines decreased \$42.7 million, or 78.1%, and \$98.1 million, or 62.4%, for the three and nine months ended September 30, 2023, as compared to the same periods in 2022. The decrease in gross written premiums was driven by the sale of AUA. The decrease in net earned premiums for the three and nine months ended September 30, 2023, as compared to the three and nine months ended September 30, 2022, was also mainly due to the aforementioned reasons.

#### **Specialty**

Gross written premiums decreased \$72.7 million, or 96.0%, and \$159.1 million, or 69.4%, for the three and nine months ended September 30, 2023 as compared to the same periods in 2022. The decrease in gross written premiums was primarily driven by the sales of AUA and Argo Seguros. The decrease in net earned premiums for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022, was also driven by the sales of AUA and Argo Seguros.

### **Loss and Loss Adjustment Expenses**

Loss and loss adjustment expenses were \$33.1 million and \$88.3 million for the three and nine months ended September 30, 2023, respectively. Loss and loss adjustment expenses were \$81.7 million and \$229.8 million for the three and nine months ended September 30, 2022. The loss ratio for the three months ended September 30, 2023 was 116.1% compared to 65.3% for the three months ended September 30, 2022. The increase in the loss ratio for the three months ended September 30, 2023 was driven mainly by an increase in the current accident year catastrophe loss ratio (22.2 percentage point increase), net unfavorable prior-year reserve development versus net favorable prior-year reserve development in 2022 (15.8 percentage point increase), and an increase in the current accident year non-catastrophe loss ratio (12.8 percentage point increase). The loss ratio for the nine months ended September 30, 2023 was 79.3% compared to 58.8% for the nine months ended September 30, 2022. The increase in the loss ratio was driven mainly by higher net unfavorable prior-year reserve development versus 2022 (10.3 percentage point increase), an increase in the current accident year non-catastrophe loss ratio (6.6 percentage point increase), and an increase in the current accident year catastrophe loss ratio (3.6 percentage point increase).

The current accident year non-catastrophe loss ratios for the three and nine months ended September 30, 2023 were 66.3% and 58.7%, respectively, compared to 53.5% and 52.1% for the three and nine months ended September 30, 2022. The three and nine months ended September 30, 2023 include a different mix of business from 2022 due to the dispositions of various businesses.

Net prior-year reserve development was \$3.5 million and \$11.7 million unfavorable for the three and nine months ended September 30, 2023, respectively. The net unfavorable prior-year reserve development for the three months ended September 30, 2023 was mainly due to unfavorable movements in liability and professional claims in our Bermuda operations. The net unfavorable prior-year reserve development for the nine months ended September 30, 2023 related to professional and liability lines in our Bermuda operations partially offset by favorable development in runoff Reinsurance lines. Net prior-year reserve development was \$4.4 million favorable and \$0.8 million unfavorable for the three and nine months ended September 30, 2022, respectively. The net favorable prior-year reserve development for the three months ended September 30, 2022 primarily related to favorable development in property and liability lines in Syndicate 1200 partially offset by unfavorable development in professional liability claims. The net unfavorable prior-year reserve development for the nine months ended September 30, 2022 primarily related to unfavorable movements in professional liability losses in our Bermuda operations partially offset by favorable development in Syndicate 1200 property and liability lines.

Catastrophe losses for the three and nine months ended September 30, 2023 were \$10.7 million and \$11.2 million, respectively, due mainly to Hawaii wildfires, Hurricane Idalia, Tropical Storm Ophelia and other U.S. storms. Catastrophe losses for the three and nine months ended September 30, 2022 were \$19.2 million and \$25.4 million, respectively. For the three months ended September 30, 2022, catastrophe losses all related to Syndicate 1200 and were due to Hurricane Ian. Catastrophe losses for the nine months ended September 30, 2022 were due to Hurricane Ian and the Ukraine-Russia conflict.

### **Underwriting, Acquisition and Insurance Expenses**

Underwriting, acquisition and insurance expenses were \$2.7 million and \$25.1 million for the three and nine months ended September 30, 2023, respectively, as compared to \$47.0 million and \$155.3 million for the three and nine months ended September 30, 2022, respectively. The expense ratio decreased to 9.5% for the three months ended September 30, 2023 from 37.5% for the same period in 2022. The acquisition expense amount and ratio decrease are driven by the sale of AUA as well as reduced expenses incurred from business lines we have exited.

### Run-off Lines

The following table summarizes the results of operations for Run-off Lines:

(in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net earned premiums	\$ 0.1	\$ 0.5	\$ 0.2	\$ 0.7
Losses and loss adjustment expenses	0.9	0.1	2.6	2.9
Underwriting, acquisition and insurance expenses	0.1	0.3	0.5	1.3
Underwriting income (loss)	(0.9)	0.1	(2.9)	(3.5)
Net investment income	1.0	0.6	2.4	1.8
Interest expense	0.2	—	0.6	0.2
Non-operating expenses	(0.1)	—	(0.1)	—
Income (loss) before income taxes	\$ —	\$ 0.7	\$ (1.0)	\$ (1.9)

Run-off Lines include liabilities associated with other liability policies that were issued in the 1960s, 1970s and into the 1980s, as well as the former risk-management business and other business no longer underwritten. Through our subsidiary Argonaut Insurance Company (“Argonaut”), we are exposed to asbestos liability at the primary level through claims filed against our direct insureds, as well as through its position as a reinsurer of other primary carriers. Argonaut has direct liability arising primarily from policies issued from the 1960s to the early 1980s, which pre-dated policy contract wording that excluded asbestos exposure. The majority of the direct policies were issued on behalf of small contractors or construction companies. We believe that the frequency and severity of asbestos claims for such insureds is typically less than that experienced for large, industrial manufacturing and distribution concerns.

Argonaut also assumed risk as a reinsurer, primarily for the period from 1970 to 1975, a portion of which was assumed from the London market. Argonaut also reinsured risks on policies written by domestic carriers. Such reinsurance typically provided coverage for limits attaching at a relatively high level, which are payable only after other layers of reinsurance are exhausted. Some of the claims now being filed on policies reinsured by Argonaut are on behalf of claimants who may have been exposed at some time to asbestos incorporated into buildings they occupied but have no apparent medical problems resulting from such exposure. Additionally, lawsuits are being brought against businesses that were not directly involved in the manufacture or installation of materials containing asbestos. We believe that a significant portion of claims generated out of this population of claimants may result in incurred losses generally lower than the asbestos claims filed over the past decade and could be below the attachment level of Argonaut.

### **Losses and Loss Adjustment Expenses**

The following table represents a roll forward of total gross and net reserves for the asbestos and environmental exposures in our Run-off Lines, along with the ending balances of all other reserves within Run-off Lines. Amounts in the net column are reduced by reinsurance recoverables.

(in millions)	For the Nine Months Ended September 30,			
	2023		2022	
	Gross	Net	Gross	Net
Asbestos and environmental:				
Loss reserves, beginning of the year	\$ 65.5	\$ 55.8	\$ 63.8	\$ 54.5
Incurred losses	1.0	1.0	1.3	1.3
Losses paid	(7.6)	(6.2)	(7.1)	(5.2)
Loss reserves - asbestos and environmental, end of period	58.9	50.6	58.0	50.6
Risk-management reserves	139.1	87.3	156.6	95.5
Run-off reinsurance reserves	0.4	0.4	0.4	0.4
Other run-off lines	19.7	14.0	29.9	22.8
Total loss reserves - Run-off Lines	<u>\$ 218.1</u>	<u>\$ 152.3</u>	<u>\$ 244.9</u>	<u>\$ 169.3</u>

Losses and loss adjustment expenses for the nine months ended September 30, 2023 and 2022 were the result of unfavorable loss reserve development in other run-off lines.

### **Underwriting, Acquisition and Insurance Expenses**

Underwriting, acquisition and insurance expenses for the Run-off Lines for the nine months ended September 30, 2023 is consistent with the same period in 2022.

## **Liquidity and Capital Resources**

### **Cash Flows**

The Company's future cash flows largely depend on the availability of dividends or other statutorily permissible payments from subsidiaries. The ability to pay such dividends is limited by the applicable laws and regulations of the various countries and states in which these subsidiaries operate, including, among others, Bermuda.

The primary sources of our cash inflows are premiums, reinsurance recoveries, proceeds from sales and redemptions of investments and investment income. The primary cash outflows are claim payments, loss adjustment expenses, reinsurance costs, underwriting, acquisition and overhead expenses, interest expense, purchases of investments, payment of preferred dividends and income taxes. Management believes that cash inflows are sufficient to cover cash outflows in the foreseeable future. We have access to additional sources of liquidity should the need for additional cash arise.

Cash provided by operating activities can fluctuate due to timing differences in the collection of premiums and reinsurance recoveries and the payment of losses and expenses. For the nine months ended September 30, 2023 and 2022, cash provided by operating activities was \$271.5 million compared to cash provided by operating activities of \$99.5 million, respectively. The increase in cash flows provided by operating activities in 2023 compared to 2022 was attributable to various fluctuations within our operating activities, and primarily related to the timing of reinsurance payments and recoveries, claim payments and premium cash receipts in the respective periods.

For the nine months ended September 30, 2023 net cash used in investing activities was \$322.1 million compared to net cash used in investing activities of \$106.1 million for the same period in 2022. Net cash used in investing activities in 2023 was mainly the result of purchases of short-term investments. Additionally, we received \$62.9 million in net cash from the sale of AUA.

For the nine months ended September 30, 2023 and 2022, net cash used in financing activities was \$6.5 million and \$38.3 million, respectively. The decrease in the net cash used in financing activities was driven by the suspension of the common stock dividend. On February 8, 2023, the Company entered into the Merger Agreement with Brookfield Reinsurance and BNRE Bermuda Merger Sub Ltd. As part of the Merger Agreement, the Company has agreed to suspend any dividends that would otherwise be declared and paid on the Company Shares during the period from the date of the Merger Agreement through the earlier of the closing of the transaction or the termination of the Merger Agreement.

### **Revolving Credit Facility and Term Loan**

On November 2, 2018, each of Argo Group, Argo Group US, Inc., Argo International Holdings Limited ("AIH"), and Argo Underwriting Agency Limited ("AUA"), collectively (the "Borrowers") entered into a \$325 million credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent. The Credit Agreement includes a one-time borrowing of \$125 million for a term loan (the "Term Loan"), and a \$200 million revolving credit facility. The Company used most of the net proceeds from the Preferred Stock Offering (as defined in Note 11, "Shareholders' Equity" of Argo Group's 2022 Form 10-K) to pay off the Term Loan in September 2020. The Credit Agreement was subsequently amended to increase the revolving credit facility amount to \$220 million, and to provide the removal of AIH and AUA as Borrowers upon the sale of AIH and AUA, which occurred on February 2, 2023.

During July 2023, the Credit Agreement was amended to permit the acquisition of Argo Group by Brookfield Reinsurance pursuant to the Merger Agreement and extend the maturity date of certain commitments under the revolving credit facility from November 2, 2023 to November 2, 2024. The Credit Agreement decreased from \$220 million to \$200 million effective November 2, 2023.

Borrowings under the Credit Agreement may be used for general corporate purposes, including working capital and permitted acquisitions, and each of the Borrowers has agreed to be jointly and severally liable for the obligations of the other Borrowers under the Credit Agreement.

The Credit Agreement contains customary events of default. If an event of default occurs and is continuing, the Borrowers could be required to repay all amounts outstanding under the Credit Agreement. The lenders could also elect to accelerate the maturity of the loans and/or terminate the commitments under the Credit Agreement upon the occurrence and during the continuation of an event of default. No defaults or events of defaults have occurred as of the date of this filing.

### Letter of Credit Facilities

On September 30, 2023, LOCs totaling \$59.2 million were outstanding, of which \$23.9 million were issued against the committed secured bilateral LOC facility and \$35.3 million were issued by commercial banks against the uncommitted, secured bilateral LOC facilities. Collateral with a market value of \$104.5 million was pledged to these banks as security against these LOCs.

### Junior Subordinated Debentures

During the third quarter 2023, the floating interest rates on our junior subordinated debentures transitioned from U.S. LIBOR to the applicable CME Term SOFR plus the related Tenor Spread Adjustment. As our junior subordinated debentures interest rates reset every three months, the 3-month U.S. LIBOR rate was replaced with 3-month CME Term SOFR plus 0.26161%.

### Preferred Stock Dividends

On October 26, 2023, our Board of Directors declared a quarterly cash dividend in the amount of \$437.50 per share on our Series A Preference Shares. Holders of Depositary Shares each representing a 1/1,000th interest in a share of Series A Preferred Stock will receive \$0.43750 per Depositary Share. The dividend will be paid on December 15, 2023 to our shareholders of record on November 30, 2023.

### Argo Group Common Shares and Dividends

On February 8, 2023, the Company entered into a definitive agreement and plan of merger (the “Merger Agreement”) with Brookfield Reinsurance Ltd. (“Brookfield Reinsurance”) and BNRE Bermuda Merger Sub Ltd., a wholly owned subsidiary of Brookfield Reinsurance (“Merger Sub”). As part of the Merger Agreement, the Company has agreed to suspend any dividends that would otherwise be declared and paid on the Company Shares during the period from the date of the Merger Agreement through the earlier of the closing of the transaction or the termination of the Merger Agreement.

On May 3, 2016, the Board authorized the repurchase of up to \$150.0 million of our common shares (“2016 Repurchase Authorization”). The 2016 Repurchase Authorization supersedes all the previous repurchase authorizations. As of September 30, 2023, availability under the 2016 Repurchase Authorization for future repurchases of our common shares was \$53.3 million. However, the Company does not anticipate repurchasing shares at this time.

We did not repurchase any common shares for the nine months ended September 30, 2023 and September 30, 2022.

## **Condensed Consolidating Financial Information**

In accordance with Article 10 of SEC Regulation S-X, we have elected to present condensed consolidating financial information in lieu of separate Condensed Consolidated Financial Statements for the Subsidiary Issuer. The following tables present condensed consolidating financial information as of and for the nine months ended September 30, 2023, of the Parent Guarantor and the Subsidiary Issuer. The Subsidiary Issuer is an indirect wholly-owned subsidiary of the Parent Guarantor. Investments in subsidiaries are accounted for by the Parent Guarantor under the equity method for purposes of the supplemental consolidating presentation. Earnings of subsidiaries are reflected in the Parent Guarantor’s investment accounts and earnings.

The Parent Guarantor fully and unconditionally guarantees certain of the debt of the Subsidiary Issuer. Condensed consolidating financial information of the Subsidiary Issuer is presented on a consolidated basis and consists principally of the net assets and results of operations of operating insurance company subsidiaries.



**CONDENSED CONSOLIDATING BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2023**  
(in millions)  
(Unaudited)

	Argo Group International Holdings, Ltd. (Parent Guarantor)	Argo Group US, Inc. and Subsidiaries (Subsidiary Issuer)	Other Subsidiaries and Eliminations <sup>(1)</sup>	Consolidating Adjustments <sup>(2)</sup>	Total
<b>Assets</b>					
Investments	\$ 5.6	\$ 3,659.5	\$ 592.6	\$ —	\$ 4,257.7
Cash	2.2	27.5	34.5	—	64.2
Accrued investment income	—	17.6	2.5	—	20.1
Premiums receivable	—	221.2	48.5	—	269.7
Reinsurance recoverables	—	2,177.2	712.4	—	2,889.6
Goodwill	—	118.6	—	—	118.6
Current income taxes receivable, net	—	45.0	0.9	—	45.9
Deferred tax assets, net	—	88.4	—	—	88.4
Deferred acquisition costs, net	—	110.0	(1.5)	—	108.5
Ceded unearned premiums	—	245.1	92.3	—	337.4
Operating lease right-of-use assets	—	47.0	4.6	—	51.6
Other assets	(0.5)	115.6	72.7	—	187.8
Investments in subsidiaries	1,220.4	—	—	(1,220.4)	—
<b>Total assets</b>	<b>\$ 1,227.7</b>	<b>\$ 6,872.7</b>	<b>\$ 1,559.5</b>	<b>\$ (1,220.4)</b>	<b>\$ 8,439.5</b>
<b>Liabilities and Shareholders' Equity</b>					
Reserves for losses and loss adjustment expenses	\$ —	\$ 4,299.0	\$ 1,029.7	\$ —	\$ 5,328.7
Unearned premiums	—	824.0	163.6	—	987.6
Funds held	—	75.9	(25.1)	—	50.8
Ceded reinsurance payable, net	—	114.6	66.0	—	180.6
Debt	28.2	285.0	86.2	—	399.4
Accrued underwriting expenses and other liabilities	3.1	251.7	6.9	—	261.7
Operating lease liabilities	—	54.9	4.5	—	59.4
Due to (from) affiliates	15.0	(3.8)	3.8	(15.0)	—
Intercompany note payable	10.1	25.0	(35.1)	—	—
<b>Total liabilities</b>	<b>56.4</b>	<b>5,926.3</b>	<b>1,300.5</b>	<b>(15.0)</b>	<b>7,268.2</b>
<b>Total shareholders' equity</b>	<b>1,171.3</b>	<b>946.4</b>	<b>259.0</b>	<b>(1,205.4)</b>	<b>1,171.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,227.7</b>	<b>\$ 6,872.7</b>	<b>\$ 1,559.5</b>	<b>\$ (1,220.4)</b>	<b>\$ 8,439.5</b>

<sup>(1)</sup> Includes all other subsidiaries of Argo Group International Holdings, Ltd. and all intercompany eliminations.

<sup>(2)</sup> Includes all Argo Group International Holdings, Ltd. parent company eliminations.

**CONDENSED CONSOLIDATING STATEMENT OF INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

(in millions)  
(Unaudited)

	Argo Group International Holdings, Ltd (Parent Guarantor)	Argo Group US, Inc. and Subsidiaries (Subsidiary Issuer)	Other Subsidiaries and Eliminations <sup>(1)</sup>	Consolidating Adjustments <sup>(2)</sup>	Total
Premiums and other revenue:					
Net earned premiums	\$ —	\$ 948.3	\$ 114.2	\$ —	\$ 1,062.5
Net investment income	—	92.7	10.2	—	102.9
Net investment and other gains (losses)	—	1.5	(22.5)	—	(21.0)
Total revenue	—	1,042.5	101.9	—	1,144.4
Expenses:					
Losses and loss adjustment expenses	—	717.8	89.1	—	806.9
Underwriting, acquisition and insurance expenses	6.7	332.1	25.2	—	364.0
Non-operating expenses	16.3	6.4	0.8	—	23.5
Interest expense	2.0	16.9	6.5	—	25.4
Fee and other (income) expense, net	—	(0.1)	(0.2)	—	(0.3)
Foreign currency exchange losses	—	0.3	(0.2)	—	0.1
Total expenses	25.0	1,073.4	121.2	—	1,219.6
(Loss) income before income taxes	(25.0)	(30.9)	(19.3)	—	(75.2)
Provision for income taxes	—	10.2	(6.9)	—	3.3
Net (loss) income before equity in earnings of subsidiaries	(25.0)	(41.1)	(12.4)	—	(78.5)
Equity in undistributed earnings of subsidiaries	(65.0)	—	—	65.0	—
Net income (loss)	\$ (90.0)	\$ (41.1)	\$ (12.4)	\$ 65.0	\$ (78.5)
Dividends on preferred shares	7.9	—	—	—	7.9
Net income (loss) attributable to common shareholders	\$ (97.9)	\$ (41.1)	\$ (12.4)	\$ 65.0	\$ (86.4)

<sup>(1)</sup> Includes all other subsidiaries of Argo Group International Holdings, Ltd. and all intercompany eliminations.

<sup>(2)</sup> Includes all Argo Group International Holdings, Ltd. parent company eliminations.

## Related Person Transactions

### *Voce Voting and Support Agreement*

As an inducement for Brookfield Reinsurance to enter into the Merger Agreement, on February 8, 2023, concurrently with the execution of the Merger Agreement, Brookfield Reinsurance and the Company entered into a voting and support agreement (the “Voting Agreement”) with Voce Capital Management LLC (“Voce”), which owned, as of February 8, 2023, approximately 9.47% of our issued and outstanding common shares, pursuant to which, among other things, (i) Voce agreed to vote any Company shares owned by Voce on the record date of the Company Shareholders Meeting (as defined in the Merger Agreement) in favor of the approval of the Merger Agreement, the Merger and the statutory merger agreement and (ii) Voce and the Company each agreed to a mutual release of any claims against the other party effective at the effective time of the Merger.

## Recent Accounting Standards and Critical Accounting Estimates

### *New Accounting Standards*

The discussion of the adoption and pending adoption of recently issued accounting policies is included in Note 2, “Recently Issued Accounting Pronouncements,” in the Notes to the Condensed Consolidated Financial Statements, included in Part I, Item 1 - “Condensed Consolidated Financial Statements (unaudited).”

### *Critical Accounting Estimates*

Refer to “Critical Accounting Estimates” in the Company’s 2022 Form 10-K for information on accounting estimates and policies that we consider critical in preparing our Condensed Consolidated Financial Statements. These policies include significant estimates made by management using information available at the time the estimates were made. However, these estimates could change materially if different information or assumptions were used.

There have been no material changes to our critical accounting estimates described in our 2022 Form 10-K.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We believe that we are principally exposed to four types of market risk: interest rate risk, credit risk, equity price risk and foreign currency risk.

#### ***Interest Rate Risk***

Our primary market risk exposure is the exposure of our fixed maturity investment portfolio to interest rate risk and the changes in interest rates. Fluctuations in interest rates have a direct impact on the fair value of these securities. As interest rates rise, the fair value of our fixed maturity portfolio falls and the converse is also true. We manage interest rate risk through an active portfolio management strategy that involves the selection of investments with appropriate characteristics such as duration, yield, currency and liquidity that are tailored to the anticipated cash outflow characteristics of our liabilities. A significant portion of our investment portfolio matures each year, allowing for reinvestment at current market rates. The model duration of the assets comprising our fixed maturity investment portfolio was 2.66 years and 3.29 years at September 30, 2023 and December 31, 2022, respectively.

#### ***Credit Risk***

We have exposure to credit risk on losses recoverable from reinsurers and receivables from insureds. Our controls to mitigate this risk include limiting our exposure to any one counterparty, evaluating the financial strength of our reinsurers, generally requiring minimum credit ratings and in certain cases receiving collateral from our reinsurers and insureds.

We also have exposure to credit risk in our investment holdings. Our risk management strategy and investment policy attempts to mitigate this risk by primarily investing in debt instruments of high credit quality issuers, limiting credit concentration, monitoring the credit quality of issuers and counterparties and diversifying issuers. The weighted average rating of our fixed maturity investments was A with 93.6% and 89.9% rated investment grade or better (BBB- or higher) at September 30, 2023 and December 31, 2022, respectively.

We review our investments to identify and evaluate those that may have credit impairments on a quarterly basis, considering the historical performance of the security, available market information, and credit ratings, among other things. For fixed maturity securities, the review includes consideration of current ratings and actions of major rating agencies (Standard & Poor's, Moody's and Fitch). If a security has two ratings, the lower rating is used. If a security has three ratings, the middle rating is used. The following table reflects the credit quality of our fixed maturity portfolio at September 30, 2023:

Other Fixed Maturities	Book Value	Fair Value
AAA	\$ 405.5	\$ 376.6
AA	124.1	112.4
A	462.2	413.8
BBB	697.2	618.2
BB/B	138.2	121.0
CCC and Below	30.2	20.9
Unrated	2.0	2.0
Other Fixed Maturities	<u>\$ 1,859.4</u>	<u>\$ 1,664.9</u>
Structured Securities	Book Value	Fair Value
AAA	\$ 668.7	\$ 561.6
AA	113.9	100.6
A	112.5	103.9
BBB	96.2	86.7
BB/B	10.5	9.4
CCC and Below	12.0	10.3
Unrated	—	—
Structured Securities	<u>\$ 1,013.8</u>	<u>\$ 872.5</u>
Total Fixed Maturities	Book Value	Fair Value
AAA	\$ 1,074.2	\$ 938.2
AA	238.0	213.0
A	574.7	517.7
BBB	793.4	704.9
BB/B	148.7	130.4
CCC and Below	42.2	31.2
Unrated	2.0	2.0
Total Fixed Maturities	<u>\$ 2,873.2</u>	<u>\$ 2,537.4</u>

Our portfolio also includes alternative investments with a carrying value at September 30, 2023 and December 31, 2022 of \$326.3 million and \$323.2 million (8.2% and 8.8% of total invested assets), respectively. We may invest in both long and short equities, corporate debt securities, currencies, real estate, commodities and derivatives. We attempt to mitigate our risk by selecting managers with extensive experience, proven track records and robust controls and processes. We also attempt to mitigate our risk by diversifying through multiple managers and different types of assets and asset classes.

Commercial mortgage loans add portfolio diversification. These assets typically afford credit protections through covenants and deeper due diligence given information access. We also monitor debt service coverage ratios and loan-to-value ratios in our assessment of credit risk and exposure.

### Equity Price Risk

We hold a diversified portfolio of equity securities with a fair value of \$11.6 million and \$43.9 million (0.3% and 1.2% of total invested assets) at September 30, 2023 and December 31, 2022, respectively. Our equity securities are exposed to equity price risk which is defined as the potential for loss in fair value due to a decline in equity prices. We believe the diversification of our equity securities among various industries, market segments and issuers, as well as the use of multiple outside investment managers, mitigates our exposure to equity price risk.

### **Foreign Currency Risk**

We have exposure to foreign currency risk in our insurance contracts and invested assets. We attempt to manage our foreign currency risk by seeking to match our liabilities under insurance and reinsurance contracts that are payable in currencies other than the U.S. Dollar with cash and investments that are denominated in such currencies. We also use foreign exchange forward contracts to attempt to mitigate this risk. For the nine months ended September 30, 2023, we recognized \$11.1 million of gross gains and 10.6 million of gross losses from foreign exchange contracts, for a net gain of \$0.5 million. For the nine months ended September 30, 2022, we recognized \$19.8 million of gross gains and \$37.7 million of gross losses from foreign exchange contracts, for a net loss of \$17.9 million. The net losses are recorded in the *Net investment and other gains (losses)* in the Consolidated Statements of Income (Loss). With the divestitures executed and announced in 2022, our exposure to foreign currency risk has decreased.

### **Item 4. Controls and Procedures**

Argo Group, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”), defines “disclosure controls and procedures” as controls and procedures “designed to ensure that information required to be disclosed by the issuer in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms.” Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of September 30, 2023, at the reasonable assurance level to ensure that information required to be disclosed by Argo Group in the reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

### **Change in Internal Control Over Financial Reporting**

Except for internal controls over financial reporting related to a multiyear project resulting in the implementation of a new enterprise resource planning (“ERP”) system, no changes in our internal control over financial reporting occurred during the quarterly period ended September 30, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

Throughout this Quarterly Report on Form 10-Q, unless the context otherwise requires, references to “Argo Group,” “we,” “us,” “our” or the “Company” mean Argo Group International Holdings, Ltd. and all of its subsidiaries, taken together as a whole.

### **Item 1. Legal Proceedings**

We and our subsidiaries are parties to legal actions from time to time, generally incidental to our and their business. While any litigation or arbitration proceedings include an element of uncertainty, management believes that the resolution of these matters will not materially affect our financial condition or results of operations. See “Legal Actions” in Note 14. “Commitments and Contingencies” of the Notes to the Condensed Consolidated Financial Statements included in Part I of this Quarterly Report for additional information.

### **Federal Securities Class Action**

The Police & Fire Retirement System City of Detroit v. Argo Group International Holdings, Ltd., et al., No. 22-cv-8971 (S.D.N.Y.)

On October 20, 2022, a securities class action lawsuit was filed in the United States District Court for the Southern District of New York against the Company and certain of its current and former officers, alleging securities fraud violations under sections 10(b) and 20(a) of the Securities Exchange Act of 1934. On January 18, 2023, U.S. District Judge Lewis A. Kaplan granted the Police and Fire Retirement System City of Detroit and the Oklahoma Law Enforcement Retirement System’s joint motion for appointment as lead plaintiff. On March 27, 2023, lead plaintiffs filed an Amended Class Action Complaint, which alleges that from June 11, 2018 through August 9, 2022, defendants made false and misleading statements concerning the Company’s reserves and underwriting standards. Defendants moved to dismiss the amended complaint on May 26, 2023. Lead plaintiffs filed an opposition to said motion on July 13, 2023, after which Defendants filed a reply on August 14, 2023.

The Company is not able at this time to determine or predict the ultimate outcome of this proceeding or provide a reasonable estimate or range of estimates of the possible outcome or loss, if any, in this matter.

### Transaction-Related Shareholder Litigation

Following the announcement of the proposed transaction with Brookfield Reinsurance Ltd. and BNRE Bermuda Merger Sub Ltd., complaints were filed in the United States District Court for the Southern District of New York: *Stein v. Argo Group Int'l Holdings, Ltd., et al.*, 1:23-cv -01947 (S.D.N.Y); *O'Dell v. Argo Group Int'l Holdings, Ltd., et al.*, C.A. No. 1:23-cv-1999 (S.D.N.Y); *Jones v. Argo Group Int'l Holdings, Ltd., et al.*, 1:23-cv-02606 (S.D.N.Y); *Ballard v. Argo Group Int'l Holdings, Ltd., et al.*, 1:23-cv-02635 (S.D.N.Y); *Montgomery v. Argo Group Int'l Holdings, Ltd., et al.*, 1:23-cv-02749 (S.D.N.Y). The complaints each asserted violations of Section 14(a) and Section 20(a) of the Exchange Act and alleged that the proxy statement filed in connection with the proposed transaction between the Company and Brookfield Reinsurance Ltd. and BNRE Bermuda Merger Sub Ltd. omitted certain purportedly material information that rendered the proxy statement incomplete and misleading. The complaints sought, among other things, an order to enjoin the transaction unless additional disclosures were issued; and, if the transaction closes, damages. All of the complaints have been voluntarily dismissed.

### Item 1A. Risk Factors

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in “Part I, Item 1A—Risk Factors” of Argo Group’s Annual Report on Form 10-K and Form 10-K/A for the year ended December 31, 2022 (collectively, “2022 Form 10-K”), in “Part II, Item 1A—Risk Factors” of Argo Group’s Quarterly Report on Form 10-Q for the period ended March 31, 2023 (the “Q1 2023 Form 10-Q”) and in the Company’s other filings with the SEC, which could materially affect the Company’s business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in the 2022 Form 10-K and Q1 2023 Form 10-Q.

### Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

#### Issuer Purchase of Equity Securities

On May 3, 2016, our Board of Directors authorized the repurchase of up to \$150.0 million of our common shares (“2016 Repurchase Authorization”). The 2016 Repurchase Authorization supersedes all the previous repurchase authorizations.

From January 1, 2023 through September 30, 2023, we did not repurchase any of our common shares. Since the inception of the repurchase authorizations (including those purchased under the 2016 Repurchase Authorization) through September 30, 2023, we have repurchased 11,318,339 of our common shares at an average price of \$40.22 for a total cost of \$455.1 million. These shares are being held as treasury shares in accordance with the provisions of the Bermuda Companies Act 1981. As of September 30, 2023, availability under the 2016 Repurchase Authorization for future repurchases of our common shares was \$53.3 million. However, the Company does not anticipate repurchasing shares at this time.

Employees are allowed to surrender shares to settle the tax liability incurred upon the vesting or exercise of shares under our various employee equity compensation plans. For the three months ended September 30, 2023, we received 1,730 common shares, with an average price paid per share of \$29.76 that were surrendered by employees in payment for the minimum required withholding taxes. The following table provides information with respect to our common shares that were surrendered during the three months ended September 30, 2023. In the below table, these shares are included in columns (a) and (b), but excluded from columns (c) and (d). These shares do not reduce the number of shares that may yet be purchased under the repurchase plan.

Period	Total Number of Shares Surrendered (a)	Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program (c)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plan or Program (d)
July 1 through July 31, 2023	—	\$ —	—	\$ 53,281,805
August 1 through August 31, 2023	—	\$ —	—	\$ 53,281,805
September 1 through September 30, 2023	1,730	\$ 29.76	—	\$ 53,281,805
Total	1,730		—	

### Item 3. Defaults Upon Senior Securities

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.

**Item 6. Exhibits**

A list of exhibits required to be filed as part of this report is set forth in the below Exhibit Index.

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
31.1	<u>Rule 13a – 14(a)/15d – 14(a) Certification of the Chief Executive Officer</u>
31.2	<u>Rule 13a – 14(a)/15d – 14(a) Certification of the Chief Financial Officer</u>
32.1	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2	<u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ARGO GROUP INTERNATIONAL HOLDINGS, LTD.**

November 9, 2023

By /s/ Thomas A. Bradley

Thomas A. Bradley  
Chief Executive Officer and Director

November 9, 2023

By /s/ Scott Kirk

Scott Kirk  
Chief Financial Officer

**Rule 13a-14(a)/15d-14(a)**  
**Certification of the Chief Executive Officer**

I, Thomas A. Bradley, Chief Executive Officer and Director of Argo Group International Holdings, Ltd., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Argo Group International Holdings, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2023

/s/ Thomas A. Bradley

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Thomas A. Bradley  
Chief Executive Officer and Director

**Rule 13a-14(a)/15d-14(a)**  
**Certification of the Chief Financial Officer**

I, Scott Kirk, Chief Financial Officer of Argo Group International Holdings, Ltd., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Argo Group International Holdings, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2023

/s/ Scott Kirk

Scott Kirk  
Chief Financial Officer

**Certification of CEO Pursuant to  
18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Argo Group International Holdings, Ltd. (the “Company”) for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Thomas A. Bradley, as Chief Executive Officer and Director of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

\* \* \*

Certified this 9th day of November 2023

/s/ Thomas A. Bradley

Thomas A. Bradley

Chief Executive Officer and Director

**Certification of CFO Pursuant to  
18 U.S.C. Section 1350,  
as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Argo Group International Holdings, Ltd. (the “Company”) for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Scott Kirk, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002 that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

\* \* \*

Certified this 9th day of November 2023

/s/ Scott Kirk

Scott Kirk

Chief Financial Officer